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PEACE AND SECURITY IN EASTERN EUROPE & EURASIA

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Peace and Security in Eastern Europe and Eurasia

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Abstract:

This analysis has been developed as part of the Europe & Eurasia Bureau's *Monitoring Country Progress (MCP)* system. The primary product is an index which attempts to measure peace and security (P&S). The components of this index are drawn closely from the U.S. government's foreign assistance strategic framework of peace and security. As with the existing four *MCP* indices (economic reforms, democratic reforms, economic performance, and human capital), the focus is on measuring foreign assistance program-related areas, albeit at a relatively "high" (country progress) level.

The P&S index is made up of six components, each of which is an index in itself: (1) *counterterrorism*; (2) *combating weapons of mass destruction*; (3) *stabilization operations and security sector reform*; (4) *counternarcotics*; (5) *combating transnational crime*; and (6) *conflict mitigation*. The data are drawn from global datasets, enabling comparison on peace and security in the E&E region with comparator countries outside the region. For now, peace and security measures for twenty-five non-E&E countries, in addition to the 29 E&E countries, have been calculated.

A number of salient observations emerge from a comparison of peace and security in the E&E region. As in the other *MCP* indices, all eight of the Northern Tier CEE countries are out front on peace and security followed by the three recent graduates from USAID assistance: Croatia, Bulgaria and Romania. The rest of Southern Tier CEE follows, which in turn, is followed by Eurasia. The worst performing of all the E&E countries are Tajikistan, Russia, and Georgia. In general, the correlations between the P&S index and the other *MCP* indices are quite high, supporting the observation that those countries which are the most peaceful and secure are also the countries with the most progress in economic and democratic reforms, and the most advanced in macroeconomic performance and human capital.

There is very wide variation in correlation results between the six P&S components. In general, some of the strongest correlations occur between *counterterrorism* and some of the other components, while some of the weakest correlations occur between *counternarcotics* and others.

Taken as a whole, the P&S index correlates closely with a number of related efforts. This includes the Economist Intelligence Unit's *Global Peace Index*, the Fund for Peace's *Failed States Index*, and the Brookings Institution's *Index of State Weakness*.

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Summary

Introduction. This peace and security (P&S) analysis has been developed to be part of the Europe & Eurasia Bureau's Monitoring Country Progress (MCP) system. The primary product is a P&S index, the components of which are drawn closely from the Director of Foreign Assistance's conceptual framework of peace and security. As with the existing four MCP indices (economic reforms, democratic reforms, economic performance, and human capital), the focus is hence on measuring foreign assistance program-related areas, albeit at a relatively "high" (country progress) level.

Method. Six components make up the P&S index. Each of these six components is an index in itself; i.e., each consists of multiple indicators. The original data has been converted and standardized on a "1" to "5" scale, where a "1" represents the worst score worldwide and a "5" the best. The data are drawn from global datasets, and are all publicly available; this provides for transparency and open discussion, facilitating improvements in the system. This also enables us to compare peace and security in the E&E region with comparator countries outside the region. For now, peace and security measures for twenty-five non-E&E countries have been calculated.

The *counterterrorism* component of our proposed P&S index consists of four indicators. It attempts to measure the incidents and severity of terrorism as well as the capacity of governments to avert or control terrorism and/or the likelihood of political instability stemming from terrorism. The *combating weapons of mass destruction* component consists of three indicators, and attempts to measure the extent to which governments are able to control and regulate the export of chemical, biological, and nuclear weapons. *Stabilization operations and security sector reform* consists of five components, and attempts to measure the capacity, scope, and intent of a government's security sector as well as estimates of the domestic security environment and status. The *counternarcotics* component consists of four indicators and attempts to measure both the demand and supply of the four major types of narcotics: opiates; cocaine; cannabis; and amphetamines. *Combating transnational crime* consists of four components and attempts to measure the extent of trafficking in persons, piracy of intellectual property rights, and money laundering as well as the capacity of governments to address these concerns. Finally, *conflict mitigation* consists of three indicators, and attempts to measure the potential or vulnerability of governments towards conflict and state failure by taking stock of instability, conflict history of the country, and the potential for conflict among neighborhood countries.

Results. (a) *Descriptive results.* A number of salient observations emerge from a comparison of peace and security in the E&E region: (1) all eight of the Northern Tier CEE countries are out front on peace and security; i.e., by this score, this E&E sub-region is the most peaceful and secure of the E&E region. Of this group, Slovakia, Slovenia, followed closely by Poland are the most peaceful and secure. (2) Following the Northern Tier CEE countries in their P&S scores are the three recent graduates from USG assistance: Croatia, Bulgaria and Romania. (3) At the other extreme, the Central Asian Republics are generally the least peaceful and secure in E&E. Four of the seven worst E&E performers are in Central Asia. Tajikistan is the least peaceful and secure of all the E&E countries. Kazakhstan is the Central Asian Republic outlier, with a P&S score the same as Albania and slightly higher than that found in Bosnia-Herzegovina. (4) Of all the E&E countries, only Tajikistan has a lower P&S score than does Russia. This is particularly striking (and sobering) given Russia's large strategic role in the region. (5) Ukraine is far and away the most peaceful and secure of the Eurasian countries; an outlier by Eurasian standards. (6) While data are incomplete, our estimate of the range of possible P&S scores for Kosovo shows Kosovo lagging considerably behind the Southern Tier CEE norm.

A number of observations emerge from comparing peace and security in E&E with the twenty-five countries outside the region: (1) Peace and security in Tajikistan, the worst E&E performer on this score, is greater than that found in eight of the twenty-five comparators. This includes, in ascending order, Pakistan, Sudan, Iraq, Afghanistan, India, Iran and Burma. Peace and security in Thailand, Yemen, and Colombia is only slightly more advanced than it is in Tajikistan. (2) Eleven E&E countries have higher P&S scores than does the United States. This includes all of the Northern Tier CEE countries, and the three recent Southern Tier CEE graduates; i.e., all of the E&E countries which have graduated from USG foreign assistance. (3) Peace and security in Eurasia as a whole (i.e., on average) is comparable to that found in Rwanda and Sierra Leone. (4) Peace and security in the Southern Tier CEE on average scores well above twenty-four of the twenty-five comparator non-E&E countries, though below that found in the United States.

Taking the average sub-regional scores, the most troublesome aspect of P&S in the Northern Tier CEE countries is *counternarcotics*; the least troublesome is *combating weapons of mass destruction*. In Eurasia, the most troublesome is *stabilization operations and security sector reform*; the least troublesome is *counternarcotics*. The Southern Tier CEE scores of the six P&S components vary very little on average, ranging from the lowest score of 3.3 in *conflict mitigation*, to the highest score of 3.6 in *stabilization operations and security sector reform*.

(b) *Peace and Security Index compared to the other MCP Indices.* The correlations between the P&S index and the other MCP indices are quite high. In general, those countries which are the most peaceful and secure are also the countries with the most progress in economic and democratic reforms, and the most advanced in macroeconomic performance and human capital. The highest correlation (with an r-square of 0.81) is between peace and security and democratic reforms. The lowest correlation (with an r-square of 0.62) is between P&S and economic reforms.

(c) *Peace and Security components compared.* To what extent are the P&S components correlated? We calculated the r-squares for each combination of the six components. There is very wide variation in results of the fifteen possible combinations of the six P&S components. The lowest r-squares on average (0.19) are found when measuring the relationship between *counternarcotics* and the five other components. Five components are moderately correlated with each other: *transnational crime vs. conflict mitigation vs. combating weapons of mass destruction vs. stabilization operations and security sector reform*; average r-squares ranging from 0.31 to 0.43. The best correlation is between *counterterrorism* and the other components, with an average r-square of 0.51. Finally, the most significant outliers tend to be Eurasian countries, and include Russia, Ukraine, and Georgia.

(d) *The Peace and Security Index compared to other related efforts.* We calculated the r-squares between the P&S index and a number of related efforts. The results correlated closely. From highest r-square to lowest: (1) P&S vs. the Economist Intelligence Unit's Global Peace Index (0.80); (2) P&S vs. the Fund for Peace's Failed States Index (r-square = 0.79); (3) P&S vs. Brookings' Index of State Weakness (0.79) (4) World Bank Institute's Political Stability indicator (0.78); (5) USAID/DCHA/CMM's Instability Alert List (0.62).

(1) Introduction and Background

This peace and security (P&S) analysis has been developed to be part of the Europe & Eurasia Bureau's Monitoring Country Progress (MCP) system. The primary product is a P&S index, the components of which are drawn closely from the Director of Foreign Assistance's conceptual framework of peace and security. As with the existing four MCP indices (economic reforms, democratic reforms, economic performance, and human capital), the focus is hence on measuring foreign assistance program-related areas, albeit at a relatively "high" (country progress) level. At least in principle, these country progress indicators can be linked with lower level program-related indicators tracked by missions and operating units. Hence, this peace and security index departs from the host of efforts that attempt to predict state conflict and instability. In general, our intent has been to create something much more modest than these other efforts, and hopefully more pragmatic for the USG foreign assistance community in particular as well.

The development of the peace and security index and its rationale has emerged from a number of earlier efforts and it is briefly worth highlighting this background. The need for measuring aspects of peace and security was perhaps first underscored in the spring of 2004 during phase-out reviews of USG assistance programs in the Eastern Europe & Eurasian countries led by the State Department's Office of the Assistance Coordinator for Europe and Eurasia (EUR/ACE). At those reviews, four program areas were assessed; those focused on: (1) the economic transition; (2) the democratic transition; (3) the social transition; and (4) law enforcement. Estimates were made in regards to how much longer it might take before USG assistance in each of these areas could end with some assurance that the progress achieved could be sustained.

E&E's MCP system was used to inform the decision-making in three of the four program areas, all but law enforcement. In other words, data and relatively rigorous analysis was used to facilitate decisions in regards to the economic, democratic, and social transitions. When it came time to discuss and decide on progress and challenges in law enforcement, observations drew largely from assertions based more on anecdotes and intuition, than on evidence. One result was that the law enforcement programs were consistently identified as ones not to be phased out any time soon, and generally longer than the programs in the three more traditional transition areas.

This data and analytical gap in the phase-out methodology was certainly recognized from the start of the process. In that context, a key task of the EUR/ACE-USAID phase-out working group was to try to develop a set of country progress indicators in law enforcement, similar to what USAID had done in the other three areas. However, very little progress was made at that time on that score.

In the fall of 2005, State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) developed, with the help of an inter-agency group, a proposed framework towards the creation of a Justice Sector Assessment Rating Tool. The framework consisted of five main sectors and many indicators as part of each sector: (1) laws; (2) justice sector; (3) law enforcement effectiveness; (4) border security effectiveness; and (5) penal system effectiveness. To our knowledge, this undertaking remains at the country pilot effort stage. In any event, given the complexity, depth, and sophistication of this tool, it is not likely that it will be feasible to expand this analysis to a significant number of countries any time soon.

We in the Program Office of USAID's E&E Bureau started actively developing parts of a peace and security system of measurement in the fall of 2005 through two parallel collaborations. One such collaboration was with the State Department's Office of the Coordinator for Reconstruction and

Stabilization (S/CRS) with some input from USAID’s Office of Conflict Management and Mitigation in the Democracy, Conflict and Humanitarian Assistance Bureau (DCHA/CMM). For this purpose, we drew from our MCP methodology and developed several initial iterations of measuring peace and security broadly defined. That is, we developed several versions of an index that consisted of up to six aspects for peace and security: (1) economic conditions; (2) political stability; (3) institutional capacity; (4) security and crime; (5) social conditions; and (6) stability in the region. During that time period, we also engaged with USAID/PPC in providing analysis towards measuring fragile states, looking both at the underlying conditions or drivers of conflict, as well as the institutional capacity to prevent and/or mitigate conflict.

In the summer of 2007 we shifted focus and emphasis quite substantially by drawing from the Director of Foreign Assistance’s conceptual foreign assistance framework and its definition of peace and security. In the DFA framework, peace and security is one of five primary strategic goals (alongside governing justly, investing in people, economic growth, and humanitarian assistance). Six program areas constitute the sum of DFA’s peace and security goal: (1) counter-terrorism; (2) combating weapons of mass destruction; (3) stabilization operations and security sector reform; (4) counter-narcotics; (5) transnational crime; and (6) conflict mitigation and reconciliation. During the second half of 2007, we developed an initial dataset and analysis focused on these components. That effort contained some notable data gaps, both in terms of availability and quality.

Nevertheless, these measures served as a starting point for a newly-formed inter-agency working group led by EUR/ACE in the spring of 2008. USG colleagues were able to react to the data and results and provide suggestions for improvements. Over the summer and fall of 2008, the E&E MCP team then sifted through these suggestions and leads and what follows are the results to date.

(2) Method

Figure 1 provides a visual of the main components and sub-components of our proposed peace and security index. Each of the six main components is an index in itself; i.e., each consists of multiple indicators. We converted and standardized the original data to a “1” to “5” scale, where a “1” represents the worst score worldwide and a “5” the best. The data are drawn from global datasets, and are mostly publicly available; this provides for transparency and open discussion, facilitating improvements in the system. This also enables us to compare peace and security in the E&E region with comparator countries outside the region. For now, peace and security measures for twenty-five non-E&E countries have been calculated. Only one of these twenty-five comparators is classified as a high income OECD country, the United States. Many of the comparators were chosen because of the expectation that they would score very poorly on one or more P&S dimensions. In other words, we are interested in seeing how peace and security in E&E compares with some of the presumably worst performers worldwide.

We provide a brief explanation of the six components of the index below. *Appendix I* provides further elaboration including the data sources, and shows the conversion scales used to convert the original data to the 1-to-5 scale. *Appendix II* provides the full data set for each of the P&S sub-components. *Appendix III* provides the peace and security scores disaggregated for each country in web charts, which compare progress across the P&S dimensions in each country vis-à-vis the standards in three recent graduates from USG assistance (Romania, Bulgaria, and Croatia). *Appendix IV* describes other indices somewhat conceptually related to our P&S index and shows empirical results of correlation coefficient calculations between those efforts and the P&S index. *Appendix V* is a bibliography of sources. *Appendix VI* is a coding guide for the indicator – Government Capacity to Fight Terrorism. *Appendix VII* is an indicator coding guide for Narcotics Interdiction.

The ***counterterrorism*** component of our proposed P&S index consists of four indicators. It attempts to measure the incidents and severity of terrorism as well as the capacity of governments to avert or control terrorism and/or the likelihood of political instability stemming from terrorism.

The ***combating weapons of mass destruction*** component consists of three indicators, and attempts to measure the extent to which governments are able to control and regulate the export of chemical, biological, and nuclear weapons.

Stabilization operations and security sector reform consists of five components, and attempts to measure the capacity, scope, and intent of a government's security sector as well as estimates of the domestic security environment and status.

The ***counternarcotics*** component consists of four indicators and attempts to measure both the demand and supply of the four major types of narcotics: opiates; cocaine; cannabis; and amphetamines.

Combating transnational crime consists of four components and attempts to measure the extent of trafficking in persons, piracy of intellectual property rights, and money laundering as well as the capacity of governments to address these concerns.

Finally, ***conflict mitigation*** consists of three indicators, and attempts to measure the potential or vulnerability of governments towards conflict and state failure by taking stock of instability, conflict history of the country, and the potential for conflict among neighborhood countries.

Integration of the peace and security index into the MCP system A key application of the MCP system has been in helping to determine country graduation from USG assistance. Towards that end, the MCP system has employed a two-step analysis. First, economic and democratic reform progress is examined with an eye towards sufficient progress towards a graduation or phase-out threshold. Next, to provide some assurance that these reform gains can be sustained, progress in macroeconomic performance and human capital is assessed. It is plausible that progress in economic performance and human capital could occur in the absence of reform progress, but such conditions cannot be sustained over the long term. Moreover, in some circumstances, progress in economic performance can forestall reform progress, such as seems particularly plausible in the case of energy-exporting economies. Hence, sequence is important: reform progress needs to precede or at the least accompany economic performance and human capital progress.

With the addition of peace and security measures, we can further refine the analytical sequencing. That is, on the broadest level, programmatic considerations need to be made in the context of three stages. First, peace and security is a precondition for development progress and effective development programs. Second, development progress can only ensue if policy reforms precede or at the least accompany progress in macroeconomic performance and human capital.

(3) Results

We provide several types of results. First, we look at descriptive results. How do the E&E countries along with a group of comparison countries outside the transition region compare in peace and security measures? Are there any country grouping profiles that we can discern from the data? Second, we compare the peace and security findings with the other major MCP indices. Are there consistencies in results between these various dimensions? Are the most peaceful and secure countries generally also the farthest along in transition reforms and the most advanced in terms of economic performance and human

capital? Third, we try to assess, in a rudimentary two dimensional fashion, how the peace and security components compare with each other. To what extent are the six peace and security components correlated with each other? Finally, we provide some comparisons of results between this P&S index and other related efforts.

(a) Descriptive results Figure 2 and Table 1 show the aggregate peace and security scores for the E&E countries. A number of salient observations emerge: (1) all eight of the Northern Tier CEE countries are out front on peace and security; i.e., by this score, this E&E sub-region is the most peaceful and secure of the E&E region. Of this group, Slovakia, Slovenia, followed closely by Poland are the most peaceful and secure. (2) Following the Northern Tier CEE countries in their P&S scores are the three recent graduates from USG assistance: Croatia, Bulgaria and Romania. (3) At the other extreme, the Central Asian Republics are generally the least peaceful and secure in E&E. Four of the seven worst E&E performers are in Central Asia. Tajikistan is the least peaceful and secure of all the E&E countries. Kazakhstan is the Central Asian Republic outlier, with a P&S score the same as Albania and slightly higher than that found in Bosnia-Herzegovina. (4) Of all the E&E countries, only Tajikistan has a lower P&S score than does Russia. This is particularly striking (and sobering) given Russia's large strategic role in the region. (5) Ukraine is far and away the most peaceful and secure of the Eurasian countries; an outlier by Eurasian standards. (6) While data are incomplete, our estimate of the range of possible P&S scores for Kosovo shows Kosovo lagging considerably behind the Southern Tier CEE norm. As will be shown below, Kosovo as the Southern Tier CEE outlier and Ukraine as the Eurasian outlier is a common finding throughout most of the MCP indices; i.e., both countries are in similar E&E cross-country "locations" in progress in reforms, notably democratic reforms, as well as the development of human capital and progress in economic performance.

Table 2 shows the P&S results of the twenty-five non-E&E comparators and Figure 3 compares some of them with the E&E countries. A number of observations emerge from comparing peace and security in E&E with the twenty-five countries outside the region: (1) Peace and security in Tajikistan, the worst E&E performer on this score, is greater than that found in eight of the twenty-five comparators. This includes, in ascending order, Pakistan, Sudan, Iraq, Afghanistan, India, Iran and Burma. Peace and security in Thailand, Yemen, and Colombia is only slightly more advanced than it is in Tajikistan. (2) Eleven E&E countries have higher P&S scores than does the United States. This includes all of the Northern Tier CEE countries, and the three recent Southern Tier CEE graduates; i.e., all of the E&E countries which have graduated from USG foreign assistance. (3) Peace and security in Eurasia as a whole (i.e., on average) is comparable to that found in Rwanda and Sierra Leone. (4) Peace and security in the Southern Tier CEE scores well above twenty-four of the twenty-five comparator non-E&E countries, though below that found in the United States.

To what extent does the overall P&S score obscure diversity in performance across the dimensions of the index for these countries? Are there common country P&S profiles that can be discerned? For example, are countries consistently more advanced in one dimension and/or consistently lagging in another?

For the E&E region, there are two discernable patterns which correspond roughly with the two major sub-regions, CEE and Eurasia. We make this conclusion on the basis of the data of Table 1, though the web charts of Appendix III also help provide visuals towards discerning patterns. (1) Five countries have the maximum or best score on the same dimension, namely *combating weapons of mass destruction*, and the minimum or worst score on the same dimension, namely *counternarcotics*. All five are CEE countries: Poland, Lithuania, Czech Republic, Estonia and Bulgaria. (2) Another group of three countries has the maximum or best score on the same dimension, namely *combating weapons of mass destruction* and the same minimum or worst score in *transnational crime*. Countries with this profile include Latvia, Ukraine and Russia.

Taking the average sub-regional scores of *Table 1*, the most troublesome aspect of P&S in the Northern Tier CEE countries is *counternarcotics*; the least troublesome is *combating weapons of mass destruction*. In Eurasia, the most troublesome is *stabilization operations and security sector reform*; the least troublesome is *counternarcotics*. The Southern Tier CEE scores of the six P&S components vary very little on average, ranging from the lowest score of 3.3 in *conflict mitigation*, to the highest score of 3.6 *stabilization operations and security sector reform*.

Not surprisingly, there is less of any discernable pattern or patterns in the relatively heterogeneous comparison countries outside the E&E region. More countries (eight of twenty-five) score the highest in *counternarcotics* than in any of the other categories. Most of these countries are among the least peaceful and secure countries of our dataset. More countries (seven) score the lowest in *conflict mitigation* than in any of the other categories (and six countries score a minimum in *counterterrorism*).

Table 3 looks at the E&E rankings in each of the P&S components. To what extent is the overall (average) P&S country ranking reflective of the country rankings by components? Restated, to what extent do countries rank similarly across the dimensions?

The results of *Table 3* show that there is considerable range of ranking results by P&S components across the E&E region, though more so in a handful of Eurasian countries. Ukraine, e.g., ranks first (best; alongside four other E&E countries) on *combating weapons of mass destruction*, and yet ranks fifteenth on *combating transnational crime*, alongside Belarus and Tajikistan; i.e., a range of 14 ranks between the two components. Seven E&E countries have a range of rank differences of 10 or more: Ukraine, Armenia, Russia, Georgia, Belarus, Romania, and Uzbekistan.

At the other extreme are a handful of countries with a minimal range in rank differences. Four E&E countries have rank difference of five or less. All are CEE countries: Slovakia, Slovenia, Lithuania, and the Czech Republic.

(b) Peace and Security Index compared to the other MCP Indices.

The correlations between the P&S index and the other MCP indices are quite high. In general, those countries which are the most peaceful and secure are also the countries with the most progress in economic and democratic reforms, and the most advanced in macroeconomic performance and human capital (*Figures 4-9*). The highest correlation (with an r-square of 0.81) is between peace and security and democratic reforms. The lowest correlation (with an r-square of 0.62) is between P&S and economic reforms.

The scatter-plots help visualize the extent to which the three primary sub-regions in E&E are homogeneous and well-defined or distinct from each other. The Northern Tier CEE countries are the most homogeneous of the three by any of the indices, including P&S. The Eurasian countries are the most heterogeneous, i.e., with the greatest variation in results across all the dimensions. Of the Eurasian countries, Ukraine appears consistently as the outlier on most of the MCP indices, more advanced in peace and security and democratization in particular.

On most dimensions (P&S, economic reform, democratic reform and economic performance, in *Figure 4-6*), the Southern Tier CEE countries separate into two different clusters: Bulgaria; Croatia; Montenegro; and Romania distinctly more advanced than Macedonia, Albania, Serbia, and Bosnia (and probably Kosovo, as well).

We inserted 45 degree lines into the scatter-plots. Countries that fall on or close to the 45 degree line are equally advanced on the two dimensions. Are there patterns and/or outliers that can be discerned? As shown in *Figure 8*, peace and security is more advanced than democratization in all of the Eurasian countries, most of the Southern Tier CEE and roughly half of the Northern Tier CEE. What might this mean? If one were to draw time-series conclusions from cross-country observations, one might conclude from *Figure 8* that peace and security necessarily precedes democratization as the transition proceeds until some level of transition progress is achieved.

Figure 9 explores this notion further by employing our global dataset on governing justly and democratically to enable us to compare the P&S relationship with democracy between E&E countries and non-E&E countries. Though democratization is measured differently here than in our E&E-only MCP index, the results are similar in that the E&E countries fall to the right of the 45 degree line, and the least advanced the country in the transition, the greater the disparity between P&S and democracy. However, this relationship and trend are not quite as evident in the non-E&E countries. In most cases, particularly in the least advanced countries, peace and security exceeds democracy, though there are notable exceptions, Pakistan and India in particular.

(c) Peace and Security components compared

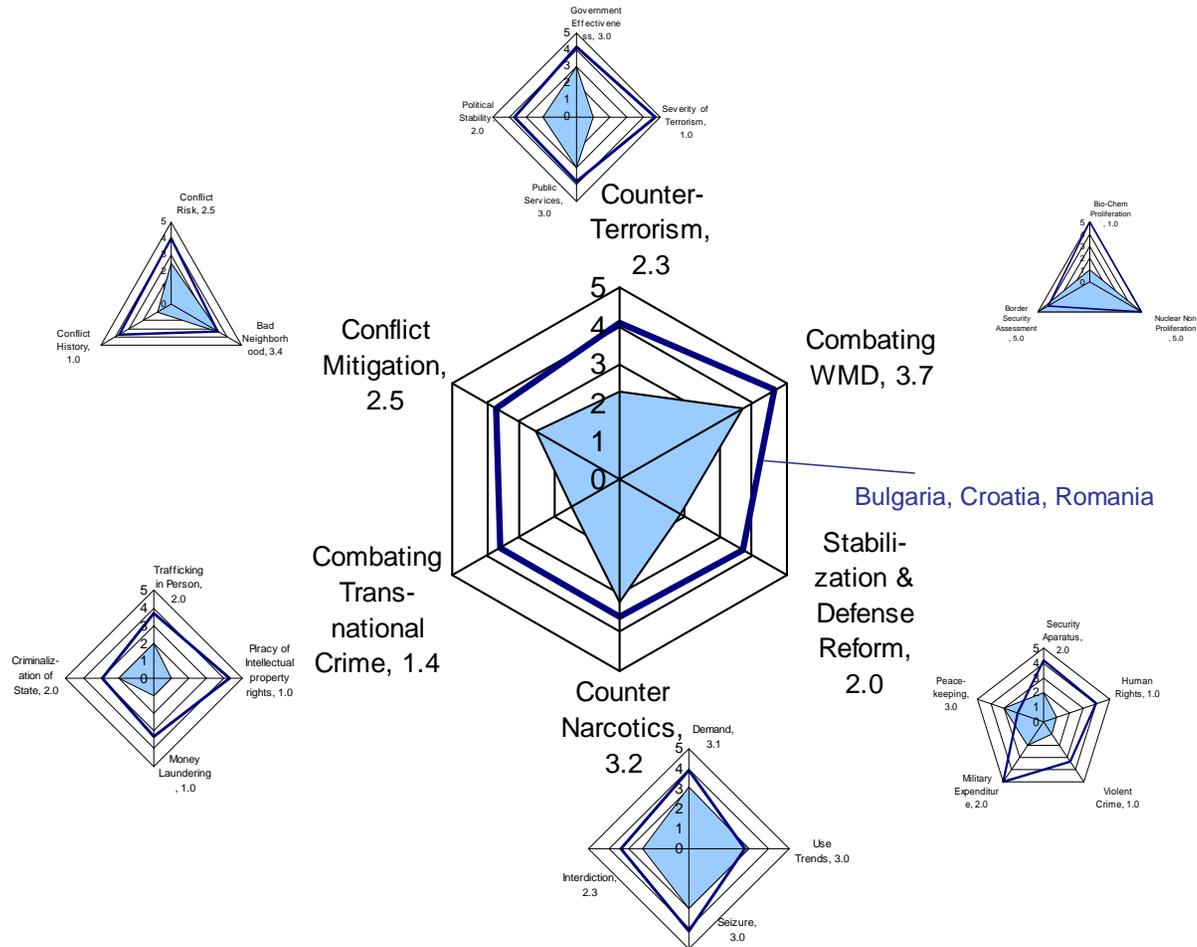
To what extent are the P&S components correlated? We calculated the r-squares for each combination of the six components. *Tables 4* and *5* show the r-square results and the scatter-plots of *Figures 10-14* highlight the visuals and the outliers. There is variation in results of the fifteen possible combinations of the six P&S components. The lowest r-squares on average (0.19) are found when measuring the relationship between *counternarcotics* and the five other components. Four components are moderately correlated with each other: *transnational crime vs. conflict mitigation vs. combating weapons of mass destruction vs. stabilization operations and security sector reform*; average r-squares ranging from 0.31 to 0.43. The best correlation is between *counterterrorism* and the other components, with an average r-square of 0.51.

(d) The Peace and Security Index compared to other related efforts

Finally, we calculated the r-squares between the P&S index and a number of related efforts (*Figures 15-19*). We found generally high correlations, from highest r-square to lowest, P&S vs.: (1) the Economist Intelligence Unit's *Global Peace Index* (r-square = 0.80); (2) the Fund for Peace's *Failed States Index* (0.79); (3) the Brookings Institution's *Index of State Weakness* (0.79); (4) the World Bank Institute's *Political Stability* indicator (0.78); and (5) USAID/DCHA/CMM's *Instability Alert List* (0.62). *Table 6* attempts to categorize these and other related indices as either descriptive or predictive indices, and highlights the primary objective of each measure.

Figure 1

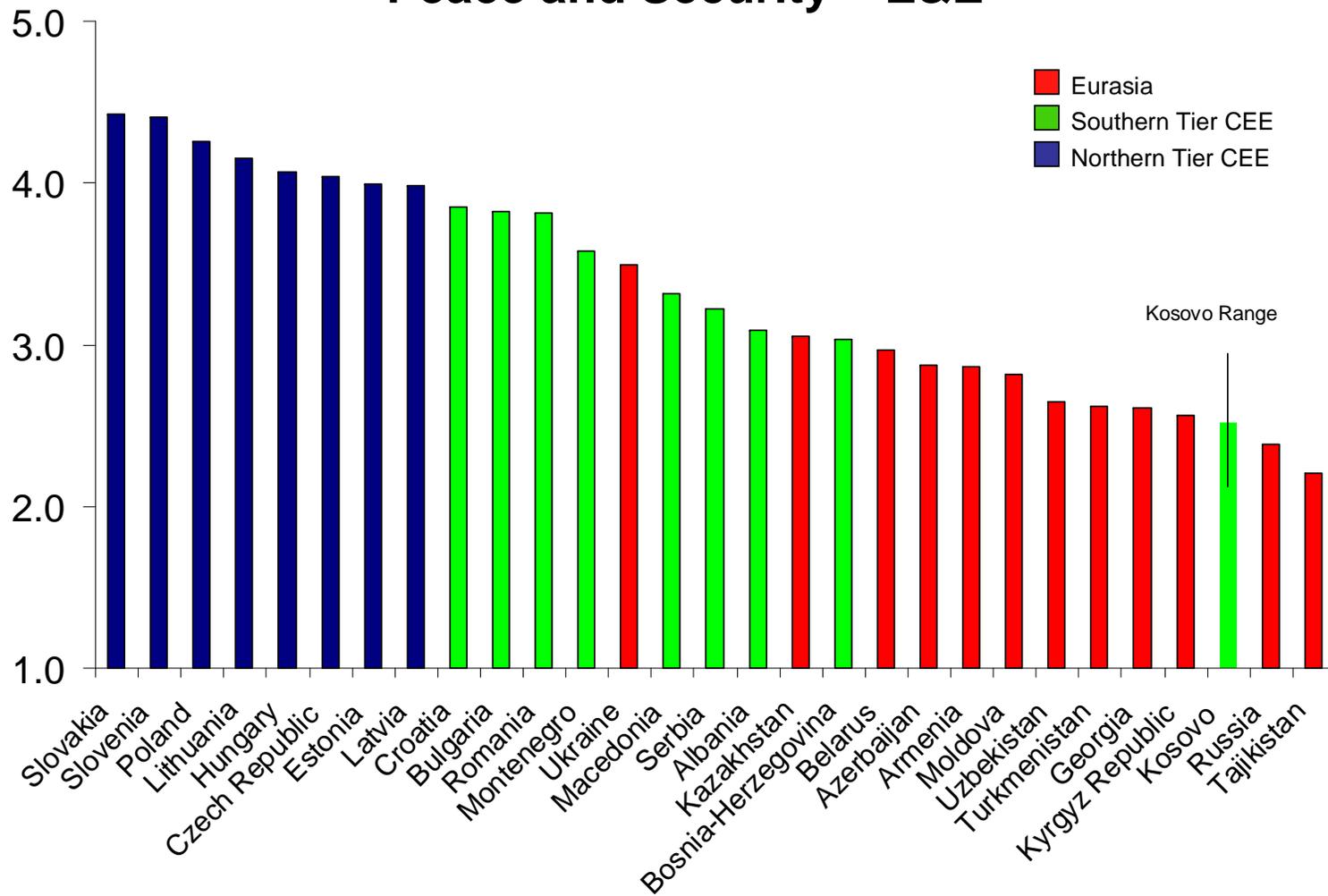
Peace & Security in Russia



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM-University of Maryland

Peace and Security – E&E

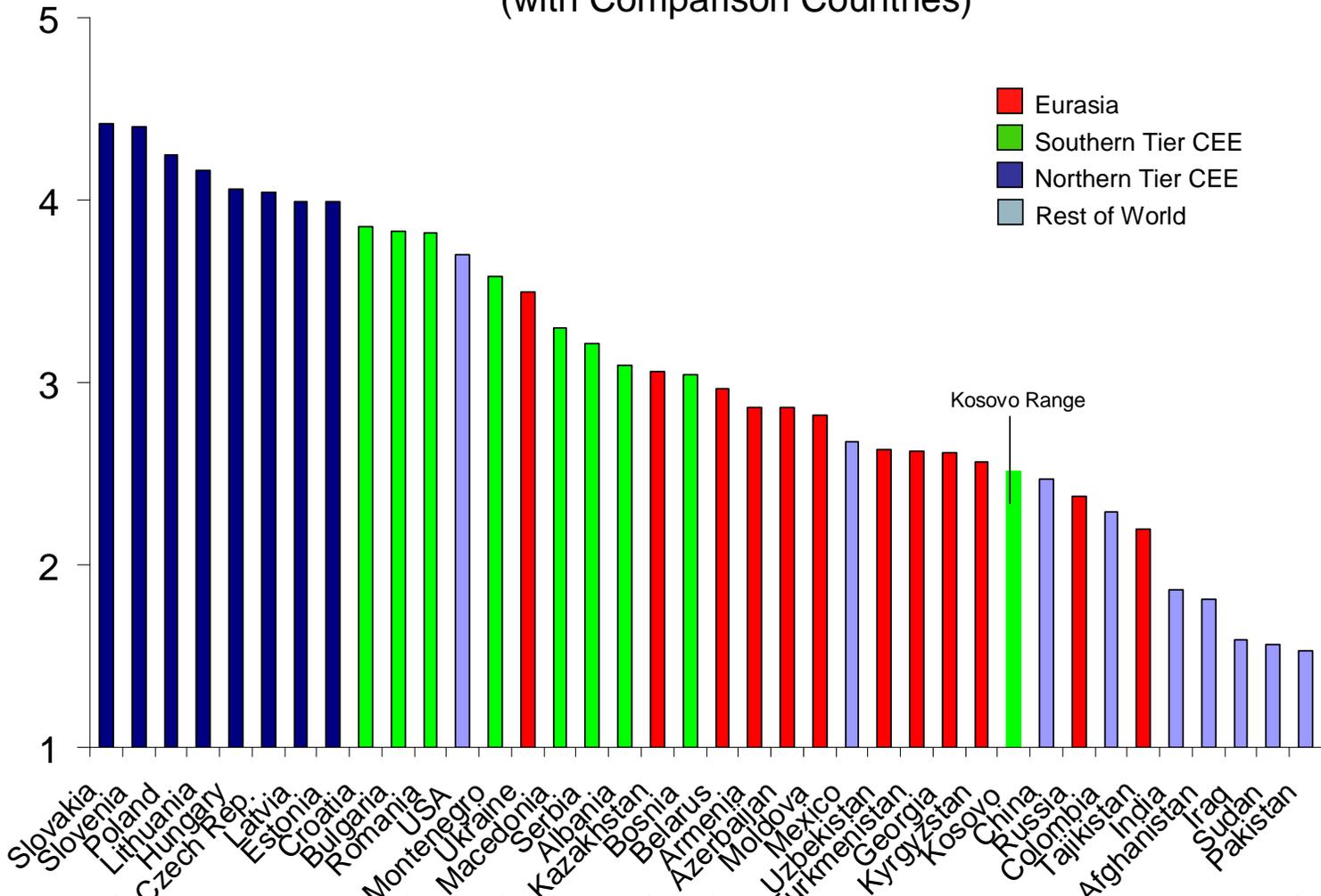
Figure 2



US State Department, *Country Reports on Terrorism* (2008); National Counterterrorism Center, (2007-2008); Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008); World Bank Institute, *Governance Matters Indicators* (2008); US Commerce Department, *Export Control Policy*, (2008.) US State Department, *Export Control/Border Security Assessment* (2008) Binghamton University, Cingranelli-Richards *Human Rights Dataset*, (2007); UNICEF TransMONEE (2003-2004); World Bank, *World Development Indicators* (2008); A.T. Kearney/Foreign Policy Magazine, *Globalization Index* (2007) UNODC, *World Drug Report*, (2008) ; US Department of State, *Trafficking in Persons Report* (2008); USTR *Special 301 Report* (2008) ;US Department of State, *International Narcotics Control Strategy Report* (2008); Center for Global Policy, George Mason University, *Political Instability Task Force* (2006-08) USAID/DCHA/CMM *Instability Alert List* (2009)

Figure 3

Peace and Security – Europe and Eurasia (with Comparison Countries)



US State Department, *Country Reports on Terrorism* (2008); National Counterterrorism Center, (2007-2008); Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008); World Bank Institute, *Governance Matters Indicators* (2008); US Commerce Department, *Export Control Policy*, (2008.) US State Department, *Export Control/Border Security Assessment* (2008) Binghamton University, Cingranelli-Richards *Human Rights Dataset*, (2007); UNICEF TransMONEE (2003-2004); World Bank, *World Development Indicators* (2008); A.T. Kearney/Foreign Policy Magazine, *Globalization Index* (2007) UNODC, *World Drug Report*, (2008) ; US Department of State, *Trafficking in Persons Report* (2008); USTR *Special 301 Report* (2008) ;US Department of State, *International Narcotics Control Strategy Report* (2008); Center for Global Policy, George Mason University, *Political Instability Task Force* (2006-08) USAID/DCHA/CMM *Instability Alert List* (2009)

Peace & Security - Europe and Eurasia (1 to 5 Scale)

Table 1

	1. Counter Terrorism	2. Combating Weapons of Mass Destruction	3. Stabilization Operations and Defense Reform	4. Counter- Narcotics	5. Trans- national Crime	6. Conflict Mitigation	Peace and Security
Slovakia	4.8	4.3	4.4	4.1	4.1	4.9	4.4
Slovenia	4.9	4.7	4.0	3.8	4.2	4.8	4.4
Poland	4.4	5.0	4.2	3.3	4.1	4.5	4.3
Lithuania	4.6	4.7	3.8	3.5	4.1	4.3	4.2
Hungary	4.4	4.7	3.8	3.6	3.2	4.7	4.1
Czech Republic	4.6	4.7	3.8	3.4	3.4	4.3	4.0
Estonia	4.4	5.0	3.8	3.2	3.5	4.0	4.0
Latvia	4.4	5.0	4.0	3.5	3.0	4.0	4.0
Croatia	3.8	4.3	3.7	3.8	4.1	3.4	3.8
Bulgaria	4.4	4.7	3.7	3.0	3.2	4.0	3.8
Romania	4.0	5.0	3.7	3.7	3.4	3.1	3.8
Montenegro	3.8	3.0		4.0	3.3	3.7	3.6
Ukraine	3.8	5.0	3.2	3.0	2.2	3.7	3.5
Macedonia	3.2	2.7	3.8	3.5	3.7	3.1	3.3
Serbia	3.0	3.0	3.6	3.0	3.7	3.0	3.2
Albania	2.8	2.7	3.6	3.2	2.7	3.5	3.1
Kazakhstan	3.5	3.0	2.1	2.9	3.2	3.7	3.1
Bosnia-Herzegovina	2.8	3.0	2.8	3.7	2.9	3.0	3.0
Belarus	3.5	3.0	2.6	2.7	2.2	3.7	3.0
Azerbaijan	3.5	2.0	2.4	3.5	2.9	2.9	2.9
Armenia	3.3	2.3	3.0	3.8	3.1	1.8	2.9
Moldova	3.0	2.0	2.6	3.5	2.3	3.5	2.8
Uzbekistan	2.5	2.0	2.3	3.0	2.0	4.1	2.6
Turkmenistan	3.0	1.7	2.0	3.3	2.4	3.4	2.6
Georgia	2.8	2.0	1.8	3.5	3.6	2.0	2.6
Kyrgyz Republic	2.9	2.0	2.0	2.4	3.1	3.0	2.6
Kosovo	2.6	2.3	---	---	---	2.6	2.5
Russia	2.3	3.7	1.8	2.9	1.4	2.3	2.4
Tajikistan	2.3	1.7	2.8	2.4	2.2	1.8	2.2
E&E Average	3.6	3.4	3.2	3.3	3.1	3.5	3.3
Northern Tier CEE	4.6	4.8	4.0	3.6	3.7	4.5	4.2
Southern Tier CEE	3.4	3.4	3.6	3.5	3.4	3.3	3.4
Eurasia	3.0	2.5	2.4	3.1	2.5	3.0	2.8
Romania, Bulgaria & Croatia	4.1	4.7	3.7	3.5	3.6	3.5	3.8

US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace & Security - Comparison Countries (1 to 5 Scale)

Table 2

	1. Counter Terrorism	2. Combating Weapons of Mass Destruction	3. Stabilization Operations and Defense Reform	4. Counter- Narcotics	5. Trans- national Crime	6. Conflict Mitigation	Peace and Security
USA	4.5	5.0	3.6	2.4	3.8	3.0	3.7
Morocco	2.8	3.0	3.3	3.3	3.0	3.0	3.1
Turkey	2.5	5.0	2.8	3.4	2.4	1.9	3.0
Rwanda	3.2	3.0	3.0		3.1	1.8	2.8
Sierra Leone	2.7	3.0	2.9	3.2	3.7	1.3	2.8
Bolivia	2.0	3.0	3.4	1.8	2.5	3.5	2.7
Dominican Republic	3.1	3.0	2.8	2.6	2.2	2.5	2.7
Mexico	3.0	2.3	2.2	2.4	2.4	3.7	2.7
Peru	2.5	3.0	2.7	2.2	3.3	2.2	2.7
China	2.8	2.0	3.3	2.7	1.3	2.7	2.5
Haiti	2.3	3.0	2.0	2.7	2.3	2.2	2.4
Venezuela	2.0	3.0	1.9	2.5	1.5	3.5	2.4
Nigeria	1.5	3.0	1.6	2.4	3.5	2.2	2.4
Thailand	2.0	2.3	2.4	3.3	1.7	2.4	2.3
Cote D'Ivoire	1.7	3.0	1.8	3.5	2.5	1.3	2.3
Yemen	1.3	1.7	1.7	4.0	2.9	2.3	2.3
Colombia	2.2	3.0	1.2	2.5	2.6	2.2	2.3
Somalia	1.2	3.0	1.0	3.4		1.3	2.0
Burma	1.4	2.0	1.7	2.9	1.9	1.9	2.0
Iran	2.0	1.0	1.8	2.3	2.1	2.5	2.0
India	1.4	2.0	2.3	2.5	1.8	1.3	1.9
Afghanistan	1.2	2.0	2.7	1.3	2.5	1.2	1.8
Iraq	1.2	1.0			2.6	1.6	1.6
Sudan	1.0	2.0	1.4			1.9	1.6
Pakistan	1.2	1.0	1.8	2.3	1.4	1.5	1.5

US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace & Security - Europe and Eurasia (Ranking)

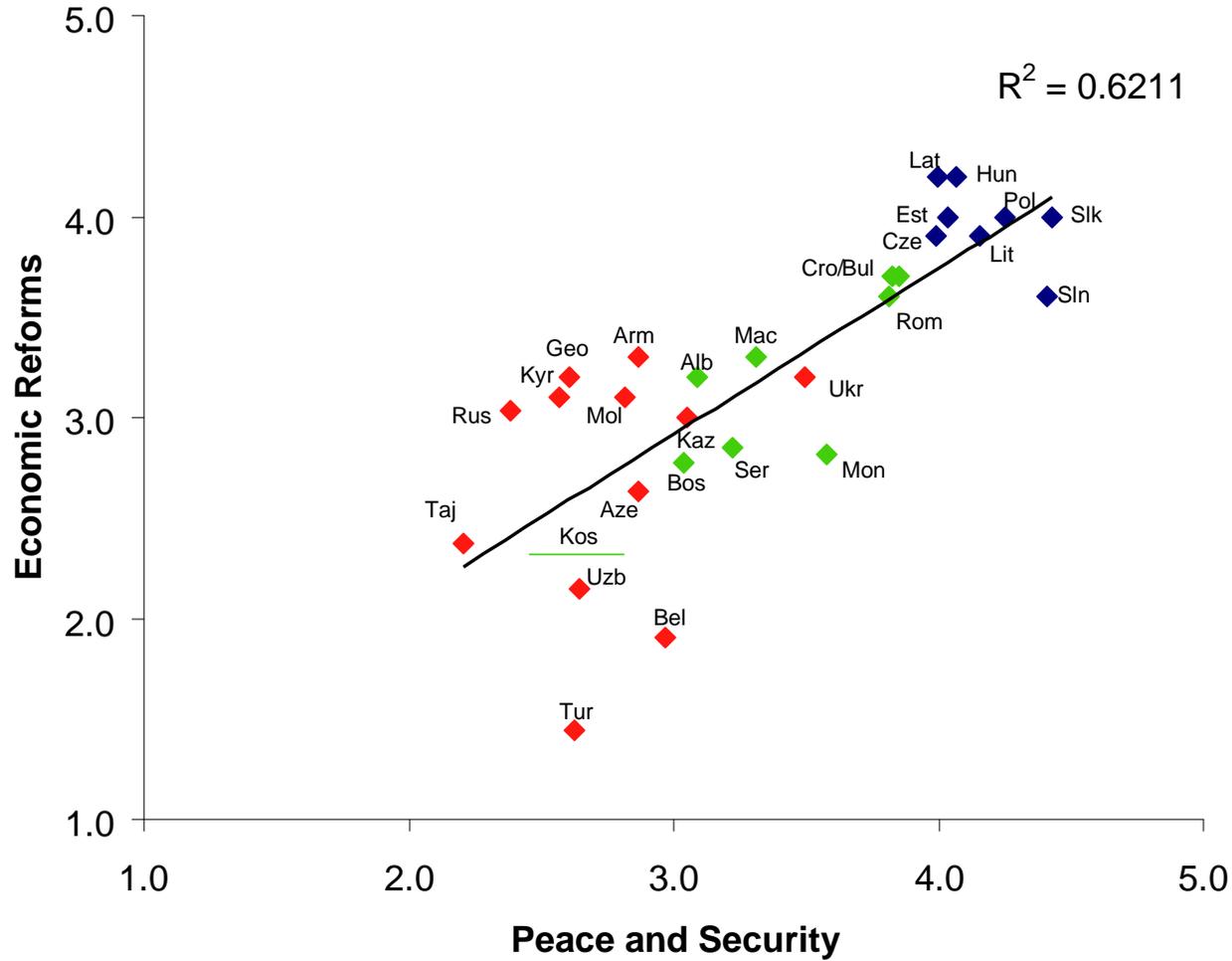
Table 3

	1. Counter Terrorism	2. Combating Weapons of Mass Destruction	3. Stabilization Operations and Defense Reform	4. Counter- Narcotics	5. Trans- national Crime	6. Conflict Mitigation	Average Rank	Range
Slovakia	2	3	1	1	2	1	2	2
Slovenia	1	2	3	3	1	2	2	2
Poland	4	1	2	8	2	4	4	7
Lithuania	3	2	4	6	2	5	4	4
Hungary	4	2	4	5	8	3	4	6
Czech Republic	3	2	4	7	6	5	5	5
Estonia	4	1	4	9	5	7	5	8
Latvia	4	1	3	6	10	7	5	9
Croatia	6	3	5	3	2	10	5	8
Bulgaria	4	2	5	10	8	7	6	8
Romania	5	1	5	4	6	11	5	10
Montenegro	6	5		2	7	8	6	6
Ukraine	6	1	7	10	15	8	8	14
Macedonia	9	6	4	6	3	11	7	8
Serbia	10	5	6	10	3	12	8	7
Albania	12	6	6	9	12	9	9	6
Kazakhstan	7	5	13	11	8	8	9	8
Bosnia-Herzegovina	12	5	9	4	11	12	9	8
Belarus	4	5	10	12	15	8	9	11
Azerbaijan	7	8	11	6	11	13	9	7
Armenia	8	7	8	3	9	17	9	14
Moldova	10	8	10	6	14	9	10	8
Uzbekistan	14	8	12	10	16	6	11	10
Turkmenistan	10	9	14	8	13	10	11	6
Georgia	12	8	15	6	4	16	10	12
Kyrgyz Republic	11	8	14	13	9	12	11	6
Russia	15	4	15	11	17	15	13	13
Tajikistan	15	9	9	13	15	17	13	8
Kosovo	13	7		---	---	14	11	7

US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Figure 4

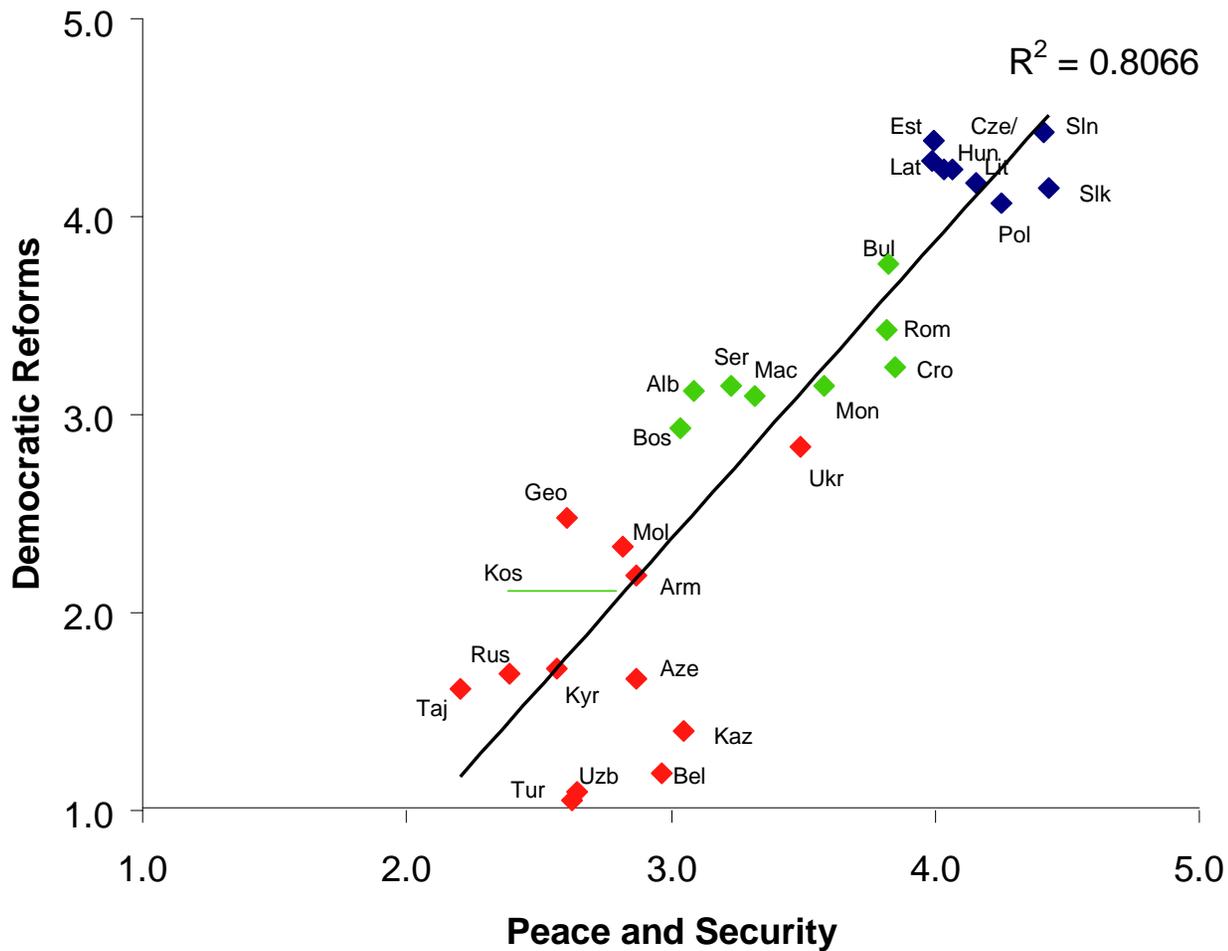
Peace and Security vs. Economic Reforms



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM EBRD, Transition Report 2008 (November 2008).

Figure 5

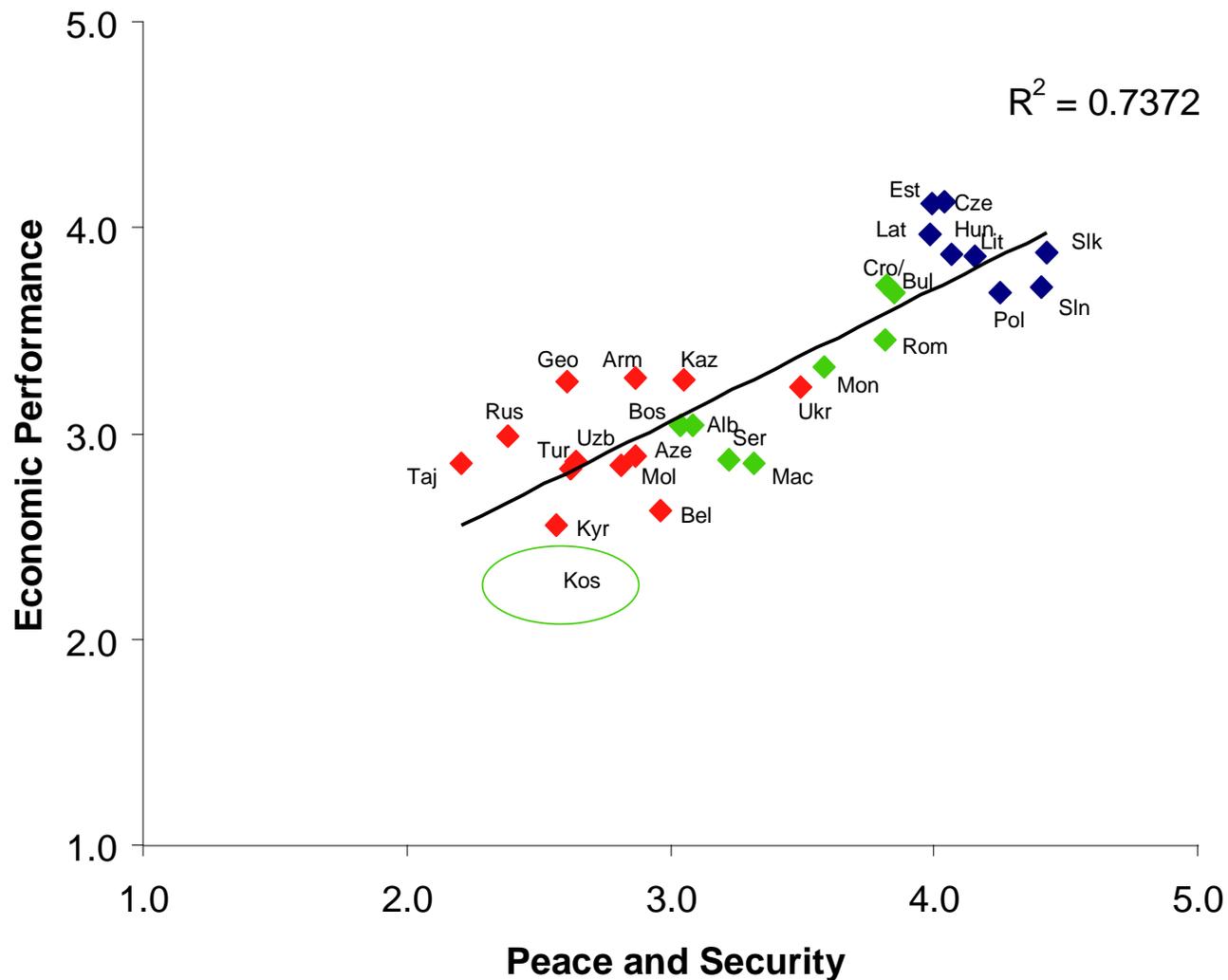
Peace and Security vs. Democratic Reforms



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM; Freedom House, Nations in Transit (2008); Freedom in the World (2009);

Figure 6

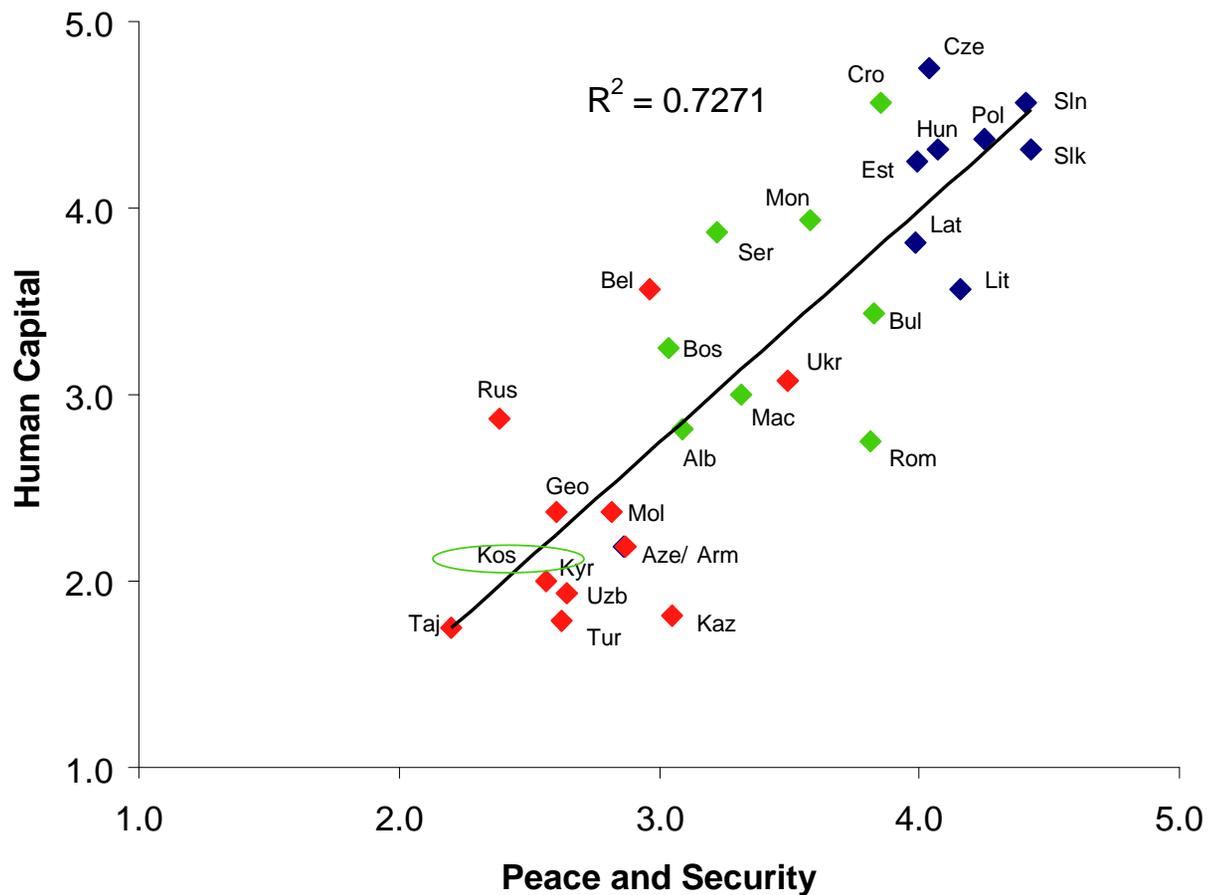
Peace and Security vs. Economic Performance



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM; World Development Indicators; EBRD, Transition Report 2008 (November 2008), UNECE, Statistical Division Database (2008); IFC & World Bank. MSME Database (2007):

Figure 7

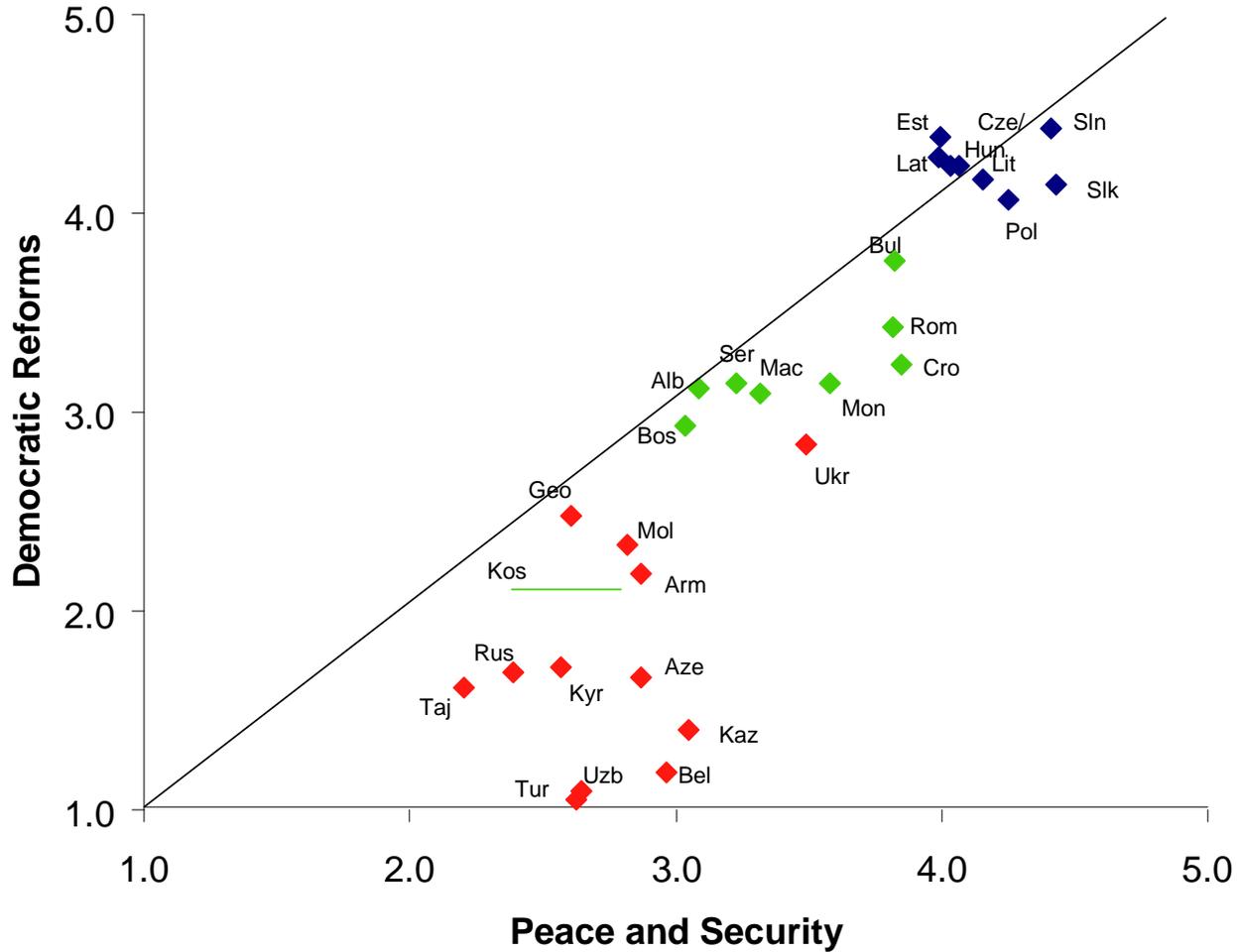
Peace and Security vs. Human Capital



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM ; World Bank, UNICEF, WHO,; USAID/E&E Working Paper #2; IEA, PIRLS, OECD, PISA

Figure 8

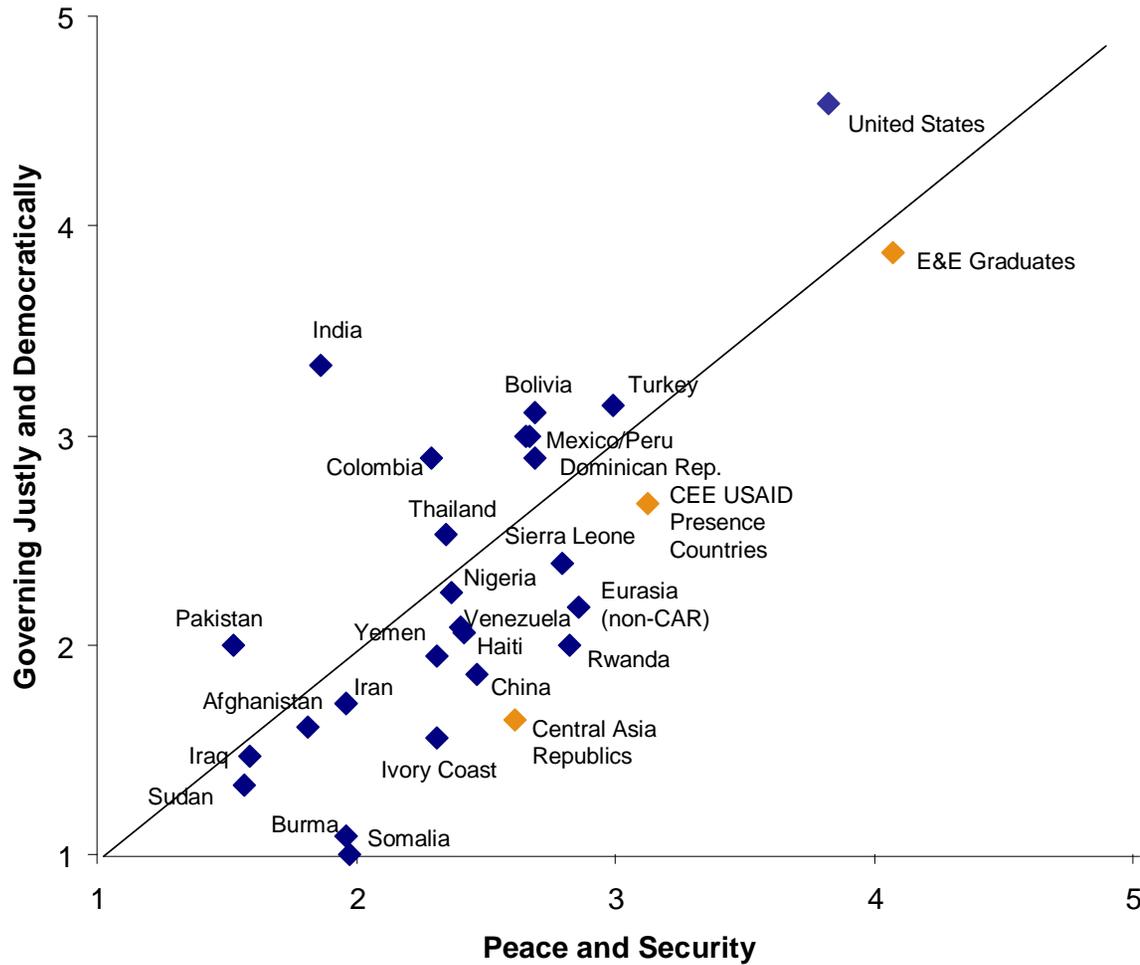
Peace and Security vs. Democratic Reforms



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM; Freedom House, Nations in Transit (2008); Freedom in the World (2009);

Figure 9

Peace and Security vs. Governing Justly and Democratically



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University; USAID/CMM; World Bank Institute, *Governance Matters Indicators* (2007); World Bank, Freedom House, *Freedom in the World 2008* (2007), and *Freedom of the Press 2008* (2007).

Peace and Security - Components R Squared

Table 4	Counter- terrorism	WMD	Stabilization	Counter- narcotics	Trans- national Crime	Conflict Mitigation	Average
Counterterrorism		0.6747	0.5714	0.2544	0.4506	0.5965	0.50952
WMD	0.6747		0.5449	0.0992	0.2009	0.4008	0.3841
Stabilization	0.5714	0.5449		0.2368	0.4339	0.3583	0.42906
Counternarcotics	0.2544	0.0992	0.2368		0.2982	0.0853	0.19478
Transnational Crime	0.4506	0.2009	0.4339	0.2982		0.1593	0.30858
Conflict Mitigation	0.5965	0.4008	0.3583	0.0853	0.1593		0.32004

US State Dept; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Dept; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace and Security - R Squared Ranking

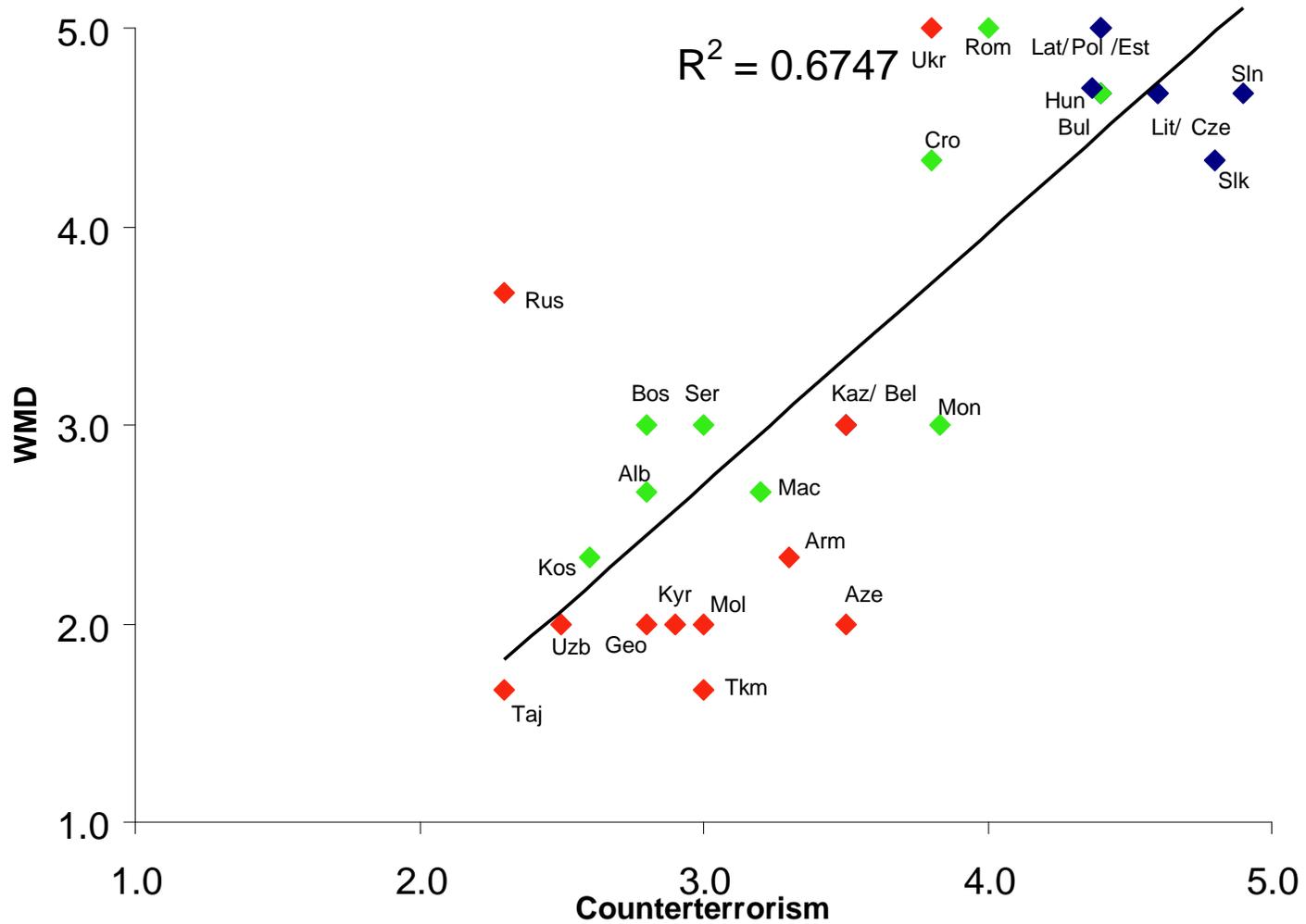
Table 5

0.6747 Counterterrorism/ WMD
 0.5965 Counterterrorism/ Conflict Mitigation
 0.5449 WMD/ Stabilization
 0.5714 Counterterrorism/ Stabilization
 0.5449 WMD/ Stabilization
 0.4506 Counterterrorism/ Transnational Crime
 0.4339 Stabilization/ Transnational Crime
 0.4008 WMD/ Conflict Mitigation
 0.3583 Stabilization/ Conflict Mitigation
 0.2982 Counternarcotics/ Transnational Crime
 0.2368 Stabilization/ Counternarcotics
 0.2009 WMD/ Transnational Crime
 0.1593 Transnational Crime/ Conflict Mitigation
 0.0992 WMD/ Counternarcotics
 0.0853 Counternarcotics/ Conflict Mitigation

US State Dept; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Dept; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Counterterrorism vs. Combating Weapons of Mass Destruction

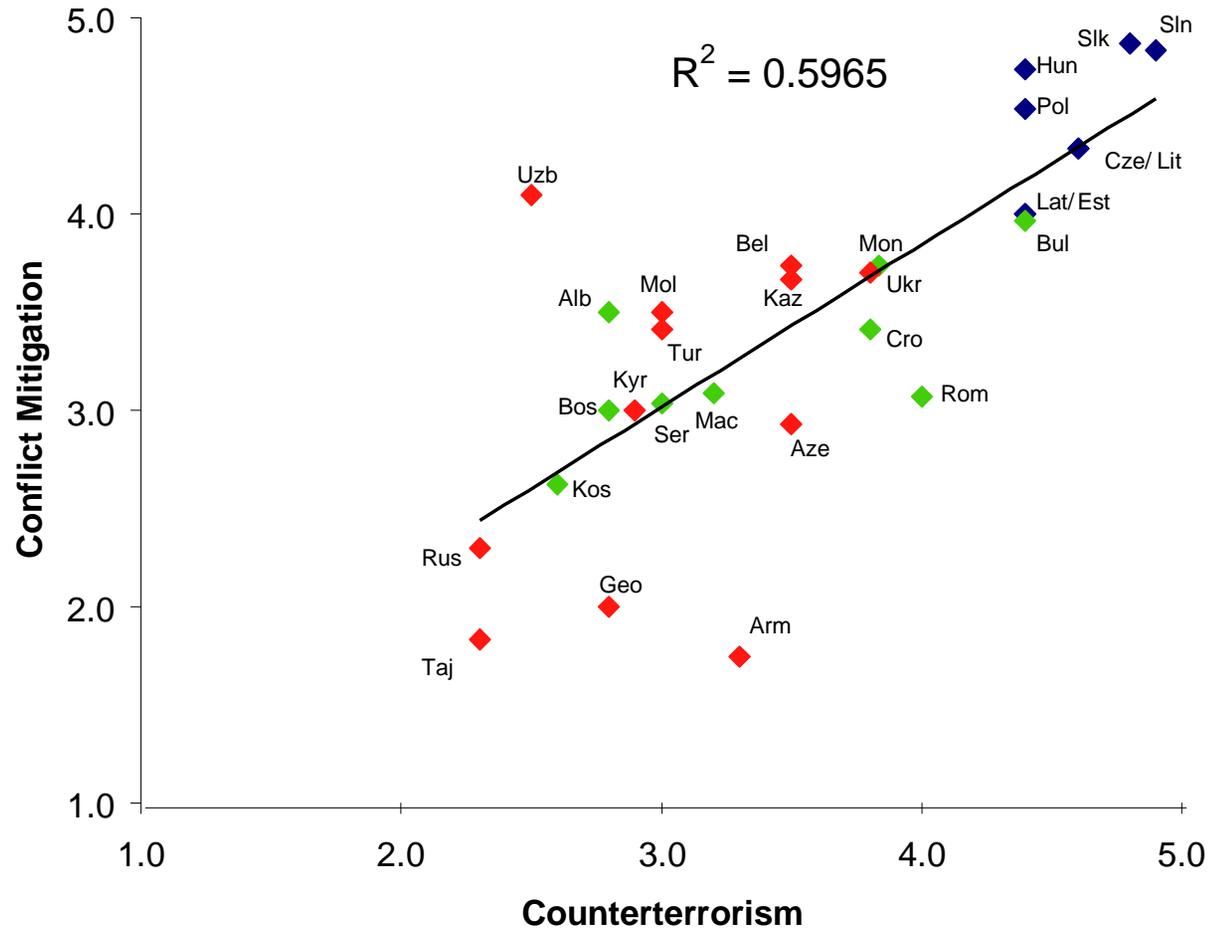
Figure 10



US State Department, *Country Reports on Terrorism* (2008); National Counterterrorism Center, (2007-2008); Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008); World Bank Institute, *Governance Matters Indicators* (2008); US Commerce Department, Export Control Policy, (2008.) US State Department, Export Control/Border Security Assessment (2008)

Figure 11

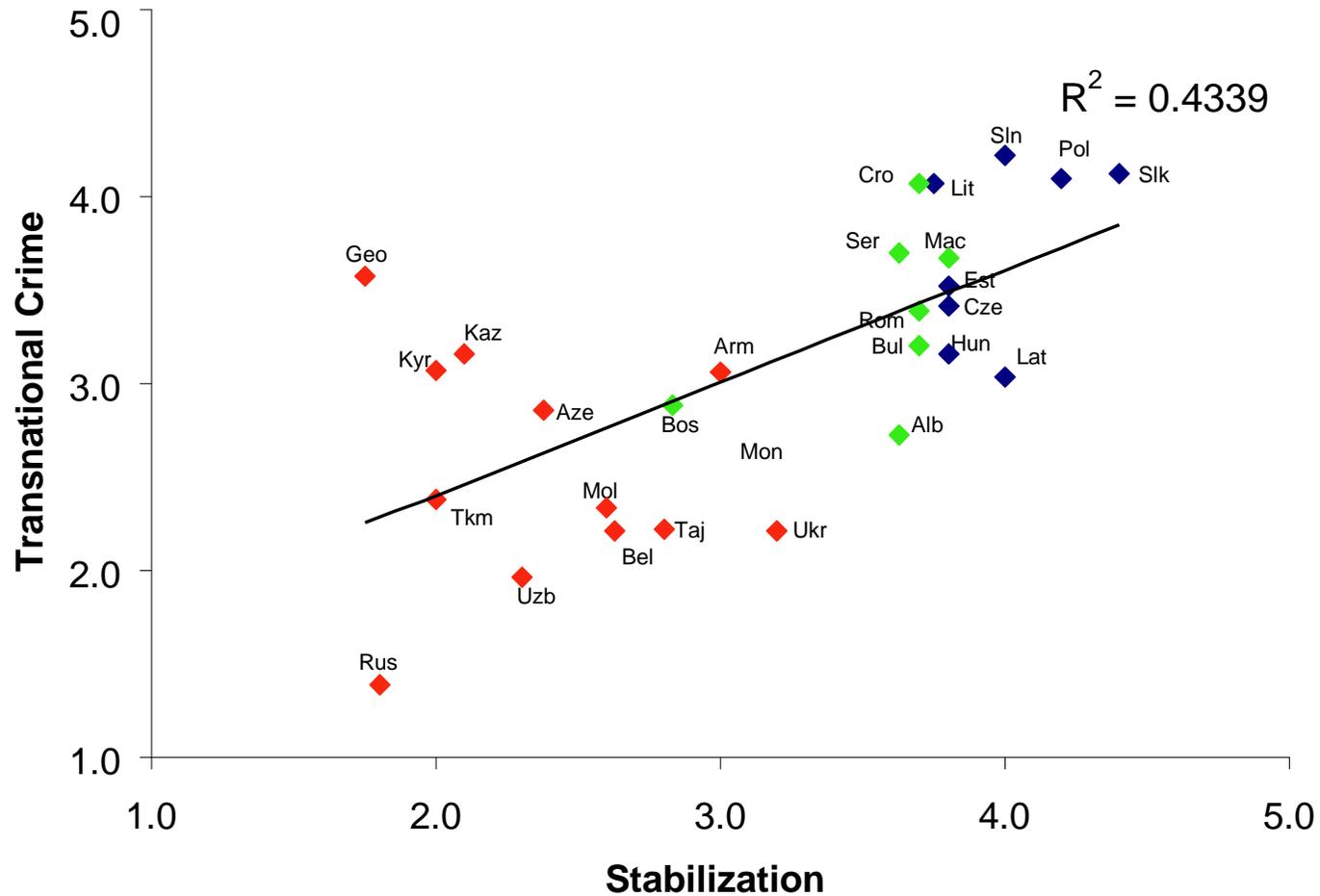
Counterterrorism vs. Conflict Mitigation



US State Department, *Country Reports on Terrorism* (2008); National Counterterrorism Center, (2007-2008); Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008); World Bank Institute, *Governance Matters Indicators* (2008); Center for Global Policy, George Mason University, Political Instability Task Force (2006-08); USAID/CMM *Instability Alert List* (2009)

Figure 12

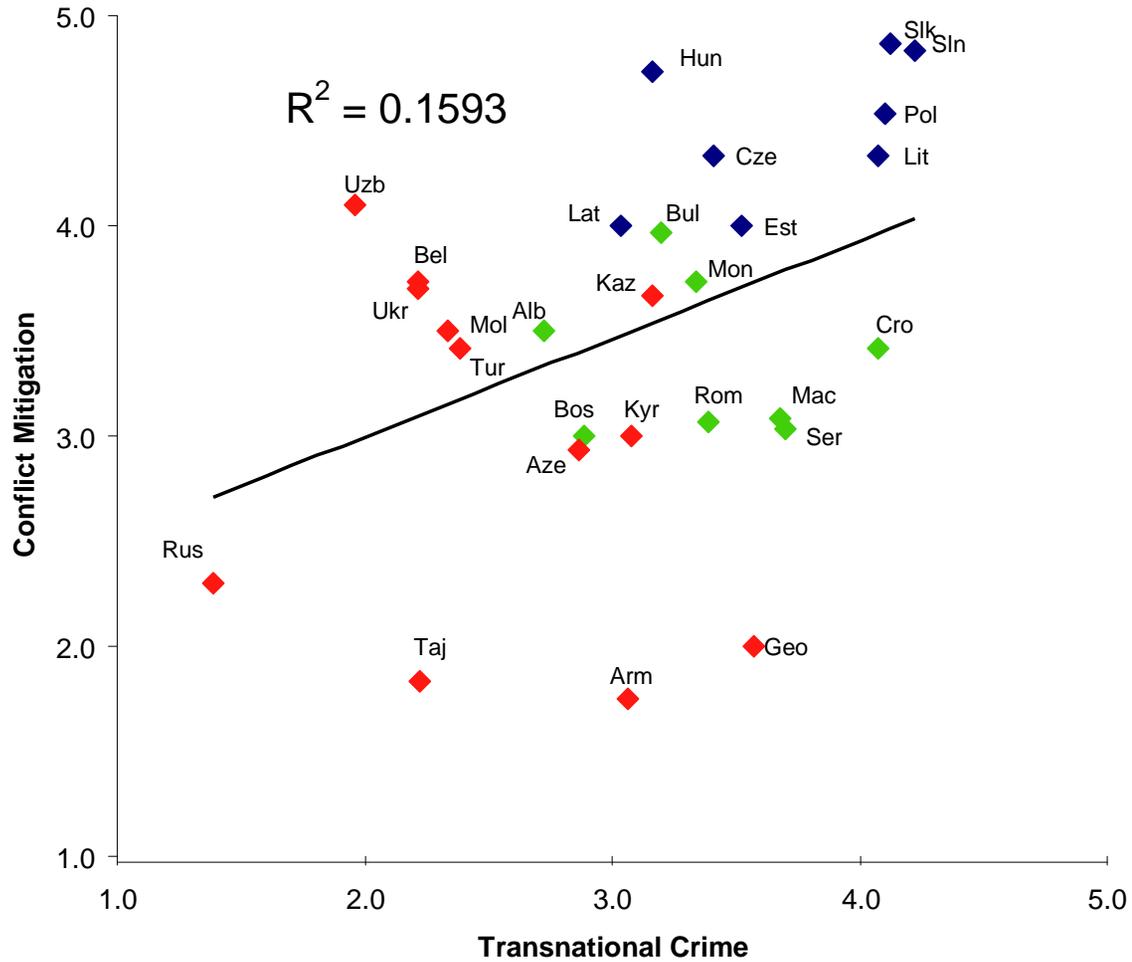
Stabilization Operations & Defense Reform vs. Transnational Crime



Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008); Binghamton University, Cingranelli-Richards *Human Rights Dataset*, (2007); UNICEF TransMONEE (2003-2004); World Bank, *World Development Indicators* (2008); A.T. Kearney/Foreign Policy Magazine, *Globalization Index* (2007); US Department of State, *Trafficking in Persons Report* (2008); USTR Special 301 Report (2008); US Department of State, *International Narcotics Control Strategy Report* (2008);

Figure 13

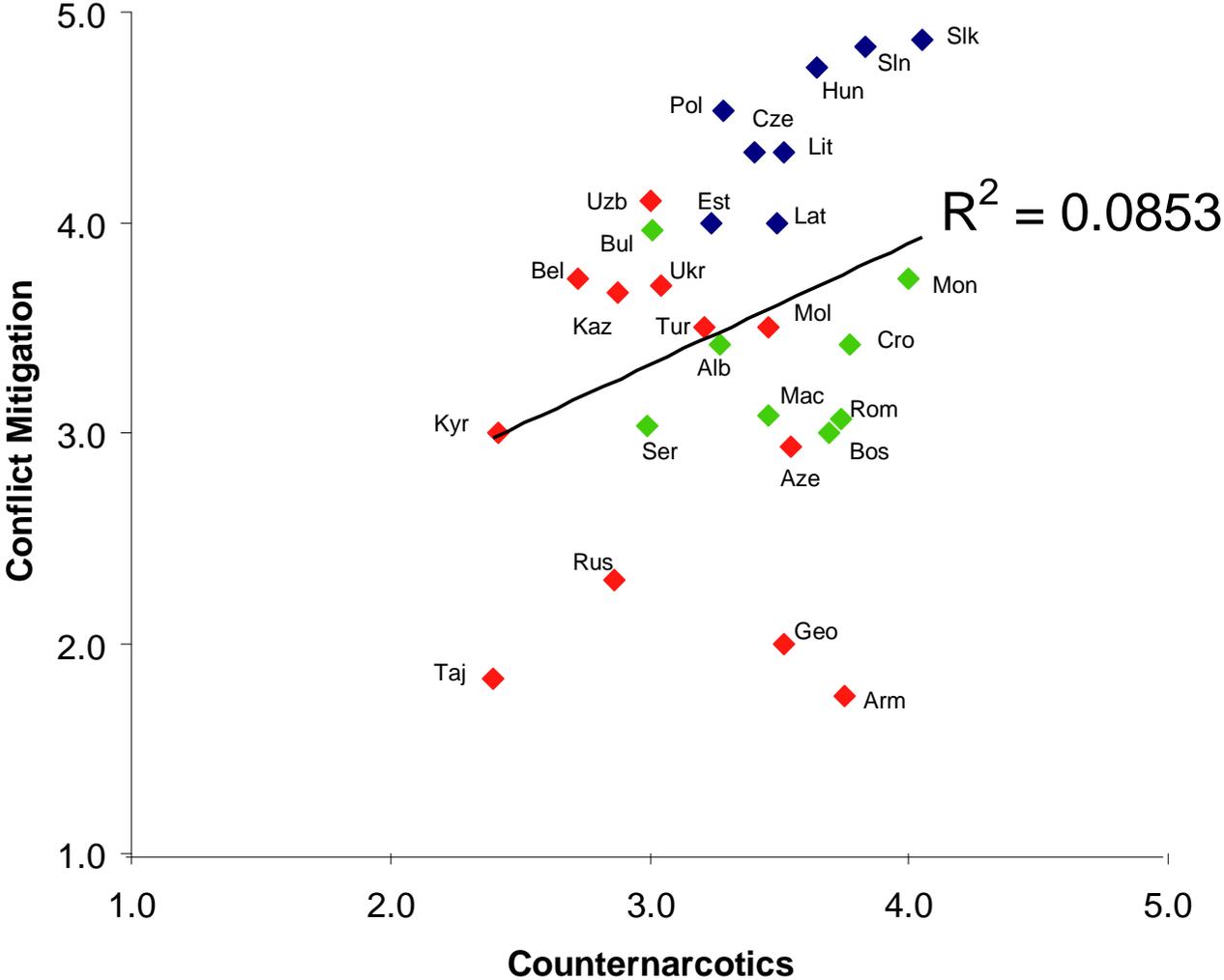
Transnational Crime vs. Conflict Mitigation



Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008); US Department of State, *Trafficking in Persons Report* (2008); USTR *Special 301 Report* (2008); US Department of State, *International Narcotics Control Strategy Report* (2008); Center for Global Policy, George Mason University, Political Instability Task Force (2006-08) USAID/CMM *Instability Alert List*, (2009)

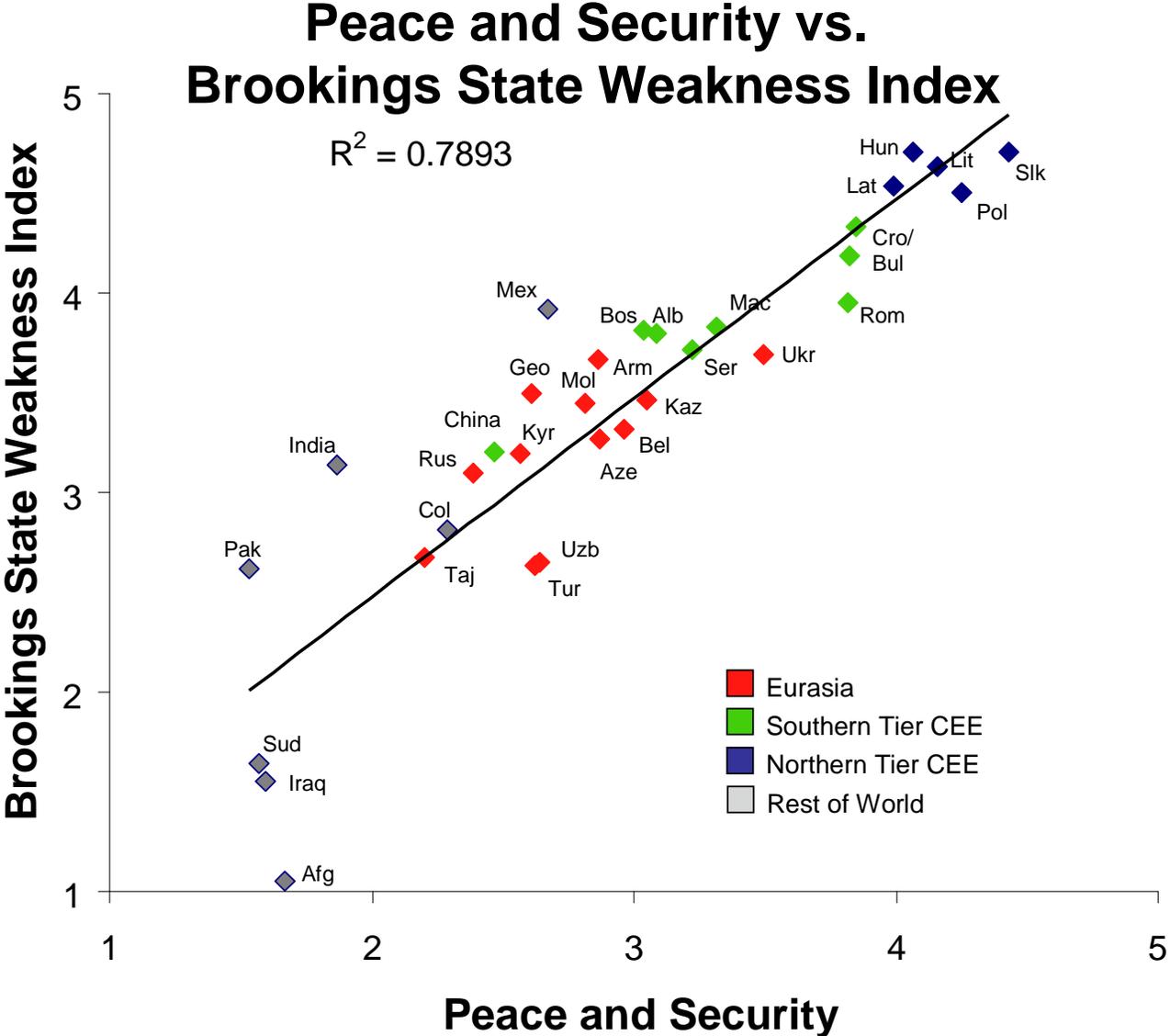
Figure 14

Counternarcotics vs. Conflict Mitigation



US Department of State, *International Narcotics Control Strategy Report* (2008); UN *World Drug Report* (2008) Center for Global Policy, George Mason University, Political Instability Task Force (2006-08) USAID/CMM *Instability Alert List*, (2009)

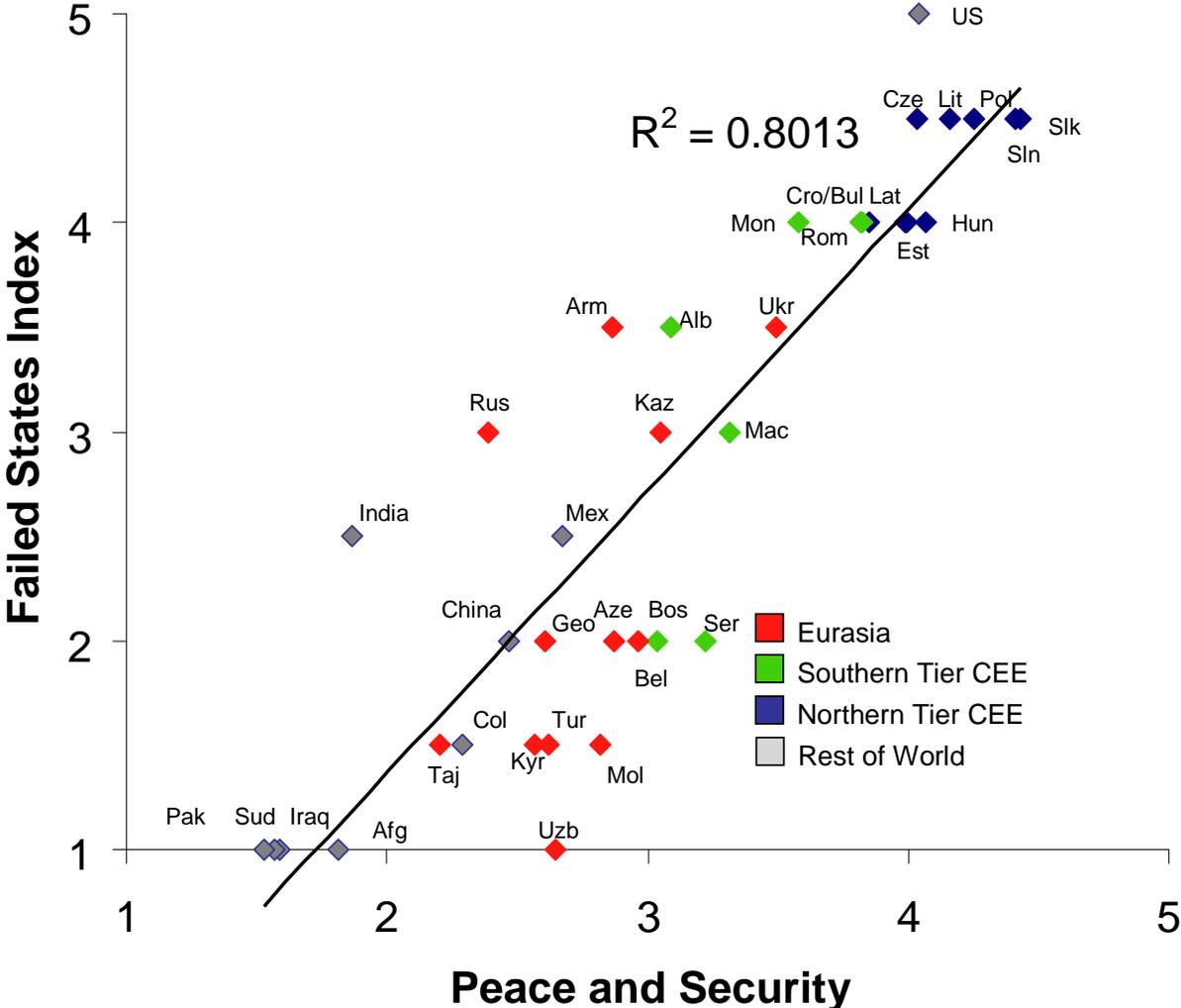
Figure 15



USAID/EE Program Office *Peace and Security Index* (2009) ; Brookings Institution *Index of State Weakness in the Developing World*(2008)

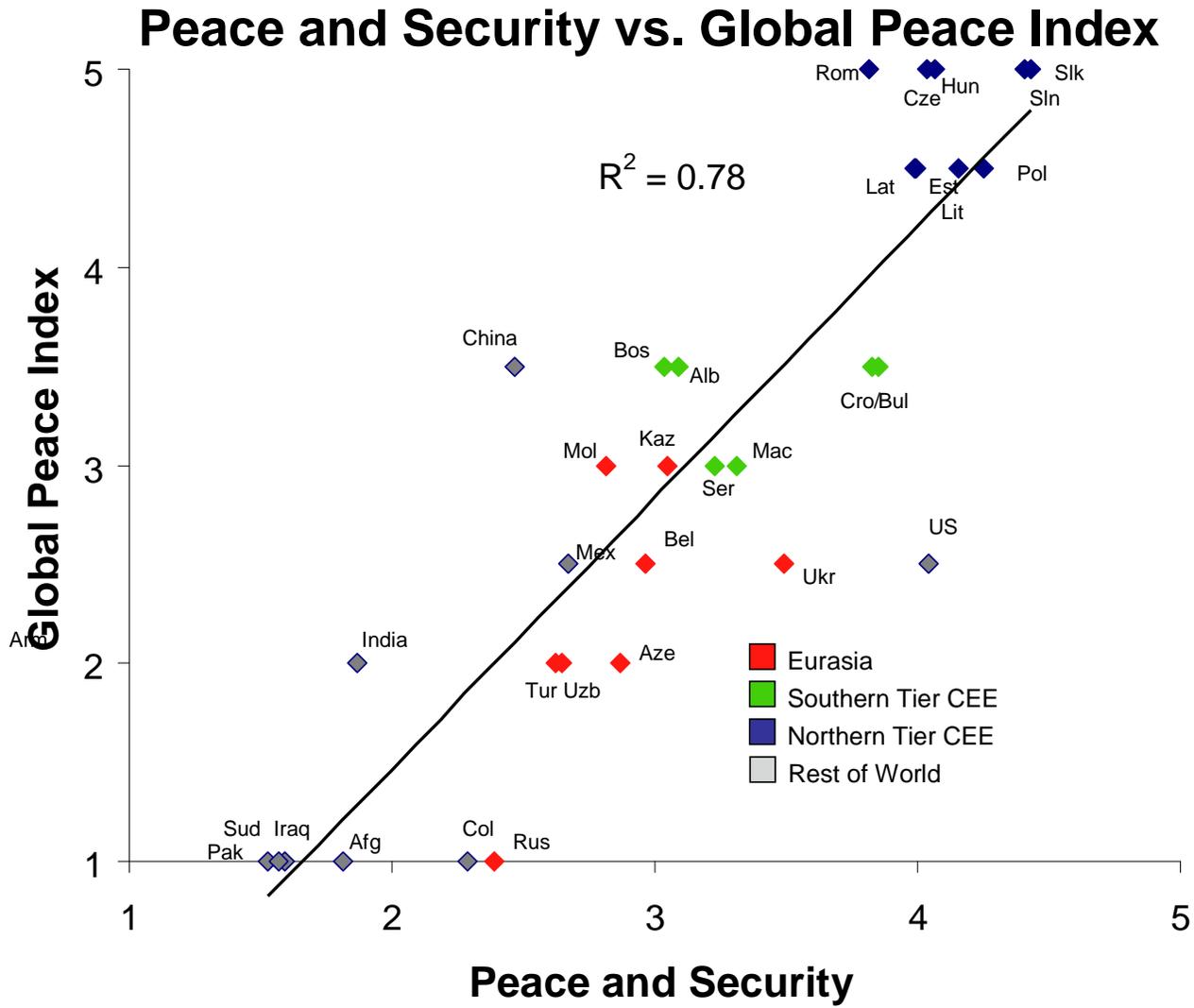
Figure 16

Peace and Security vs. Failed States Index



USAID/EE Program Office *Peace and Security Index* (2009) ; Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008)

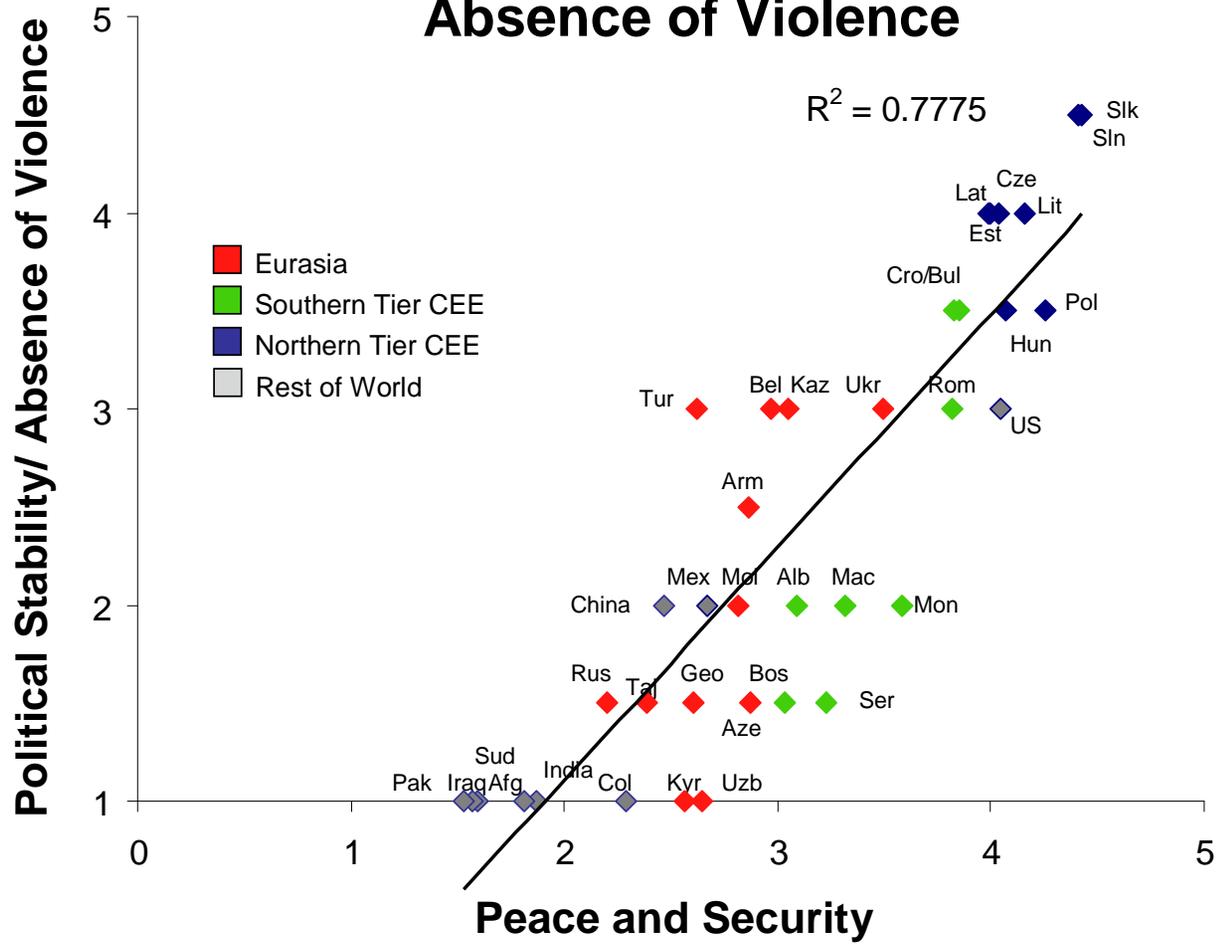
Figure 17



USAID/EE Program Office *Peace and Security Index* (2009) ; EUI *Global Peace Index*, (2008);

Figure 18

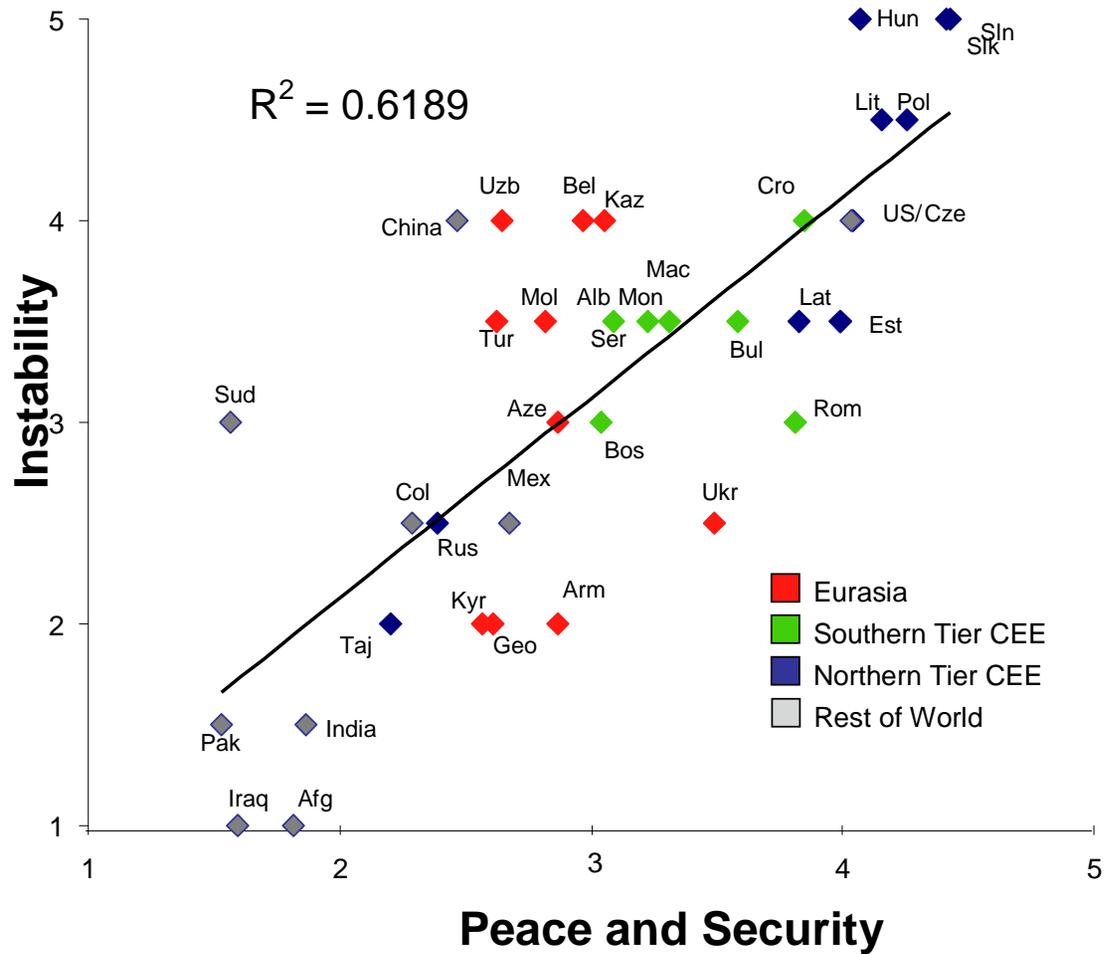
Peace and Security vs. Political Stability/ Absence of Violence



USAID/EE Program Office *Peace and Security Index* (2009) ; World Bank Institute, *Governance Matters Indicators* (2008);

Figure 19

Peace and Security vs. Instability Alert List



USAID/EE Program Office *Peace and Security Index* (2009) ; USAID/CMM *Alert Lists* (2009);

Table 6 **Related Indices**

Descriptive Indices				
Peace and Security Index	Fragility Index	Global Peace Index	Political Terror Scale	
<i>USAID/E&E</i>	<i>USAID/DCHA/CMM</i>	<i>Economist Intelligence Unit</i>	<i>human rights scholars in academia</i>	
Programmatic aspects (at the country progress level) of USG's efforts to promote peace and security in the world.	Current conditions within countries associated with fragility	State of peace in nations	Level of political violence and terror	
Predictive Indices				
Instability Index	Failed States Index	Index of State Weakness	SIAD Instability Index	Political Stability
<i>USAID/DCHA/CMM & CIDCM, U.MD</i>	<i>Fund for Peace</i>	<i>Brookings</i>	<i>Defense Department</i>	<i>World Bank Institute</i>
Risk of political instability or armed civil conflict	Vulnerability to violent internal conflict and societal deterioration	The capacity and/or will of governments to govern	The potential for the onset, presence, and exit of political instability	The likelihood of violent threats to, or changes in, government, including terrorism

Appendix I – Indicator Descriptions

The Peace and Security Index consists of six components and aligns with the six program areas of the DFA framework.

I. Program Area: Counterterrorism: Defined by the DFA Framework as expanding foreign partnerships and foreign partner capacities and strengthening global capabilities to prevent terrorists from acquiring or using resources for terrorism. Program elements include: denying terrorist sponsorship, support and sanctuary; de-legitimizing terrorist ideology; and strengthening governments’ counterterrorism capabilities. USG Programmatic activities under this program area include: terrorist interdiction programs at ports of entry; training in counterterrorism finance; public information campaigns against terrorist ideology; assisting nations in reporting bio-surveillance data to international and regional organizations; and training in anti-terrorism and bio-defense.

I (a) Government Capacity to Fight Terrorism - This indicator is based on the country-level narratives contained in the State Department’s annual *Country Reports on Terrorism*. The reports’ narrative summaries of terrorism in most of the world’s countries are a publicly available, comprehensive global analysis that directly address a country’s capacity and will to fight terrorism. Three sub-scores are calculated for each country based on the *Country Reports*: the extent to which a country denies terrorist sponsorship support and sanctuary; de-legitimizes terrorist ideology; and the government’s anti-terrorist capabilities. The 1-5 scores for each of the three categories are averaged to provide a numerical indicator. A member of the EE Analytical Team codes this indicator according to a detailed coding guide. The initial scores are then vetted within the USAID/EE/Program office for accuracy. The coding guide for this indicator is contained in Appendix VI.

I (a) Government Capacity to Fight Terrorism Average Score (1-5) of three elements: 1. Denial of terrorist sponsorship, support and sanctuary; 2. De-legitimization of terrorist ideology; 3. Governments’ anti-terrorism capability.

I (b) Severity of Terrorism - is compiled from country terrorism statistics gathered by the National Counterterrorism Center (NCTC). Since 2004, the NCTC has been a part of the Office of the Director of National Intelligence. The unclassified Worldwide Incidents Tracking System (WITS) is a publicly available resource that supplies data for the annual report on terrorist incidents mandated by Congress. This indicator combines the total number of incidents of terrorism and victims of terrorism over a 15-month period (January 2007 to March 2008).

I (b) Severity of Terrorism (total incidents plus total victims; Worldwide Incidents Tracking System, National Counterterrorism Center (2007 & 2008)): “1.0”: 500 and up; “2.0”: 100 to 499; “3.0”: 10 to 99; “4.0”: 4 to 9; “5.0”: 3 or less.

I (c) Progressive Deterioration of Public Services - is a component of the *Failed States Index*, as compiled by Foreign Policy Magazine and the Fund for Peace.¹ This indicator attempts to measure the

¹ See Indicator 6c for a detailed explanation of Failed States Index methodology.

status of basic state functions that serve the people, including the capacity to protect citizens from terrorism and violence and to provide essential services, such as health, education, sanitation, public transportation. When a country scores poorly under the *Progressive Deterioration of Public Services* indicator, the state apparatus narrows to those agencies that serve the ruling elites, such as the security forces, presidential staff, central bank, diplomatic service, customs and collection agencies.

I c Deterioration of Public Services (Fund for Peace, *Failed States Index*): “0.5”: 8.6 to 10; “1.0”: 7.7-8.5; “1.5”: 7.1 to 7.6; “2.0”: 6.7 to 7.0; “2.5”: 6.2 to 6.6; “3.0”: 5.7 to 6.1; “3.5”: 4.9 to 5.6; “4.0”: 4 to 4.8; “4.5”: 3.1 to 3.9; “5.0”: 0 to 3.0.

I (d) Political Stability and Absence of Violence World Bank Institute, *Governance Matters Indicators* - One of six aggregate indicators from Kauffman and Kraay of the World Bank Institute, *Political Stability and Absence of Violence* combines the results of several surveys (outlined below). Kauffman and Kraay compile ratings mostly from for-profit political risk companies. This aggregate indicator measures perceptions of the likelihood that the government in power will be destabilized or overthrown by possibly unconstitutional and/or violent means, including domestic violence and terrorism.

Sources used to construct this indicator:

- Business Environment Risk Intelligence Business Risk Service – Provides individual country risk reports. Also provides country ratings in Financial Ethics, Quality of Workforce; Mineral Extraction Risk; Labor Force Evaluation; and Government Proficiency.
- Global Risk Service; Business Conditions and Risk Indicators – both from Global Insight, a for-profit forecasting company providing economic, financial, and political coverage for clients in industry, finance, and government.
- Economist Intelligence Unit - Research and advisory firm providing country analysis and forecasting.
- World Economic Forum - International organization incorporated as a Swiss not-for-profit foundation, focused on developing a corporate governance system. It publishes the Global Competitiveness Report, a comprehensive assessment of the comparative strengths and weaknesses of national economies.
- Cingranelli-Richards (CIRI) Human Rights Dataset – Database contains standards-based quantitative information on government respect for 15 internationally recognized human rights for 195 countries, annually since 1981.
- iJET Country Security Risk Ratings - For profit firm providing security alerts on events and situations to travelers, expatriates and decision-makers to help them avoid or minimize risk and travel disruptions abroad.
- Institutional Profiles Database (CEPII) – French research firm focusing on international economics. Core research areas are trade, FDI, exchange rates, tax policy, etc.
- Merchant International Group Gray Area Dynamics - Strategic research and corporate intelligence company providing support services to corporate and private clients. It advises companies in the identification, evaluation and management of risks, weaknesses and threats.
- Political Risk Services International Country Risk Guide – PRS is a private firm focused on political risk analysis, using two methodology models, Political Risk Services and International Country Risk Guide and related products and services.
- Institute for Management & Development World Competitiveness Yearbook – Publication of a

I (d) Political Stability and Absence of Violence: World Bank Institute, *Governance Matters Indicators*
“1” 19 percentile or less; “2” 20-39; “3” 40-59; “4” 60-79; “5” 80-99 percentile

II. Program Area: Combating Weapons of Mass Destruction– Defined by the DFA Framework as strengthening the global community’s ability to safely destroy, store, apply safeguards to, and transport weapons of mass destruction (WMD) and secure related facilities and materials; control borders and territory to prevent illicit movement of WMD and related materials and technology and to prosecute and punish violators; prevent the proliferation of WMD and related materials, technology, and expertise to states or non-state actors of concern or to potential terrorists; comply fully with international obligations concerning arms control, nonproliferation, and WMD terrorism; deter and prevent WMD terrorism; and respond to a WMD terrorism event. Program elements include: Countering WMD Proliferation and Combating WMD Terrorism.

II (a) Chemical & Biological Weapons Control Status - This indicator uses the export control status of a country, designated by the Department of Commerce.² Under these regulations, US companies are required to get licenses to export militarily sensitive material to certain countries. Countries are grouped into categories according to several criteria. With regard to controlling the proliferation of chemical and biological weapons, two levels of export controls are in place as required by Commerce. a) CB 2 Controls - Licenses required (unless license exception applies) for exporting certain chemicals, software, equipment and technology to a country that is not member of the Australia Group organization with its common control lists of items related to chemical and biological weapons; b) CB 3 Controls - License required (unless license exception applies) to export certain medical products.³

Under this control regime, license applications are considered to determine whether the export or re-export by a US company would make a “material contribution to the design, development, production, stockpiling or use of chemical or biological weapons.” If Commerce deems an export would make such a contribution, the license will be denied.

II (a) Chemical & Biological Weapons Control Status “1.0”: CB 2 and CB 3 Controls in place; “3.0” - CB 3 Controls only. “5.0” – No CB 2 or CB 3 controls in place.

II (b) Nuclear Proliferation Control Status - Like II (a), this indicator reflects the status of countries as measured by US Department of Commerce export controls.⁴ Under these regulations, US companies are required to get licenses to “export items that could be of significance for nuclear explosive purposes if used for activities other than those authorized at the time of export or re-export.” Countries are grouped into categories according to certain criteria. With regard to controlling of nuclear proliferation, two primary levels of export controls are in place as required by Commerce. a) NP 1 Controls - Licenses required (unless license exception applies) for exporting certain items that could be of significance for nuclear explosive purposes for countries which are not members of Nuclear Suppliers Group (NSG).

² (Export Administration Regulations 742.2 –“Proliferation of Chemical and Biological Weapons, License Requirements” (Commerce Department, Control Policy, September 2008.)

³ CB 1 Controls apply to all countries but Canada.

⁴ (Commerce Department, Control Policy, September 2008.)

NSG is a multinational body concerned with reducing nuclear proliferation by controlling the export and retransfer of nuclear materials; b) NP 2 Controls – Licenses required (unless license exception applies) to export certain items to “Group D:2” countries, which are non-signatories or in violation of Nuclear Non-proliferation Treaty (NPT).

By identifying both signatories of the NPT and members of the NSG, this indicator serves as a proxy measure for commitment to the principles of nuclear non-proliferation.

II (b) Nuclear Proliferation Control Status “1.0”: NT 1 and NT 2 Controls in place; “3.0” – NT 2 Controls only. “5.0” – No NT 1 or NT 2 controls in place

II (c) *Export Control/Border Security Assessment* - A tool used by the Department of State to analyze the state of a country’s own protections against WMD. The assessment has been given to 63 countries by the US State Department’s Office of Export Control Cooperation in the Bureau for International Security and Non-Proliferation. While the global data set is limited, the assessment has been given to most of the E&E region. It is a relatively direct measure of the state of a country’s border controls, a key component in the efforts to control WMD.

II (c) Export Control/Border Security Assessment (US State Department, Office of Export Control Cooperation, Bureau for International Security and Non-Proliferation) (2004 - 2008) Scores on a scale of 1 to 100 “1.0”: less than 20; “2.0”: 20 to 29; “3.0”: 30 to 59; “4.0”: 60 to 69; “5.0”: over 70.

III. Program Area: *Stabilization Operations and Security Sector Reform*: Defined by DFA Framework as support for peacekeeping, humanitarian, coalition/multinational, and peace support operations. A host nation’s security forces include military, paramilitary, law enforcement (including civilian police, specialized units, border security, maritime security, etc). Security sector reform activities are not limited to post-conflict situations. Program elements include: operations support (e.g., peacekeeping operations, responding to humanitarian crises, or coalition/multinational operations); disarmament, demobilization & reintegration (DDR); destruction and security of conventional weapons; explosive remnants of war; immediate protection of civilians in conflict; defense, military, and border security restructuring, reform, and operations; and law enforcement reform, restructuring, and operations.

III (a) Security Apparatus Operates as a State within a State - is a component of the *Failed States Index*, as compiled by Foreign Policy Magazine and the Fund for Peace⁵. This indicator attempts to measure the “emergence of elite or praetorian guards that operate with impunity.” It attempts to measure the extent to which state-sponsored or state-supported private militias terrorize political opponents, suspected "enemies," or civilians seen to be sympathetic to the opposition. This indicator also tracks any emergence of an "army within an army" that serves the interests of the dominant military or political clique or the emergence of rival militias, guerilla forces or private armies in an armed struggle or protracted violent campaigns against state security forces. *Security Apparatus Operates as a State within a State* serves as a proxy indicator to conditions that undermine the security sector.

III(a) Security Apparatus Operates as a State within a State (Fund for Peace, *Failed States Index*): “0.5”: 8.6 to 10; “1.0”: 7.7-8.5; “1.5”: 7.1 to 7.6; “2.0”: 6.7 to 7.0; “2.5”: 6.2 to 6.6; “3.0”: 5.7 to 6.1; “3.5”: 4.9 to 5.6; “4.0”: 4 to 4.8; “4.5”: 3.1 to 3.9; “5.0”: 0 to 3.0.

III (b) Human Rights: CIRI Physical Integrity Rights Index - Physical integrity rights are defined as the rights not to be tortured, summarily executed, disappeared, or imprisoned for political beliefs. The scores of these variables can be summed to form a statistically valid cumulative scale. It ranges from 1 (no government respect for these four rights) to 5 (full government respect for these four rights). Data are from the Cingranelli-Richards (CIRI) Human Rights Dataset, which contains standards-based quantitative information on government respect for human rights for 195 countries and has been issued annually since 1981. The dataset is replicable and has a detailed coding manual. At least two trained coders evaluate each variable for each country year. Reliability scores are available for each variable. The data set contains measures of government human rights practices, not human rights policies or overall human rights conditions (which may be affected by non-state actors).

The primary source of information about human rights practices is obtained from the annual United States Department of State's *Country Reports on Human Rights Practices* and Amnesty International's *Annual Report*. Both reports can be found online for recent years. If there are discrepancies between the two sources, CIRI coders are instructed to treat the Amnesty International evaluation as authoritative.

III(b) Human Rights (Cingranelli-Richards (CIRI) Human Rights Dataset, 2008; Binghamton University, coded State Department and Amnesty International reports. Physical Integrity Index looks at Disappearances, Extra-Judicial Killings, Political Prisoners and Torture and scores on a 0 to 8 scale. 1 to 5 converted scores: "1": 1 or less; "2": 2 to 3; "3": 4 to 5; "4": 6 to 7; "5": 8.

III (c) Violent Crime –Homicide Rate per 100,000 Population - This indicator measures the recorded intentional homicide rate. It serves as a proxy indicator for domestic security environment. For Europe and Eurasia, data are drawn from UNICEF's TransMONEE database. For the rest of the world, the primary source of data is the United Nations Office on Drugs and Crime (UNODC).

III(c) Violent Crime (homicides per 100,000 population); UNICEF, Innocenti TransMONEE Database; United Nations Office on Drugs and Crime (UNODC) "1": 10.0 or over; "2": 5.0-9.9; "3": 3.0-4.9; "4": 2.0-2.9; "5": less than 2.0

III (d) Military Expenditures as Percentage of GDP - This indicator, available from the World Bank's *World Development Indicators*, is used as a proxy for predicting future military action. NATO recommends spending 2% of GDP on defense for its members. Using a 2% threshold acknowledges that it is possible to spend too little on defense, e.g. a NATO country that is not "pulling its own weight" in the mutual defense alliance. Therefore, the indicator is initially scored for how much the military expenditure percentage deviates from the 2% threshold. After being converted to a 1 to 5 scale, countries are given a "freedom bonus" of 1 point if they are designated as "free" by Freedom House in its 2008 survey. The effort is to differentiate between democratic countries that might be penalized for spending too little on defense from authoritarian countries that might be spending too much. This benefits NATO countries such as Hungary, Lithuania and Slovakia, which are spending under 2% of GDP on their military, but have good records on democratization.

III (d) Military Expenditures as Percentage of GDP; (World Bank, *World Development Indicators 2008*). Deviation (+ or -) from 2% of GDP. Bonus of 1 additional point added after initial calculation for countries with a “free” designation from Freedom House. “1”: deviation equal to or greater than 3% of GDP; “2”: deviation between 1% and 2.9%; “3”: deviation between 0.4% and 0.9%; “4”: deviation between 0.2% and 0.4%; “5”: deviation less than 0.2% of GDP.

III (e) Peacekeeping - This indicator is a ranking of nations based on two sets of data: 1) peacekeeping financial contributions as a share of GDP; and 2) peacekeeping personnel as a share of population. The data are compiled by A.T. Kearney/Foreign Policy Magazine as one component of the Globalization Index. The rankings include 71 countries, which are ranked on the 1-5 scale according to where they fall on the global ranking.

The Globalization Index is published yearly and ranks countries by their global connectivity, integration and interdependence in the economic, social, technological, cultural, political, and ecological spheres. The 2007 ranking is based on data for 2004.

III (e) Peacekeeping (A.T. Kearney/Foreign Policy Magazine, 2007) “1”: 60-71; “2”: 45-59; “3”: 30-44; “4”: 15-29; “5”: 1-14.

IV. Program Area: Counternarcotics: defined by the DFA Framework as the combating of international narcotics production and trafficking; reduction of the cultivation and production of drugs; prevention of the resurgence of drug production; and limitation of the collateral effects of the drug trade through international drug control and demand reduction. Program elements include: eradication; alternative development and alternative livelihoods; interdiction; and drug demand reduction. Many of these program elements are relevant for a limited number of countries identified as drug production centers, none of which are in the E&E region. Instead, this index broadly captures narcotics demand through two indicators, IV (a) and IV (b); and narcotics supply through two indicators, IV(c) and IV (d).⁶

IV (a) Demand for Narcotics - This indicator averages the annual prevalence of the level of abuse of opiates, cocaine, cannabis, of amphetamines. The data are collected by the United Nations Office of Drugs and Crime (UNODC). Under the International Drug Conventions, member states are formally required to provide drug related information annually. UNODC has developed the Annual Reports Questionnaire (ARQ) to collect these data, which are incorporated into the annual *World Drug Report*. The 2008 report is based primarily on data obtained from the ARQs returned by governments to UNODC over the June 2007 to May 2008 period. The data collected during this period normally refer to the drug situation in 2006. Sixty seven percent of countries returned a “Demand ARQ” to the UNODC, the questionnaire that contains the abuse data. Additionally, under the P&S Index the four categories of drugs are weighted so as to reflect the relative societal danger of opiates, which receive the highest weight; vs. cocaine and amphetamines, which receive an intermediate weight; vs. cannabis, which receives no additional weighting.

⁶ Money laundering, a key counternarcotics issue, is being captured in the Transnational Crime Index. While it could be argued that Counternarcotics is actually a subset of Transnational Crime, it is being treated separately here given the structure of the DFA Framework.

IV(a) Demand for Narcotics (UNODC, *World Drug Report 2008*). Weighted average of scores (1-5) for abuse prevalence for four drugs: Opiates – “1”: > 1% of population; “2”: 0.5 - 1% of population; “3”: 0.3 - 0.5% of population; “4”: 0.1 - 0.3% of population; “5”: <0.1% of population. Opiate score triple weighted. Cocaine - “1”: > 2% of population; “2”: 1.5 - 2% of population; “3”: 0.5 - 1.5% of population; “4”: 0.1 - 0.5% of population; “5”: <0.1% of population. Cocaine score double weighted. Cannabis – “1”: > 8% of population; “2”: 5 - 8% of population; “4”: 1 - 5% of population; “5”: <1% of population Cannabis score un-weighted. Amphetamines “1”: > 1% of population; “2”: 0.5 - 1% of population; “3”: 0.3 - 0.5% of population; “4”: 0.1 - 0.3% of population; “5”: <0.1% of population. Amphetamine score double weighted

IV(b) Change in Demand for Narcotics - This indicator averages increases and declines in the annual prevalence of the level of abuse of opiates, cocaine, cannabis, amphetamines. The data are collected by the United Nations Office of Drugs and Crime (UNODC) through use of the Annual Reports Questionnaire (ARQ) and incorporated into the annual World Drug Report. The data refer to 2006 (or the latest year available). The determination of a “large increase,” “some increase,” “stable” usage, “some decline,” and a “strong decline” were made by the UNODC and reported in the *World Drug Report*.

(b) *Change in Demand for Narcotics* (UNODC, *World Drug Report 2008*) Weighted average of scores (1-5) for change in use prevalence for four drugs: Opiates – “1”: large increase; “2”: some increase; “3”: stable; “4”: some decline; “5”: strong decline. Opiate score triple weighted. Cocaine “1”: large increase; “2”: some increase; “3”: stable; “4”: some decline; “5”: strong decline. Cocaine score double weighted. Cannabis - “1”: large increase; “2”: some increase; “3”: stable; “4”: some decline; “5”: strong decline. Cannabis score un-weighted. Amphetamines - “1”: large increase; “2”: some increase; “3”: stable; “4”: some decline; “5”: strong decline. Amphetamine score double weighted.

IV(c) Seizure of Illicit Narcotics - This indicator analyzes data from the UNODC online database on drug seizures. UNODC gathers information on illicit drug seizures worldwide, mainly drawn from the Annual Reports Questionnaire sent to all Member States, but also supplemented by other sources such as Interpol and UNODC Field Offices. The most recently reported year is used, usually 2006 but occasionally 2007. The information in the illicit drug seizure reports is updated every three months and is therefore more current than seizures data presented in the latest *World Drug Report*. In addition, seizures from a larger number of drugs are presented in these reports than are included in the *World Drug Report*. Seizures are combined into a single, derived unit of measurement (kilogram equivalents) that converts seizures reported in volume (liters) and units into their equivalent in kilograms⁷.

There are a couple of issues with this indicator worthy of consideration. First, there may be some countries where a lower than expected rate of seizures may be at least partially due to insufficient capacity and political will, and hence this indicator may fall well short of capturing the magnitude of drug production in such countries. For instance, Afghanistan reports a far lower rate of opiate seizures than Iran, despite Afghanistan being understood to be the world’s largest producer of opium. In other words, it

⁷ To preserve the integrity of UNODC’s unit of measurement methodology, the P&S index does not attempt to weight the seizure of different drugs, as it does in the demand indicators.

can be argued that a high rate (or an increasing rate) of seizures in a given country may be a positive indicator of law enforcement capacity. However, for the purpose of the P&S Index seizures are a proxy for the supply of narcotics in a given country. Issues of political will and law enforcement capacity are captured in the Interdiction indicator (IV (d)), which serves to ameliorate the paradox posed by the seizure indicator. Second, these data are not population-weighted. Hence, larger countries are more likely to score lower (or worse) on this measure, other things equal. In other words, the implicit assumption of this method is that absolute totals of seizures is a better measure of the magnitude of the global drug problem than weighting the seizures by country population; the countries with the largest (absolute) supply of drugs are the most problematic for the rest of the global community. This indicator does largely track with what the US State Department has identified as the 20 major drug transit or illicit producing countries⁸. No countries from the E&E region, which generally perform well on this indicator, are on the State Department list.

IV(c) Seizure of Illicit Narcotics (UNODC, On-Line Database, 2008) Average of scores (1-5) for four drugs: Opiates – “1”: Greater than 45,000 kg; “2”: 1,000 – 45,000 kg; “3”: 250 – 1,000 kg; “4”: 100 – 250 kg; “5”: Less than 100 kg. Cocaine – “1”: Greater than 1,000,000 kg; “2”: 100,000 – 1,000,000 kg; “3”: 1,000 – 100,000 kg; “4”: 10 – 1,000 kg; “5”: Less than 10 kg. Cannabis – “1”: Greater than 1,000,000 kg; “2”: 100,000 – 1,000,000 kg; “3”: 10,000 – 100,000 kg; “4”: 1,000 – 10,000 kg; “5”: Less than 1,000 kg. Amphetamines – “1”: Greater than 1,000 kg; “2”: 100 – 1,000 kg; “3”: 20 – 100 kg; “4”: 1– 20 kg; “5”: Less than 1 kg.

IV (d) Narcotics Interdiction - This indicator measures three aspects of “interdiction” of narcotics. The source is the 2009 International Narcotics Control Strategy Report, (INCSR), an annual report by the Department of State to Congress, which describes the efforts of key countries to attack all aspects of the international drug trade in Calendar Year 2008. The estimates on illicit drug production presented in the INCSR represent the United States Government’s best effort to sketch the current dimensions of the international drug problem. If a country is designated in the report as a Major Illicit Drug Producing and/or Major Drug-Transit Country, (Afghanistan, The Bahamas, Bolivia, Brazil, Burma, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela) the score for the entire interdiction indicator will be “1”.

For countries not designated a “major illicit drug producing country,” analysts at USAID/EE review the INCSR narratives and award a numerical score of 1 to 5, with 5 being the best and one the worst, to each of three sub-categories. The three sub-scores measure: 1) the extent to which drug production in a country is a problem for international counternarcotics efforts; 2) the extent to which a country serves as a drug transit route; and 3) the capacity of a country’s counternarcotics forces. The 1-5 scores for each of the three categories are averaged to provide a numerical indicator. The initial scores are then vetted within the USAID/EE/Program office for accuracy. A coding guide for this indicator is contained in Appendix VII.

IV (d) Interdiction of Illicit Narcotics Average Score (1-5) of three elements: 1) Extent to which drug production in a country is a problem for international counternarcotics efforts; 2) Extent to which a country serves as a drug transit route; 3) Capacity of a country’s counternarcotics forces. Designated major drug transit or major illicit drug producing countries receive a “1” for the entire Interdiction indicator.

⁸ Listed in description of indicator 4d

V. Program Area: Transnational Crime: defined by the DFA Framework as minimizing the adverse effects of criminal activities on the United States and its citizens, particularly when these criminal activities involve cross-border connections or have cross-border affects. Program elements include: financial crimes and money laundering; intellectual property theft, corporate espionage and cyber security; trafficking-in-persons and migrant smuggling; and organized and gang-related crime.

V(a) Trafficking in Persons This indicator draws from the eighth annual *Trafficking in Persons Report* (June 2008). The Department of State is required by the Trafficking Victims Protection Act of 2000 to submit a Report each year to the U.S. Congress on foreign governments' efforts to eliminate severe forms of trafficking in persons. A country that fails to make significant efforts to bring itself into compliance with the minimum standards for the elimination of trafficking in persons, as outlined in the TVPA, receives a "Tier 3" assessment. Such an assessment could trigger the withholding by the United States of non-humanitarian, non-trade-related foreign assistance.⁹ The TVPA defines "severe forms of trafficking" as: (1) sex trafficking in which a commercial sex act is induced by force, fraud, or coercion, or in which the person induced to perform such an act has not attained 18 years of age; or (2) the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services, through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, debt bondage, or slavery.

The Department of State places each country included on the 2008 TIP Report into one of the three lists, described here as tiers, mandated by the TVPA. This placement is based more on the extent of government action to combat trafficking, rather than the size of the problem. The Department first evaluates whether the government fully complies with the TVPA's minimum standards for the elimination of trafficking. Governments that fully comply are placed in Tier 1. For other governments, the Department considers whether they are making significant efforts to bring themselves into compliance. Governments that are making significant efforts to meet the minimum standards are placed in Tier 2. Governments that do not fully comply with the minimum standards and are not making significant efforts to do so are placed in Tier 3. Finally, the TVPA created a "Special Watch List" of countries on the TIP Report that should receive special scrutiny.

<p><u><i>V(a) Trafficking in Persons</i></u> "1.0": tier 3; "2.0": tier 2w; "3.0": tier 2; "5.0": tier 1.</p>

V(b) Piracy of Intellectual Property Rights - This indicator borrows from the United States Trade Representative (USTR) "2008 Special 301 Report." The Special 301 Report, which focuses on the "adequacy and effectiveness of intellectual property rights (IPR) protection by U.S. trading partners," places forty-six countries on the Priority Watch List, Watch List, or the Section 301 monitoring list.

⁹ A victim need not be physically transported from one location to another in order for the crime to fall within these definitions. The common denominator of trafficking scenarios is the use of force, fraud, or coercion to exploit a person for profit. A victim can be subjected to labor exploitation, sexual exploitation, or both. Labor exploitation includes traditional chattel slavery, forced labor, and debt bondage. Sexual exploitation typically includes abuse within the commercial sex industry. In other cases, victims are exploited in private homes by individuals who often demand sex as well as work. The use of force or coercion can be direct and violent or psychological. The TVPA lists three factors to be considered in determining whether a country should be in Tier 2 (or Tier 2 Watch List) or in Tier 3: (1) The extent to which the country is a country of origin, transit, or destination for severe forms of trafficking; (2) the extent to which the government of the country does not comply with the TVPA's minimum standards including, in particular, the extent of the government's trafficking-related corruption; and (3) the resources and capabilities of the government to address and eliminate severe forms of trafficking in persons.

There are nine countries on this year's Priority Watch List: China; Russia; Argentina; Chile; India; Israel; Pakistan; Thailand; and Venezuela. Countries on the Priority Watch List do not provide an adequate level of IPR protection or enforcement, or market access for persons relying on intellectual property protection, in absolute terms and/or relative to a range of factors such as their level of development. Thirty-six trading partners are on the lower level Watch List, meriting bilateral attention to address IPR problems: Algeria; Belarus; Bolivia; Brazil; Canada; Colombia; Costa Rica; Czech Republic; Dominican Republic; Ecuador; Egypt; Greece; Guatemala; Hungary; Indonesia; Italy; Jamaica; Kuwait; Lebanon; Malaysia; Mexico; Norway; Peru; Philippines; Poland; Republic of Korea; Romania; Saudi Arabia; Spain; Taiwan; Tajikistan; Turkey; Turkmenistan; Ukraine; Uzbekistan; and Vietnam.

V(b) Piracy of Intellectual Property Rights (level of priority ranges from none, low or high; United States Trade Representative, *Special 301 Report, Intellectual Property*): "1.0": high priority; "3.0": low priority; "5.0": no priority. Countries on the "high priority" list do not provide an adequate level of IPR protection or enforcement, or market access for persons relying on intellectual property protection, in absolute terms and/or relative to a range of factors such as their level of development. Countries on the lower level Watch List, merit bilateral attention to address IPR problems

V(c) Money Laundering - This indicator uses classification found in the *International Narcotics Control Strategy Report* (INCSR), released annually by the U.S. State Department Bureau of International Narcotics and Law Enforcement Affairs.

Every year, U.S. officials from agencies with anti-money laundering responsibilities meet to assess the money laundering situations in 200 jurisdictions. The review includes an assessment of the significance of financial transactions in the country's financial institutions that involve proceeds of serious crime, steps taken or not taken to address financial crime and money laundering, each jurisdiction's vulnerability to money laundering, the conformance of its laws and policies to international standards, the effectiveness with which the government has acted, and the government's political will to take needed actions. The 2008 INCSR assigned priorities to jurisdictions using a classification system consisting of three differential categories titled Jurisdictions of Primary Concern, Jurisdictions of Concern, and Other Jurisdictions Monitored.

The "Jurisdictions of Primary Concern" are those jurisdictions that are identified pursuant to the INCSR reporting requirements as "major money laundering countries." A major money laundering country is defined by statute as one "whose financial institutions engage in currency transactions involving significant amounts of proceeds from international narcotics trafficking." All other countries and jurisdictions evaluated in the INCSR are separated into the two remaining groups, "Jurisdictions of Concern" and "Other Jurisdictions Monitored," on the basis of a number of factors that may include: (1) whether the country's financial institutions engage in transactions involving significant amounts of proceeds from serious crime; (2) the extent to which the jurisdiction is or remains vulnerable to money laundering, notwithstanding its money laundering countermeasures, if any (an illustrative list of factors that may indicate vulnerability is provided below); (3) the nature and extent of the money laundering situation in each jurisdiction (for example, whether it involves drugs or other contraband); (4) the ways in which the United States regards the situation as having international ramifications; (5) the situation's impact on U.S. interests; (6) whether the jurisdiction has taken appropriate legislative actions to address specific problems; (7) whether there is a lack of licensing and oversight of offshore financial centers and businesses; (8) whether the jurisdiction's laws are being effectively implemented; and (9) where U.S.

interests are involved, the degree of cooperation between the foreign government and U.S. government agencies. Finally, while jurisdictions in the “Other” category do not pose an immediate concern, “it will nevertheless be important to monitor their money laundering situations.”

V(c) Money Laundering (major money laundering countries determined in State/INL, *International Narcotics Control Strategy Report* (March 2008)): “1.0”: country of “primary concern”; “2.0”: “country of concern”; “3.0”: country ‘monitored’; “5.0”: country not monitored.

V(d). Criminalization and/or De-legitimization of the State is a component of the *Failed States Index*, as compiled by Foreign Policy Magazine and the Fund for Peace¹⁰. This indicator attempts to measure the disappearance of basic state functions that serve the people, including failure to protect citizens from terrorism and violence and to provide essential services, such as health, education, sanitation, and public transportation. When a country scores poorly under *the Criminalization and/or De-legitimization of the State* indicator, it is characterized by massive and endemic corruption or profiteering by ruling elites. There is a resistance of ruling elites to transparency, accountability and political representation along with a widespread loss of popular confidence in state institutions and processes; e.g., widely boycotted or contested elections, mass public demonstrations, sustained civil disobedience, inability of the state to collect taxes, resistance to military conscription, or a rise of armed insurgencies. In such states, there may be a growth of crime syndicates linked to ruling elites.

(d) *Criminalization of State* (Fund for Peace, *Failed States Index*): “0.5”: 8.6 to 10; “1.0”: 7.7-8.5; “1.5”: 7.1 to 8.5; “2.0”: 6.6 to 7; “3.0”: 5.7 to 6.1; “3.5”: 4.9 to 5.6; “4.0”: 4 to 4.8; “4.5”: 3.1 to 3.9; “5.0”: 0 to 3.0.

VI. Program Area: Conflict Mitigation is defined by the DFA Framework as a reduction of the threat or impact of violent conflict and promotion of the peaceful resolution of differences, mitigation of violence if it has already broken out, or establishment of a framework for peace and reconciliation. This is done by identifying the causes of conflict and instability; supporting early responses that address the causes and consequences of instability and conflict; and developing long lasting solutions to the problems that drive conflict. This includes support for processes and mechanisms for reconciliation and conflict mitigation no matter what the source of the conflict may be, though this may require integration with other elements. Program elements include conflict mitigation, peace and reconciliation processes, and preventive diplomacy.

VI (a) Conflict History - Years elapsed since last conflict or internal crisis - is based on information from the Political Instability Task Force. The PITF is a panel of scholars and methodologists that was originally formed in 1994. The unclassified project was commissioned by the Central Intelligence Agency's Directorate of Intelligence. Its original, assigned task was to assess and explain the vulnerability of states around the world to political instability and state failure. Over the eleven-year course of its work, the Task Force has broadened its attention from the kind of extreme state failure that befell Somalia and the former Zaire in the early 1990s to include onsets of general political instability defined by outbreaks of revolutionary or ethnic war, adverse regime change, and genocide. The Task

¹⁰ See Indicator 6c for a detailed explanation of Failed States Index methodology.

Force seeks to develop statistical models that can accurately assess countries' prospects for major political change and can identify key risk factors of interest to U.S. policymakers.

The PITF Web site is hosted by the Center for Global Policy at George Mason University. It lists comparative information on cases of total and partial state failure (i.e., periods of political instability) that began between 1955 and 2006 in independent countries with populations greater than 500,000 persons. The four types of events included are revolutionary wars, ethnic wars, adverse regime changes, and genocides. The list of state failure events (i.e., the PITF/State Failure "problem set") has been compiled from multiple sources and has been updated annually by researchers at the Center for Global Policy, George Mason University; and reviewed and revised with input from area and subject-matter specialists. Data on conflict history are taken from *PITF Table A-1: Historical State Conflicts, Crises, and Transitions, 1955-2006*, and, in a small number of cases, updated to reflect more recent events.

VI (a) Conflict History (Years elapsed since last conflict or internal crisis). Political Instability Task Force & George Mason University, 2006; updated by USAID/EE in 2008 "1": Conflict underway or ended within less than 1 year; "2": 1 – 10 years; "3": 11 to 20 years; "4": 21 to 50 years; "5": over 50 years.

VI(b). Instability – The risk of instability refers to the future likelihood that a country will experience a coup d'etat, a civil war, a government collapse, or some other destabilizing event that will hamper or entirely disrupt the government's ability to function. A range of factors relating to attributes of the state in the economic, political, social, and security domains drives the risk for future instability. Scores are based on rankings presented in the Peace and Conflict Instability Ledger, which is produced by the Center for International Development and Conflict Management at the University of Maryland. Using the most recent data available, the rankings are based on a statistical estimation of the risk of instability in the period 2008-2010

The Instability Alert List differs from many such rankings in that points are removed for countries categorized as "partial democracies," which are considered at greater risk for instability than autocracies or full democracies.

Repressive tactics adopted by autocratic governments often quell the sources of instability. Coherent and mature democracies possess the capacity to address group grievances and manage the competition between groups that vie for political power and other resources, thereby reducing the risks of instability. Partial democracies typically possess neither of the qualities of full autocracies. This formulation produces some anomalous results in the correlation of Conflict Mitigation with other parts of the P&S Index, but takes into account the fact that some authoritarian regimes, such as Uzbekistan, Turkmenistan or Belarus may be less vulnerable to the drivers of instability and conflict than more stable than partial democracies such as Armenia or Georgia.

The indicators that make up the Instability Alert List include: Regime consistency (0=none 100=purely autocratic or democratic); Partial democracy – Yes/No; Economic Openness (total trade/GDP, %); Infant Mortality (deaths per 1000 births); Militarization (active troops per 10,000 population); Neighborhood conflict - Yes/No.

VI (b) Instability – USAID DCHA/CMM Instability Alert List Instability Rankings (with estimates by University of Maryland): "1": 1-18; "1.5": 19-36; "2": 37-54; "2.5": 55-72; "3": 73-90; "3.5": 91-108; "4": 109-126; "4.5": 127-144; "5": 145-162. .

VI(c) *Bad Neighborhood* is calculated for each country by taking the average Failed States Index scores for all of that country's neighboring countries. The assumption behind this indicator is that countries bordering on failing states are more likely to be drawn into conflict.

The Failed States Index (FSI) is compiled by Foreign Policy Magazine and the Fund for Peace. Using twelve social, economic, political, and military indicators, in 2008 they ranked 177 states in order of their vulnerability to violent internal conflict and societal deterioration. Using proprietary software, they examined more than 30,000 publicly available sources, collected from May to December 2007, to form the basis of the index's scores.

The authors of the index identify several attributes of a failing state. One of the most common is the loss of physical control of its territory or a monopoly on the legitimate use of force. Other attributes of state failure include the erosion of legitimate authority to make collective decisions, an inability to provide reasonable public services, and the inability to interact with other states as a full member of the international community. The twelve indicators cover a wide range of elements of the risk of state failure, such as extensive corruption and criminal behavior, inability to collect taxes or otherwise draw on citizen support, large-scale involuntary dislocation of the population, sharp economic decline, group-based inequality, institutionalized persecution or discrimination, severe demographic pressures, brain drain, and environmental decay. States can fail at varying rates through explosion, implosion, erosion, or invasion over different time periods.

The twelve indicators are:

- Chronic and Sustained Human Flight;
- Criminalization and/or De-legitimization of the State;
- Intervention of Other States or External Political Actors;
- Legacy of Vengeance-Seeking Group Grievance or Group Paranoia;
- Massive Movement of Refugees or Internally Displaced Persons creating Complex Humanitarian Emergencies;
- Mounting Demographic Pressures;
- Progressive Deterioration of Public Services;
- Rise of Factionalized Elites;
- Security Apparatus Operates as a "State Within a State;"
- Sharp and/or Severe Economic Decline;
- Suspension or Arbitrary Application of the Rule of Law and Widespread Violation of Human Rights; and
- Uneven Economic Development along Group Lines;

For each indicator in the Failed States Index, the ratings are placed on a scale of zero to ten, with zero being the lowest intensity (most stable) and ten being the highest intensity (least stable). The total score is the sum of the twelve indicators and is on a scale of 0-120.

The FSI focuses primarily on "early warning and assessment" of internal conflicts. The FSI and its components are compiled with assistance of the Conflict Assessment System Tool (CAST), a Fund for Peace methodology employing a four-step trend-line analysis, consisting of: (1) rating twelve social, economic, political, and military indicators; (2) assessing the capabilities of five core state institutions considered essential for sustaining security; (3) identifying idiosyncratic factors and surprises; and (4) placing countries on a conflict map that shows the risk history of countries being analyzed. The data used

in each index are collected from May to December of the preceding year. The proprietary CAST software indexed and scanned more than 30,000 open-source articles and reports using Boolean logic, which consists of key phrases designed to capture the variables measured. Full-text data are electronically gathered from a range of publicly available print, radio, television and internet sources from all over the world, including international and local media reports, essays, interviews, polling and survey data, government documents, independent studies from think tanks, NGOs and universities, and even corporate financial filings. The software determines the salience of the twelve indicators as well as hundreds of sub-indicators by calculating the number of “hits” as a proportion of the sample for a given time period. Quantitative data are also included, when available. Subject-matter experts then review each score for every country and indicator, as well as consult the original documents, when necessary, to ensure accuracy.

VI(c) Bad Neighborhood (Fund for Peace, *Failed States Index*): Average FSI scores of all bordering states. “1”: Bottom Quintile (1-36); “2”: 2nd Quintile (37-71); “3”: 3rd Quintile (72-106); “4”: 4th Quintile (107-141); and “5”: Top Quintile (142-177).

Appendix II Peace and Security Data Disaggregated.

Peace & Security - Europe and Eurasia (1 to 5 Scale)							
	1. Counter Terrorism	2. Combating Weapons of Mass Destruction	3. Stabilization Operations and Defense Reform	4. Counter- Narcotics	5. Trans- national Crime	6. Conflict Mitigation	Peace and Security
Slovakia	4.8	4.3	4.4	4.1	4.1	4.9	4.4
Slovenia	4.9	4.7	4.0	3.8	4.2	4.8	4.4
Poland	4.4	5.0	4.2	3.3	4.1	4.5	4.3
Lithuania	4.6	4.7	3.8	3.5	4.1	4.3	4.2
Hungary	4.4	4.7	3.8	3.6	3.2	4.7	4.1
Czech Republic	4.6	4.7	3.8	3.4	3.4	4.3	4.0
Estonia	4.4	5.0	3.8	3.2	3.5	4.0	4.0
Latvia	4.4	5.0	4.0	3.5	3.0	4.0	4.0
Croatia	3.8	4.3	3.7	3.8	4.1	3.4	3.8
Bulgaria	4.4	4.7	3.7	3.0	3.2	4.0	3.8
Romania	4.0	5.0	3.7	3.7	3.4	3.1	3.8
Montenegro	3.8	3.0		4.0	3.3	3.7	3.6
Ukraine	3.8	5.0	3.2	3.0	2.2	3.7	3.5
Macedonia	3.2	2.7	3.8	3.5	3.7	3.1	3.3
Serbia	3.0	3.0	3.6	3.0	3.7	3.0	3.2
Albania	2.8	2.7	3.6	3.2	2.7	3.5	3.1
Kazakhstan	3.5	3.0	2.1	2.9	3.2	3.7	3.1
Bosnia-Herzegovina	2.8	3.0	2.8	3.7	2.9	3.0	3.0
Belarus	3.5	3.0	2.6	2.7	2.2	3.7	3.0
Azerbaijan	3.5	2.0	2.4	3.5	2.9	2.9	2.9
Armenia	3.3	2.3	3.0	3.8	3.1	1.8	2.9
Moldova	3.0	2.0	2.6	3.5	2.3	3.5	2.8
Uzbekistan	2.5	2.0	2.3	3.0	2.0	4.1	2.6
Turkmenistan	3.0	1.7	2.0	3.3	2.4	3.4	2.6
Georgia	2.8	2.0	1.8	3.5	3.6	2.0	2.6
Kyrgyz Republic	2.9	2.0	2.0	2.4	3.1	3.0	2.6
Kosovo	2.6	2.3	---	---	---	2.6	2.5
Russia	2.3	3.7	1.8	2.9	1.4	2.3	2.4
Tajikistan	2.3	1.7	2.8	2.4	2.2	1.8	2.2
E&E Average	3.6	3.4	3.2	3.3	3.1	3.5	3.3
Northern Tier CEE	4.6	4.8	4.0	3.6	3.7	4.5	4.2
Southern Tier CEE	3.4	3.4	3.6	3.5	3.4	3.3	3.4
Eurasia	3.0	2.5	2.4	3.1	2.5	3.0	2.8
Romania, Bulgaria & Croatia	4.1	4.7	3.7	3.5	3.6	3.5	3.8

US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace & Security - Comparison Countries (1 to 5 Scale)							
	1. Counter Terrorism	2. Combating Weapons of Mass Destruction	3. Stabilization Operations and Defense Reform	4. Counter- Narcotics	5. Trans- national Crime	6. Conflict Mitigation	Peace and Security
USA	4.5	5.0	3.6	2.4	3.8	3.0	3.7
Morocco	2.8	3.0	3.3	3.3	3.0	3.0	3.1
Turkey	2.5	5.0	2.8	3.4	2.4	1.9	3.0
Rwanda	3.2	3.0	3.0		3.1	1.8	2.8
Sierra Leone	2.7	3.0	2.9	3.2	3.7	1.3	2.8
Bolivia	2.0	3.0	3.4	1.8	2.5	3.5	2.7
Dominican Republic	3.1	3.0	2.8	2.6	2.2	2.5	2.7
Mexico	3.0	2.3	2.2	2.4	2.4	3.7	2.7
Peru	2.5	3.0	2.7	2.2	3.3	2.2	2.7
China	2.8	2.0	3.3	2.7	1.3	2.7	2.5
Haiti	2.3	3.0	2.0	2.7	2.3	2.2	2.4
Venezuela	2.0	3.0	1.9	2.5	1.5	3.5	2.4
Nigeria	1.5	3.0	1.6	2.4	3.5	2.2	2.4
Thailand	2.0	2.3	2.4	3.3	1.7	2.4	2.3
Cote D'Ivoire	1.7	3.0	1.8	3.5	2.5	1.3	2.3
Yemen	1.3	1.7	1.7	4.0	2.9	2.3	2.3
Colombia	2.2	3.0	1.2	2.5	2.6	2.2	2.3
Somalia	1.2	3.0	1.0	3.4		1.3	2.0
Burma	1.4	2.0	1.7	2.9	1.9	1.9	2.0
Iran	2.0	1.0	1.8	2.3	2.1	2.5	2.0
India	1.4	2.0	2.3	2.5	1.8	1.3	1.9
Afghanistan	1.2	2.0	2.7	1.3	2.5	1.2	1.8
Iraq	1.2	1.0			2.6	1.6	1.6
Sudan	1.0	2.0	1.4			1.9	1.6
Pakistan	1.2	1.0	1.8	2.3	1.4	1.5	1.5

US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Table 1A. Counter-Terrorism in Europe and Eurasia (1 to 5 Scale)

	a. Terrorism Report Findings	b. Incidence of Terrorism	c. Progressive Deterioration of Public Services	d. Political Stability / Absence of Violence	Rating (1-5)
Slovenia	5.0	5.0	4.5	5.0	4.9
Slovakia	5.0	5.0	4.0	5.0	4.8
Czech Republic	5.0	5.0	4.5	4.0	4.6
Lithuania	5.0	5.0	4.5	4.0	4.6
Bulgaria	4.7	5.0	4.0	4.0	4.4
Latvia	4.7	5.0	4.0	4.0	4.4
Estonia	4.0	5.0	4.5	4.0	4.4
Poland	4.0	5.0	4.5	4.0	4.4
Hungary	5.0	4.0	4.5	4.0	4.4
Romania	4.7	5.0	3.5	3.0	4.0
Croatia	3.3	4.0	4.0	4.0	3.8
Montenegro	---	5.0	4.5	2.0	3.8
Ukraine	4.3	4.0	4.0	3.0	3.8
Kazakhstan	2.7	5.0	3.5	3.0	3.5
Belarus	---	5.0	2.5	3.0	3.5
Azerbaijan	3.3	5.0	3.5	2.0	3.5
Armenia	3.7	3.5	3.0	3.0	3.3
Macedonia	3.7	3.5	3.5	2.0	3.2
Moldova	3.0	5.0	2.0	2.0	3.0
Turkmenistan	3.0	5.0	1.0	3.0	3.0
Serbia	3.3	3.0	3.5	2.0	3.0
Kyrgyz Republic	3.0	5.0	2.5	1.0	2.9
Albania	2.3	4.0	3.0	2.0	2.8
Bosnia-Herzegovina	2.3	3.5	3.5	2.0	2.8
Georgia	3.3	3.0	3.0	2.0	2.8
Kosovo	1.7	3.5	---	---	2.6
Uzbekistan	2.0	5.0	2.0	1.0	2.5
Tajikistan	1.7	4.0	1.5	2.0	2.3
Russia	3.0	1.0	3.0	2.0	2.3
E&E Average	3.7	4.4	3.4	2.9	3.6
Northern Tier CEE	4.7	4.9	4.4	4.3	4.6
Southern Tier CEE	3.5	4.1	3.7	2.6	3.5
Eurasia	3.0	4.2	2.6	2.3	3.0
Rom, Bulg & Cro	4.2	4.7	3.8	3.7	4.1

US State Department, *Country Reports on Terrorism (2008)*

National Counterterrorism Center, *Worldwide Incidents Tracking System (2007-2008)*

Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

World Bank Institute, *Governance Matters Indicators (2008)*

Table 1B. Counter-Terrorism in Comparison Countries (1 to 5 Scale)

	a. Terrorism Report Findings	b. Incidence of Terrorism	c. Progressive Deterioration of Public Services	d. Political Stability / Absence of Violence	Rating (1-5)
USA	5.0	5.0	5.0	3.0	4.5
Rwanda	3.7	5.0	2.0	2.0	3.2
Dominican Republic	2.3	5.0	2.0	3.0	3.1
Mexico	3.7	3.5	3.0	2.0	3.0
Morocco	2.3	4.0	3.0	2.0	2.8
China	3.7	3.0	2.5	2.0	2.8
Sierra Leone	---	5.0	1.0	2.0	2.7
Peru	2.0	3.5	2.5	2.0	2.5
Turkey	2.3	2.0	3.5	2.0	2.5
Haiti	---	5.0	1.0	1.0	2.3
Colombia	2.7	2.0	3.0	1.0	2.2
Thailand	2.7	1.0	3.5	1.0	2.0
Iran	1.0	3.0	3.0	1.0	2.0
Venezuela	1.3	3.0	2.5	1.0	2.0
Bolivia	1.3	4.0	1.5	1.0	2.0
Cote D'Ivoire	2.7	2.0	1.0	1.0	1.7
Nigeria	3.0	1.0	1.0	1.0	1.5
India	1.7	1.0	2.0	1.0	1.4
Burma	1.7	2.0	1.0	1.0	1.4
Yemen	1.3	2.0	1.0	1.0	1.3
Pakistan	1.3	1.0	1.5	1.0	1.2
Somalia	1.7	1.0	1.0	1.0	1.2
Iraq	1.7	1.0	1.0	1.0	1.2
Afghanistan	1.7	1.0	1.0	1.0	1.2
Sudan	1.0	1.0	1.0	1.0	1.0

US State Department, *Country Reports on Terrorism (2008)*

National Counterterrorism Center, *Worldwide Incidents Tracking System (2007-2008)*

Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

World Bank Institute, *Governance Matters Indicators (2008)*

**Table 2A. Combatting Weapons of Mass Destruction:
in Europe and Eurasia (1 to 5 Scale)**

	Chem. & Bio Weapons Control Status 2008	Nuclear Non- proliferation 2008	Export Control/ Border Security Assessment 2006-2008	Rating (1-5)
Estonia	5.0	5.0	5.0	5.0
Latvia	5.0	5.0	5.0	5.0
Poland	5.0	5.0	5.0	5.0
Romania	5.0	5.0	5.0	5.0
Ukraine	5.0	5.0	5.0	5.0
Bulgaria	5.0	5.0	4.0	4.7
Czech Republic	5.0	5.0	4.0	4.7
Hungary	5.0	5.0	4.0	4.7
Lithuania	5.0	5.0	4.0	4.7
Slovenia	5.0	5.0	4.0	4.7
Croatia	5.0	5.0	3.0	4.3
Slovakia	5.0	5.0	3.0	4.3
Russia	1.0	5.0	5.0	3.7
Belarus	1.0	5.0	3.0	3.0
Bosnia-Herzegovina	3.0	3.0	3.0	3.0
Kazakhstan	1.0	5.0	3.0	3.0
Montenegro	3.0	3.0	---	3.0
Serbia	3.0	3.0	3.0	3.0
Albania	3.0	3.0	2.0	2.7
Macedonia	3.0	3.0	2.0	2.7
Armenia	1.0	3.0	3.0	2.3
Kosovo	3.0	3.0	1.0	2.3
Azerbaijan	1.0	3.0	2.0	2.0
Georgia	1.0	3.0	2.0	2.0
Kyrgyz Republic	1.0	3.0	2.0	2.0
Moldova	1.0	3.0	2.0	2.0
Uzbekistan	1.0	3.0	---	2.0
Tajikistan	1.0	3.0	1.0	1.7
Turkmenistan	1.0	3.0	1.0	1.7
E&E Average	3.1	4.1	3.3	3.5
Northern Tier CEE	5.0	5.0	4.3	4.8
Southern Tier CEE	3.8	3.8	3.1	3.5
Eurasia	1.3	3.7	2.6	2.5
Rom, Bulg & Cro	5.0	5.0	4.0	4.7

US Commerce Department, *Export Control Policy*, (September 2008.)

US State Department, *Export Control/Border Security Assessment* (2008)

Table 2B. Combatting Weapons of Mass Destruction: in Comparison Countries (1 to 5 Scale)				
	Chem. & Bi Nuclear Weapons		Export Control/ Border Security	Rating (1-5)
	Control Statu 2008	proliferation 2008	Assessment 2006-2008	
Turkey	5.0	5.0	---	5.0
USA	5.0	5.0	---	5.0
Bolivia	3.0	3.0	---	3.0
Colombia	3.0	3.0	---	3.0
Cote D'Ivoire	3.0	3.0	---	3.0
Dom Rep	3.0	3.0	---	3.0
Haiti	3.0	3.0	---	3.0
Morocco	3.0	3.0	---	3.0
Nigeria	3.0	3.0	---	3.0
Peru	3.0	3.0	---	3.0
Rwanda	3.0	3.0	---	3.0
Sierra Leone	3.0	3.0	---	3.0
Somalia	3.0	3.0	---	3.0
Venezuela	3.0	3.0	---	3.0
Mexico	3.0	3.0	1.0	2.3
Thailand	3.0	3.0	1.0	2.3
Afghanistan	1.0	3.0	---	2.0
Burma	1.0	3.0	---	2.0
China	1.0	3.0	---	2.0
India	1.0	3.0	---	2.0
Sudan	1.0	3.0	---	2.0
Yemen	1.0	3.0	1.0	1.7
Iran	1.0	1.0	---	1.0
Iraq	1.0	1.0	---	1.0
Pakistan	1.0	1.0	1.0	1.0

US Commerce Department, *Export Control Policy*, (September 2008.)

US State Department, *Export Control/Border Security Assessment* (2008)

**Table 3A. Stabilization Operations and Defense Reform in Europe and Eurasia
(1 to 5 Scale)**

	Security Apparatus Operates as State in a State 2008	Human Rights 2007	Violent Crime 2006	Military Expenditures 2007	Peacekeeping 2007	Rating (1-5)
Slovakia	5.0	4.0	5.0	5.0	3.0	4.4
Poland	5.0	4.0	4.0	5.0	3.0	4.2
Latvia	5.0	4.0	2.0	5.0	---	4.0
Montenegro	4.0	4.0	---	---	---	---
Slovenia	5.0	4.0	3.0	4.0	4.0	4.0
Czech Republic	5.0	4.0	4.0	4.0	2.0	3.8
Estonia	5.0	4.0	2.0	5.0	3.0	3.8
Hungary	5.0	4.0	3.0	4.0	3.0	3.8
Lithuania	5.0	4.0	2.0	4.0	---	3.8
Macedonia	3.0	4.0	3.0	5.0	---	3.8
Bulgaria	3.5	4.0	4.0	5.0	2.0	3.7
Croatia	4.5	5.0	2.0	5.0	2.0	3.7
Romania	4.5	3.0	4.0	5.0	2.0	3.7
Albania	3.5	4.0	3.0	4.0	---	3.6
Serbia	2.5	4.0	3.0	5.0	---	3.6
Ukraine	5.0	3.0	2.0	4.0	2.0	3.2
Armenia	4.0	2.0	4.0	2.0	---	3.0
Bosnia-Herzegovina	1.5	4.0	---	3.0	---	2.8
Tajikistan	1.0	3.0	3.0	4.0	---	2.8
Belarus	2.5	3.0	2.0	3.0	---	2.6
Moldova	2.5	4.0	2.0	2.0	---	2.6
Azerbaijan	1.5	2.0	4.0	2.0	---	2.4
Uzbekistan	1.0	3.0	3.0	2.0	---	2.3
Kazakhstan	2.5	2.0	1.0	3.0	---	2.1
Kyrgyz Republic	1.0	3.0	2.0	2.0	---	2.0
Turkmenistan	1.0	2.0	3.0	---	---	2.0
Russia	2.0	1.0	1.0	2.0	3.0	1.8
Georgia	1.0	3.0	2.0	1.0	---	1.8
Kosovo	---	---	---	---	---	---
E&E Average	3.3	3.4	2.8	3.7	2.6	3.2
Northern Tier CEE	5.0	4.0	3.1	4.5	3.0	4.0
Southern Tier CEE	3.4	4.0	3.2	4.6	2.0	3.6
Eurasia	2.1	2.6	2.4	2.5	2.5	2.4
Rom, Bulg & Cro	4.2	4.0	3.3	5.0	2.0	3.7

Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

Binghamton University, *Cingranelli-Richards Human Rights Dataset, (2007);*

UNICEF *TransMONEE (2003-2004)*

World Bank, *World Development Indicators (2008)*

A.T. Kearney/Foreign Policy Magazine, *Globalization Index (2007)*

Table 3B. Stabilization Operations and Defense Reform in Comparison Countries
(1 to 5 Scale)

	Security Apparatus Operates as State in a State 2008	Human Rights 2006	Violent Crime 2004	Military Expenditures 2007	Peacekeeping 2007	Rating (1-5)
USA	5.0	4.0	2.0	3.0	4.0	3.6
Bolivia	2.5	4.0	4.0	3.0	---	3.4
Morocco	3.5	3.0	5.0	2.0	3.0	3.3
China	3.5	1.0	4.0	5.0	3.0	3.3
Rwanda	4.0	3.0	1.0	4.0	---	3.0
Sierra Leone	2.5	4.0	1.0	4.0	---	2.9
Turkey	2.0	2.0	3.0	5.0	2.0	2.8
Dom Rep	3.0	3.0	2.0	3.0	---	2.8
Afghanistan	1.0	3.0	---	4.0	---	2.7
Peru	1.5	4.0	2.0	4.0	2.0	2.7
Thailand	2.0	2.0	4.0	3.0	1.0	2.4
India	2.5	1.0	3.0	4.0	1.0	2.3
Mexico	3.0	2.0	1.0	3.0	2.0	2.2
Haiti	1.0	3.0	2.0	---	---	2.0
Venezuela	2.5	2.0	1.0	3.0	1.0	1.9
Cote D'Ivoire	1.0	2.0	1.0	3.0	---	1.8
Iran	1.0	1.0	4.0	2.0	1.0	1.8
Pakistan	1.0	1.0	---	2.0	3.0	1.8
Burma	1.0	1.0	---	3.0	---	1.7
Yemen	1.0	2.0	---	2.0	---	1.7
Nigeria	1.0	2.0	1.0	2.0	2.0	1.6
Sudan	1.0	1.0	2.0	2.0	1.0	1.4
Colombia	1.0	1.0	1.0	2.0	1.0	1.2
Iraq	1.0	1.0	---	---	---	---
Somalia	1.0	1.0	1.0	---	---	1.0

Foreign Policy Magazine and the Fund for Peace, *Failed States Index* (2008)

Binghamton University, *Cingranelli-Richards Human Rights Dataset*, (2007);

UNODC, *individual and regional estimates* (1998-2004)

World Bank, *World Development Indicators* (2008)

A.T. Kearney/Foreign Policy Magazine, *Globalization Index* (2007)

Table 4A. Counter-Narcotics in Europe and Eurasia**(1 to 5 Scale)**

	Demand for Illicit Narcotics	Changes in Use Patterns	Seizure of Illicit Narcotics	Interdiction	Rating (1-5)
	2006-07	2006	2006-07	2008	2006-08
Slovakia	3.9	3.3	4.8	4.3	4.1
Montenegro	---	---	4.7	3.3	4.0
Slovenia	3.6	2.9	4.5	4.3	3.8
Croatia	3.6	2.4	4.8	4.3	3.8
Armenia	4.3	2.0	5.0	3.7	3.8
Romania	4.4	3.0	4.3	3.3	3.7
Bosnia-Herzegovina	4.0		4.8	2.3	3.7
Hungary	3.1	2.9	4.3	4.3	3.6
Azerbaijan	4.0	2.7	4.5	3.0	3.5
Lithuania	3.3	3.0	4.5	3.3	3.5
Georgia	2.5	3.4	4.5	3.7	3.5
Latvia	2.5	2.4	4.8	4.3	3.5
Macedonia	4.1	1.9	4.5	3.3	3.5
Moldova	4.0	2.5	4.3	3.0	3.5
Czech Republic	3.1	2.8	4.8	3.0	3.4
Poland	3.5	2.9	3.8	3.0	3.3
Turkmen	3.0	4.3	3.5	2.3	3.3
Estonia	1.9	2.3	4.5	4.3	3.2
Albania	3.8	2.3	4.3	2.3	3.2
Ukraine	3.5	2.3	3.8	2.7	3.0
Bulgaria	3.4	2.8	3.3	2.7	3.0
Uzbekistan	3.3	2.5	3.5	2.7	3.0
Serbia	4.0	1.6	3.7	2.7	3.0
Kazakhstan	3.3	3.0	2.5	2.7	2.9
Russia	3.1	3.0	3.0	2.3	2.9
Belarus	3.6	1.9		2.7	2.7
Kyrgyz Republic	2.0	2.3	3.0	2.3	2.4
Tajikistan	3.3	2.0	2.0	2.3	2.4
Kosovo	---	---	---	---	---
E&E Average	3.4	2.6	4.1	3.2	3.3
Northern Tier CEE	3.1	2.8	4.5	3.9	3.6
Southern Tier CEE	3.9	2.3	4.3	3.0	3.5
Eurasia	3.3	2.6	3.6	2.8	3.1
Rom, Bulg & Cro	3.8	2.7	4.1	3.4	3.5

UNODC, World Drug Report, (2008)

UNODC, On Line Database (2008)

US State Department, International Narcotics Control Strategy Report, (INCSR) (2009)

**Table 4B. Counter-Narcotics in Comparison Countries
(1 to 5 Scale)**

	Demand for Illicit Narcotics 2006-07	Changes in Use Patterns 2006	Seizure of Illicit Narcotics 2006-07	Interdiction 2008	Total 2006-08
Yemen	4.0	4.0	---	---	4.0
Cote D'Ivoire	5.0	2.0	4.5	2.7	3.5
Turkey	4.6	2.8	3.0	3.3	3.4
Somalia	4.0	2.8	---	---	3.4
Morocco	4.5	2.8	3.7	2.3	3.3
Thailand	4.3	2.5	3.7	2.7	3.3
Sierra Leone	3.8	3.5		2.3	3.2
Burma	3.7	3.5	3.3	1.0	2.9
China	3.5	2.6	2.0	2.7	2.7
Haiti	4.0	3.0		1.0	2.7
Dom Rep	3.4	2.0	4.0	1.0	2.6
Venezuela	3.6	2.0	3.5	1.0	2.5
Colombia	3.9	3.0	2.0	1.0	2.5
India	3.8	3.0	2.0	1.0	2.5
Nigeria	2.1	3.6	3.0	1.0	2.4
USA	1.4	3.5	1.5	3.3	2.4
Mexico	3.9	2.3	2.5	1.0	2.4
Iran	1.8	2.3	3.0	2.3	2.3
Pakistan	2.5	2.1	2.7	2.0	2.3
Peru	3.5	1.8	2.7	1.0	2.2
Bolivia	3.9	1.4	1.0	1.0	1.8
Afghanistan	1.8	1.0	1.5	1.0	1.3
Iraq	---	---	---	2.7	
Rwanda	---	2.4	---	---	
Sudan	---	3.3	---	---	

UNODC, World Drug Report, (2008)

UNODC, On Line Database (2008)

US State Department, International Narcotics Control Strategy Report, (2009)

Table 5A. Transnational Crime in Europe and Eurasia					
(1 to 5 Scale)					
	Trafficking in Persons (TIP 2008	Piracy of Intellectual Property 2008	Money Laundering 2006-07	Criminalization of the State	Rating (1-5)
Slovenia	5.0	5.0	3.0	3.9	4.2
Slovakia	3.0	5.0	5.0	3.5	4.1
Poland	5.0	3.0	5.0	3.4	4.1
Croatia	5.0	5.0	3.0	3.3	4.1
Lithuania	5.0	5.0	3.0	3.3	4.1
Serbia	3.0	5.0	5.0	1.8	3.7
Macedonia	5.0	5.0	3.0	1.7	3.7
Georgia	5.0	5.0	3.0	1.3	3.6
Estonia	3.0	5.0	3.0	3.1	3.5
Czech Republic	5.0	3.0	2.0	3.7	3.4
Romania	3.0	3.0	5.0	2.6	3.4
Montenegro	2.0	5.0	3.0	3.4	3.3
Bulgaria	3.0	5.0	2.0	2.8	3.2
Hungary	5.0	3.0	2.0	2.7	3.2
Kazakhstan	3.0	5.0	3.0	1.7	3.2
Kyrgyz Republic	3.0	5.0	3.0	1.3	3.1
Armenia	2.0	5.0	3.0	2.3	3.1
Latvia	3.0	5.0	1.0	3.2	3.0
Bosnia-Herzegovina	3.0	5.0	2.0	1.6	2.9
Azerbaijan	2.0	5.0	3.0	1.5	2.9
Albania	2.0	5.0	2.0	1.9	2.7
Turkmenistan	---	3.0	3.0	1.2	2.4
Moldova	1.0	5.0	2.0	1.4	2.3
Tajikistan	2.0	3.0	3.0	0.9	2.2
Belarus	3.0	3.0	2.0	0.9	2.2
Ukraine	3	3	1	2	2.2
Uzbekistan	2	3	2	1	2.0
Russia	2	1	1	2	1.4
Kosovo	---	5	---	---	---
E&E Average	3.3	4.2	2.8	2.2	3.1
Northern Tier CEE	4.3	4.3	3.0	3.3	3.7
Southern Tier CEE	3.3	4.8	3.1	2.4	3.4
Eurasia	2.5	3.8	2.4	1.4	2.5
Rom, Bulg & Cro	3.7	3.7	3.7	3.7	3.7

US Department of State, *Trafficking in Persons Report (June 2008)*

United States Trade Representative *Special 301 Report (2008)*

US Department of State, *International Narcotics Control Strategy Report (2008)*

Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

Table 5B. Transnational Crime in Comparison Countries					
(1 to 5 Scale)					
	Trafficking in Persons (TIP 2008	Piracy of Intellectual Property 2008	Money Laundering 2006-07	Criminalization of the State	Rating (1-5)
USA	5.0	5.0	1.0	4.0	3.8
Sierra Leone	3.0	5.0	5.0	1.7	3.7
Nigeria	3.0	5.0	5.0	1.1	3.5
Peru	3.0	3.0	5.0	2.3	3.3
Rwanda	3.0	5.0	3.0	1.4	3.1
Morocco	3.0	5.0	2.0	1.9	3.0
Yemen	3.0	5.0	2.0	1.5	2.9
Colombia	5.0	3.0	1.0	1.6	2.6
Iraq	---	5.0	2.0	0.8	2.6
Cote D'Ivoire	2.0	5.0	2.0	1.1	2.5
Afghanistan	3.0	5.0	1.0	0.9	2.5
Bolivia	3.0	3.0	2.0	1.8	2.5
Turkey	3.0	3.0	1.0	2.5	2.4
Mexico	3.0	3.0	1.0	2.5	2.4
Haiti	---	5.0	1.0	1.0	2.3
Dom Rep	2.0	3.0	1.0	2.6	2.2
Iran	1.0	5.0	1.0	1.5	2.1
Burma	1.0	5.0	1.0	0.8	1.9
India	2.0	1.0	1.0	3.1	1.8
Thailand	3.0	1.0	1.0	1.7	1.7
Venezuela	2.0	1.0	1.0	2.0	1.5
Pakistan	3.0	1.0	1.0	0.8	1.4
China	2.0	1.0	1.0	1.4	1.3
Somalia	---	---	---	0.5	
Sudan	1.0	---	---	0.5	

US Department of State, *Trafficking in Persons Report (June 2008)*

United States Trade Representative *Special 301 Report (2008)*

US Department of State, *International Narcotics Control Strategy Report (2008)*

Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

**Table 6A. Conflict Mitigation in Europe and Eurasia
(1 to 5 Scale)**

	Conflict History 2008	Instability Index 2009	Bad Neighbor- hood 2006-07	Rating (1-5)
Slovakia	5.0	5.0	4.6	4.9
Slovenia	5.0	5.0	4.5	4.8
Hungary	5.0	5.0	4.2	4.7
Poland	5.0	4.5	4.1	4.5
Czech Republic	4.0	4.0	5.0	4.3
Lithuania	5.0	4.5	3.5	4.3
Uzbekistan	5.0	4.0	3.3	4.1
Estonia	5.0	3.5	3.5	4.0
Latvia	5.0	3.5	3.5	4.0
Bulgaria	5.0	3.5	3.4	4.0
Belarus	3.0	4.0	4.2	3.7
Montenegro	5.0	3.5	2.7	3.7
Ukraine	5.0	2.5	3.6	3.7
Kazakhstan	5.0	4.0	2.0	3.7
Albania	3.0	3.5	4.0	3.5
Moldova	3.0	3.5	4.0	3.5
Croatia	3.0	4.0	3.3	3.4
Turkmenistan	5.0	3.5	1.8	3.4
Macedonia	2.0	3.5	3.8	3.1
Romania	3	3.0	3.2	3.1
Serbia	2.0	3.5	3.6	3.0
Bosnia-Herzegovina	3.0	3.0	3.0	3.0
Kyrgyz Republic	5.0	2.0	2.0	3.0
Azerbaijan	3.0	3.0	2.8	2.9
Kosovo	2.0		3.3	2.6
Russia	1.0	2.5	3.4	2.3
Georgia	1.0	2.0	3.0	2.0
Tajikistan	2.0	2.0	1.5	1.8
Armenia	1.0	2.0	2.3	1.8
E&E Average	3.7	3.5	3.3	3.5
Northern Tier CEE	4.9	4.4	4.1	4.5
Southern Tier CEE	3.1	3.4	3.4	3.3
Eurasia	3.3	2.9	2.8	3.0
Rom, Bulg & Cro	3.7	3.5	3.3	3.5

Center for Global Policy, George Mason University, *Political Instability Task Force (2006-0*

USAID/DCHA/CMM, *Alert Lists (2009)*

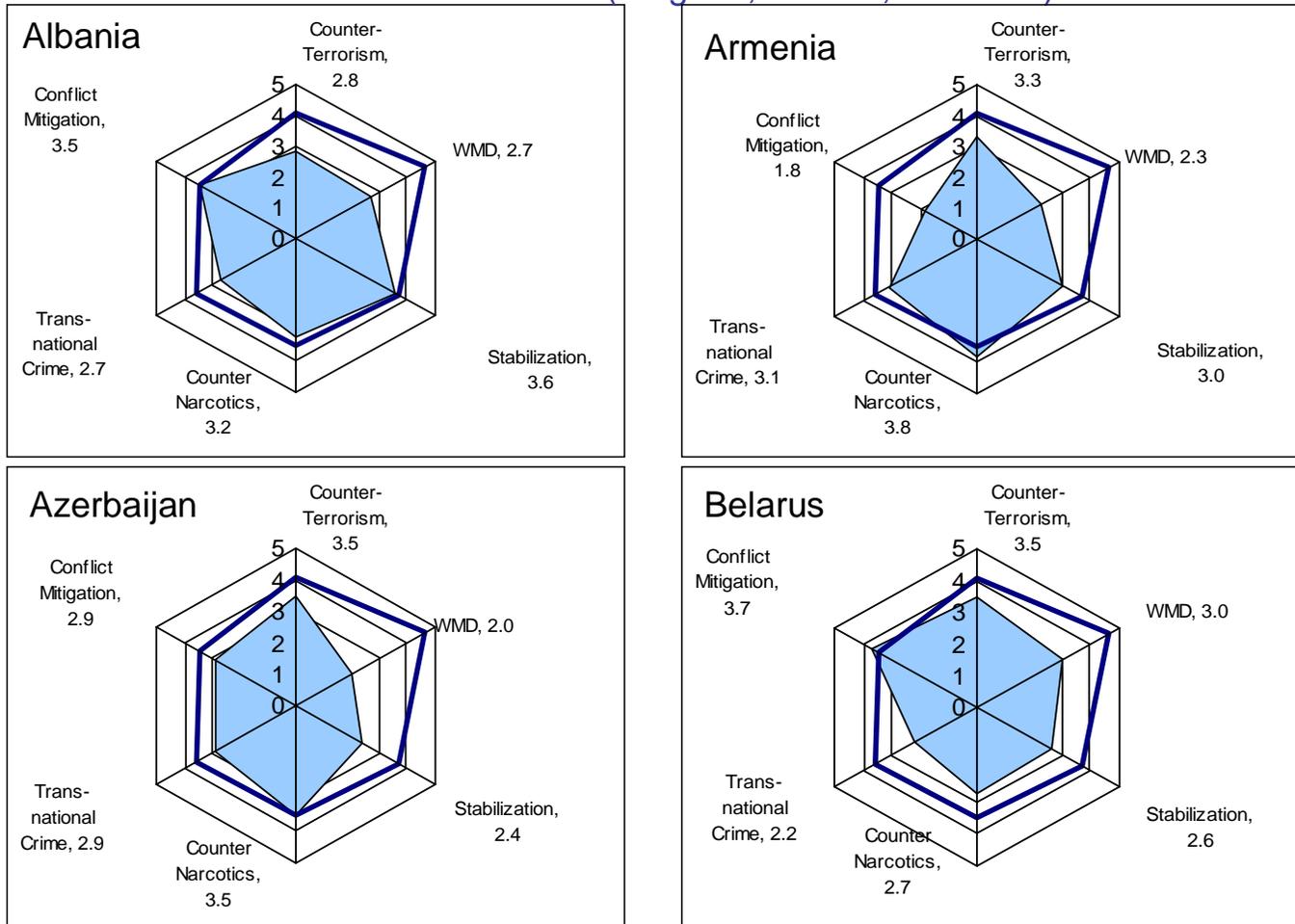
Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

Table 6B. Conflict Mitigation in Comparison Countries**(1 to 5 Scale)**

	Conflict History 2008	Instability Index 2009	Bad Neighbor- hood 2006-07	Rating (1-5)
Mexico	5.0	2.5	3.7	3.7
Bolivia	5.0	1.5	4.0	3.5
Venezuela	5.0	2.5	3.0	3.5
Morocco	3.0	3.5	2.5	3.0
USA	1.0	4.0	4.0	3.0
China	2.0	4.0	2.0	2.7
Dom Rep	4.0	2.5	1.0	2.5
Iran	2.0	3.5	2.0	2.5
Thailand	1.0	4.0	2.3	2.4
Yemen	1.0	2.0	4.0	2.3
Colombia	1.0	2.5	3.2	2.2
Haiti	2.0	1.5	3.0	2.2
Nigeria	4.0	1.0	1.5	2.2
Peru	1.0	2.5	3.0	2.2
Burma	1.0	2.5	2.2	1.9
Sudan	1.0	3.0	1.6	1.9
Turkey	1.0	2.0	2.6	1.9
Rwanda	2.0	2.0	1.5	1.8
Iraq	1.0	1.0	2.7	1.6
Pakistan	1.0	1.5	2.0	1.5
Cote D'Ivoire	1.0	1.0	2.0	1.3
Sierra Leone	2.0	1.0	1.0	1.3
India	1.0	1.5	1.3	1.3
Somalia	1.0	1.5	1.3	1.3
Afghanistan	1.0	1.0	1.7	1.2

Center for Global Policy, George Mason University, *Political Instability Task Force (2006)*USAID/DCHA/CMM, *Alert Lists (2009)*Foreign Policy Magazine and the Fund for Peace, *Failed States Index (2008)*

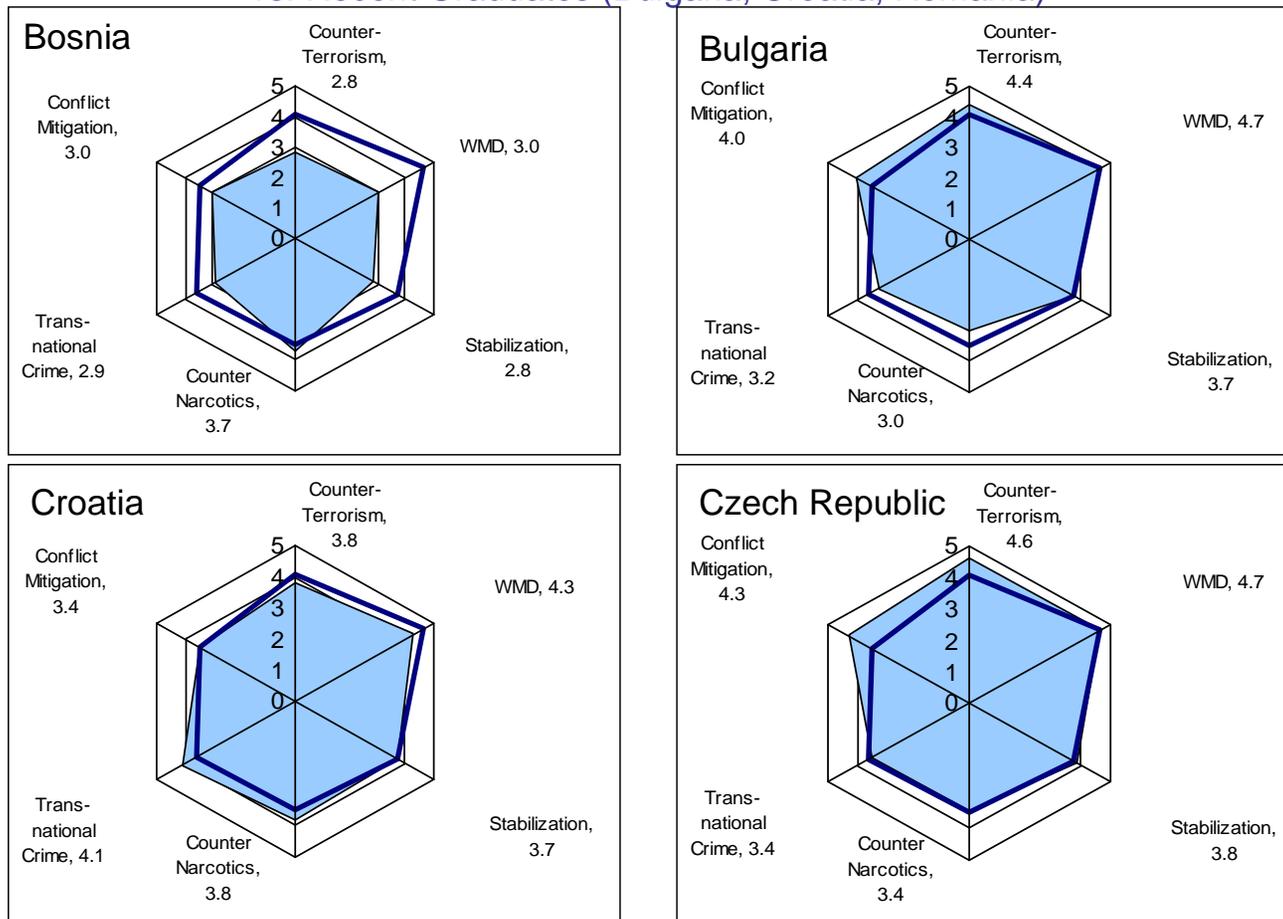
Peace & Security in Europe and Eurasia vs. Recent Graduates (Bulgaria, Croatia, Romania)



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace & Security in Europe and Eurasia

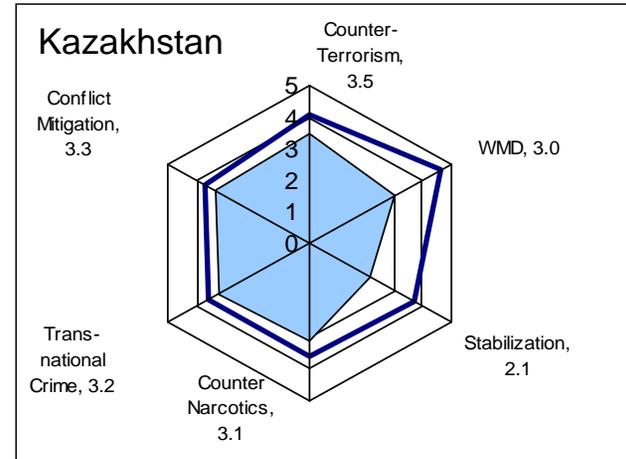
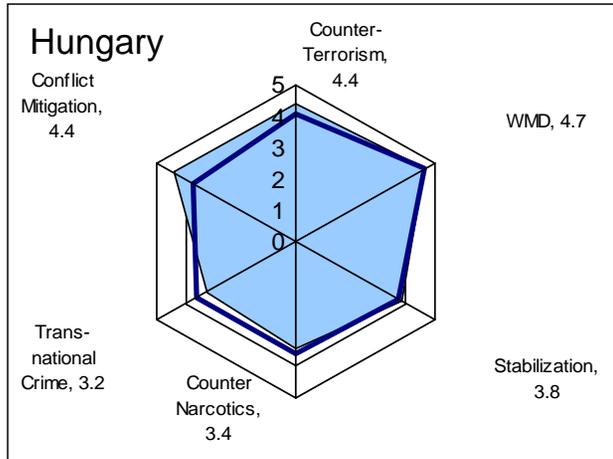
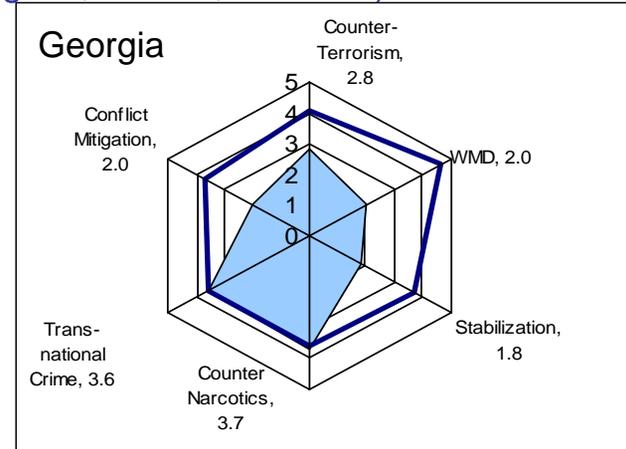
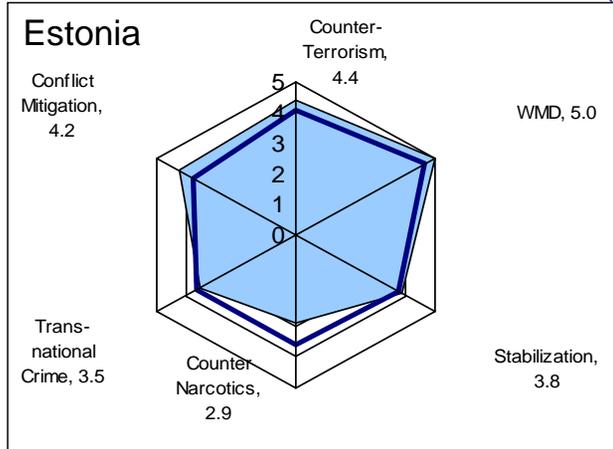
vs. Recent Graduates (Bulgaria, Croatia, Romania)



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace & Security in Europe and Eurasia

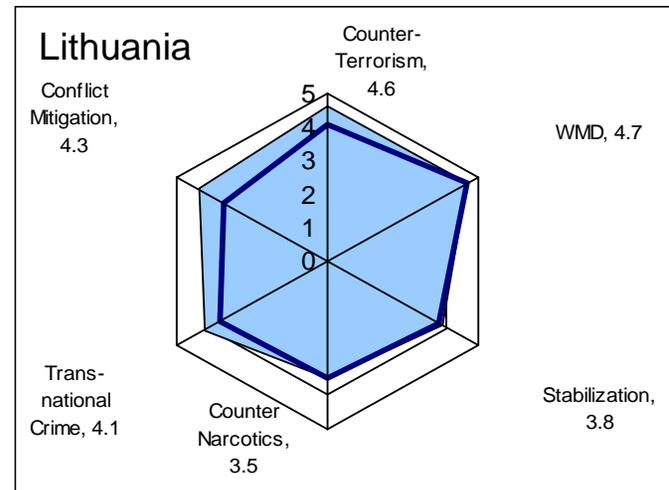
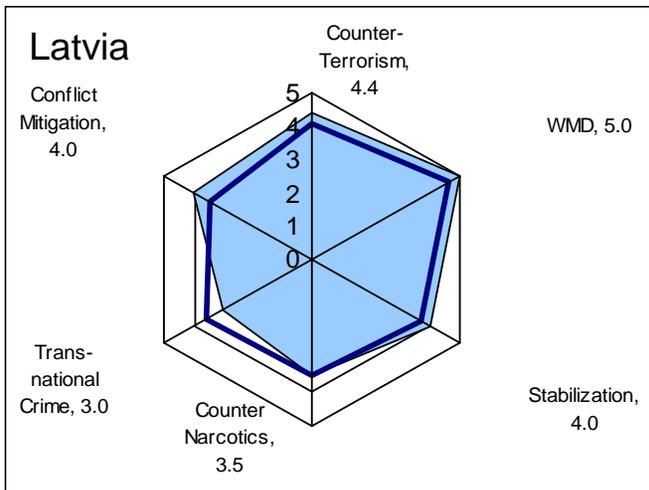
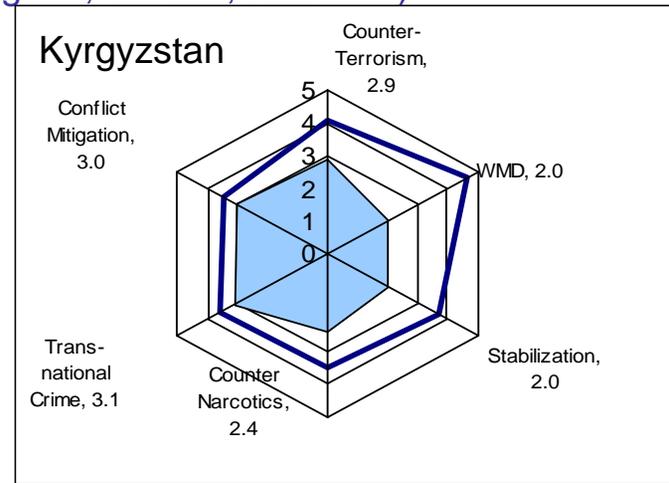
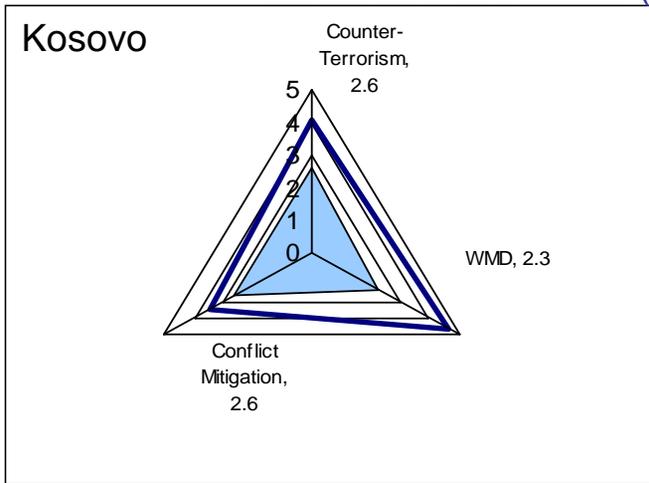
vs. Recent Graduates (Bulgaria, Croatia, Romania)



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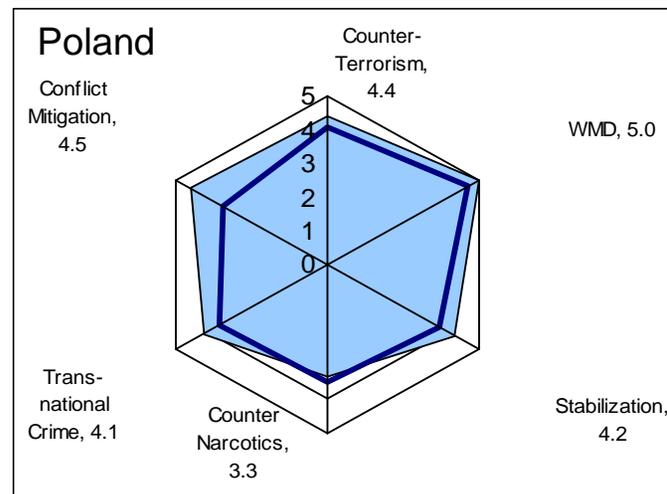
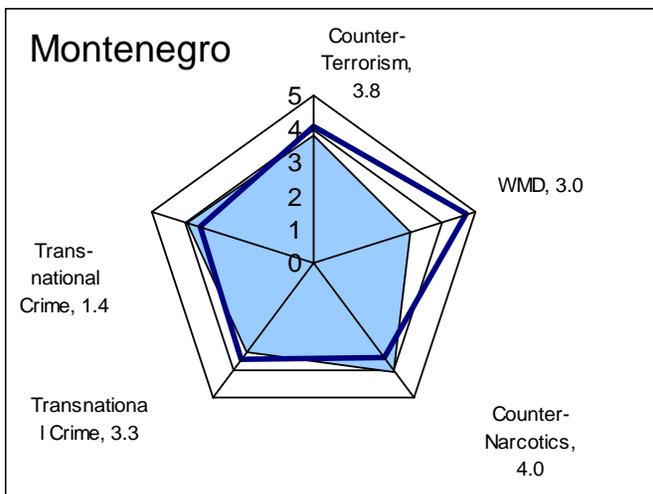
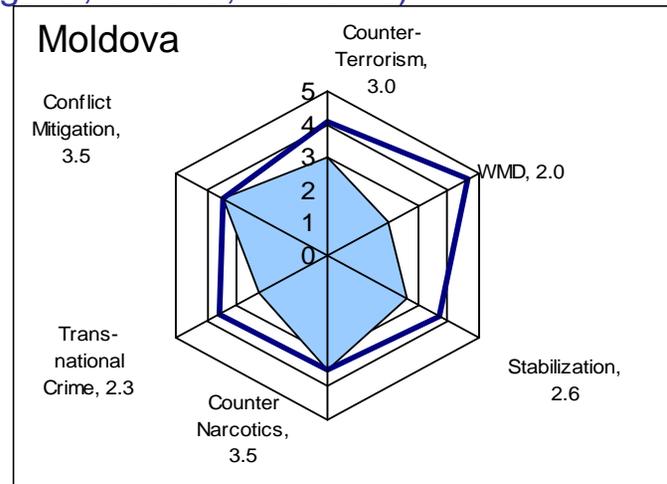
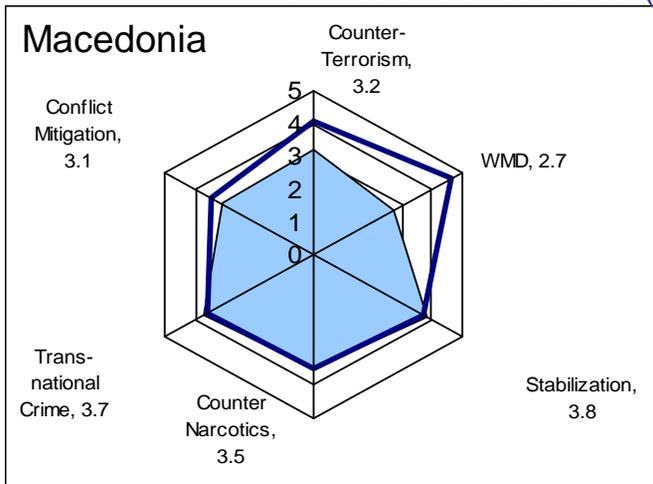
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US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

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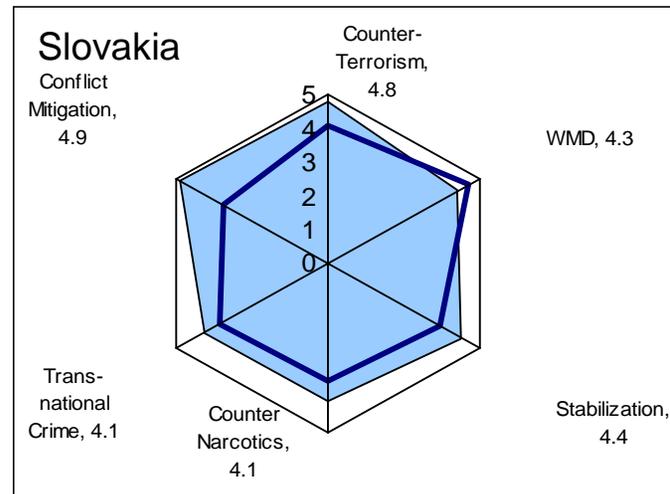
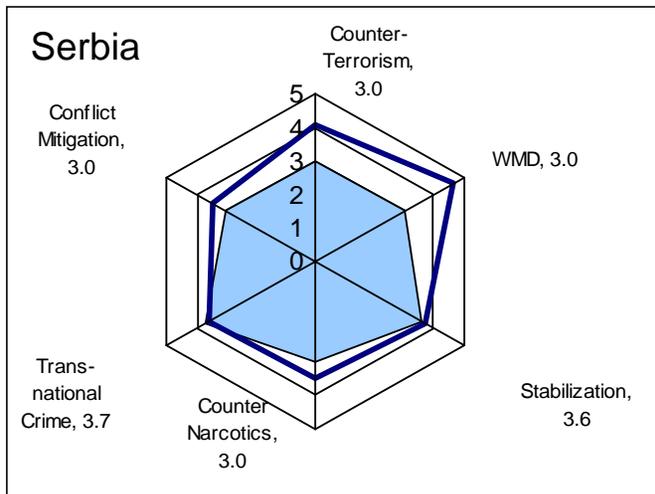
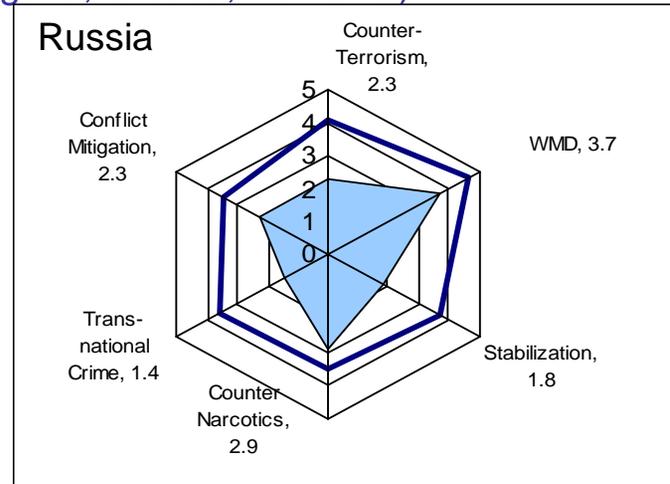
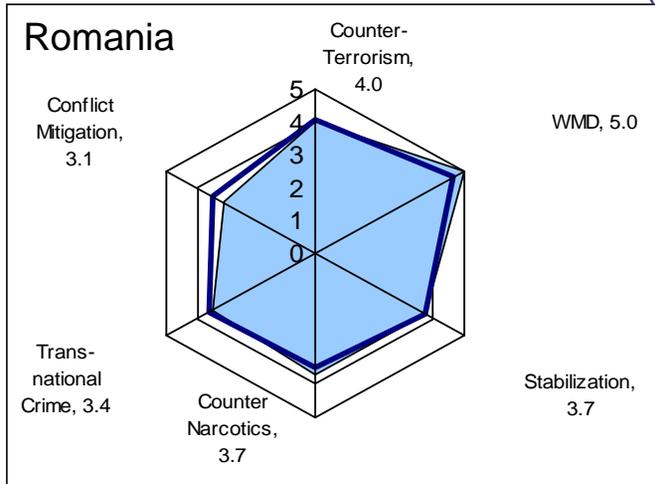
vs. Recent Graduates (Bulgaria, Croatia, Romania)



US State Department; Foreign Policy Magazine and the Fund for Peace; World Bank; US Commerce Department; Binghamton University; UNICEF; A.T. Kearney/Foreign Policy Magazine; UNODC; USTR; George Mason University

Peace & Security in Europe and Eurasia

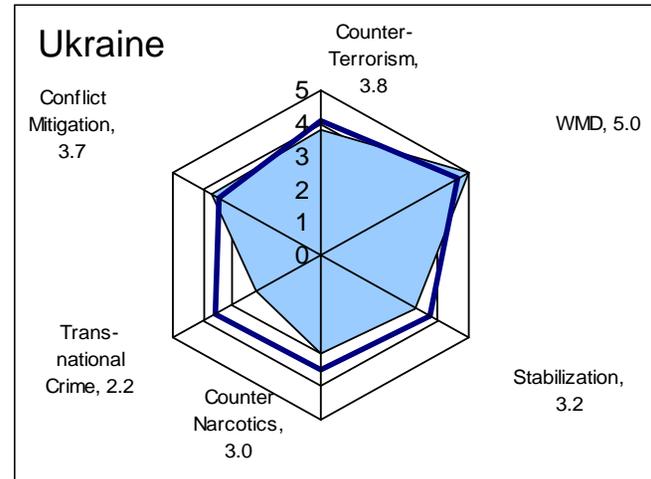
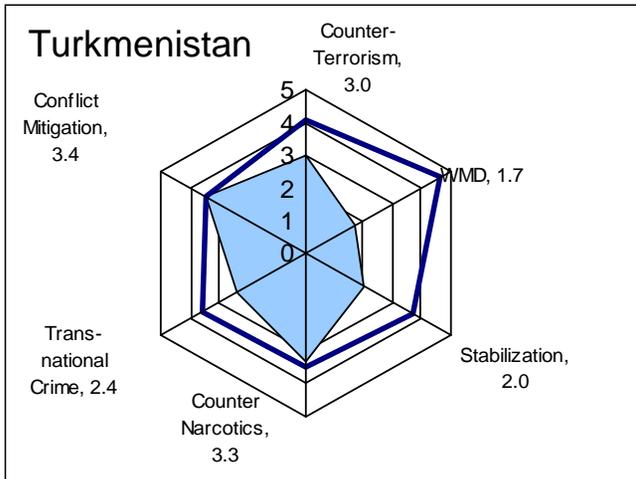
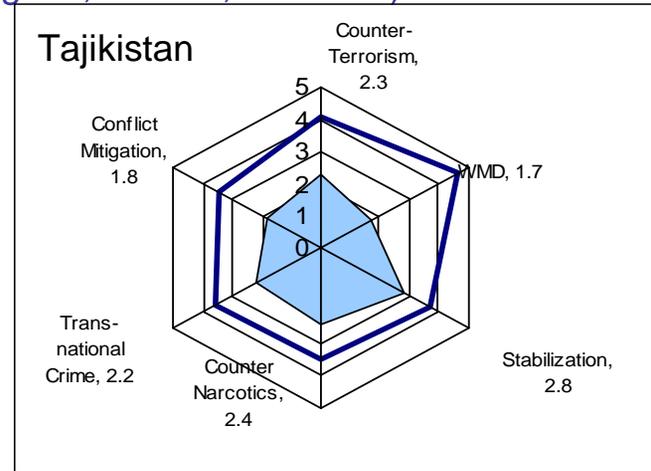
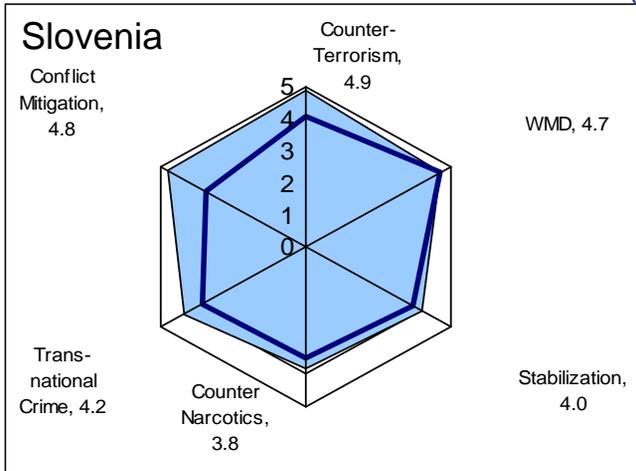
vs. Recent Graduates (Bulgaria, Croatia, Romania)



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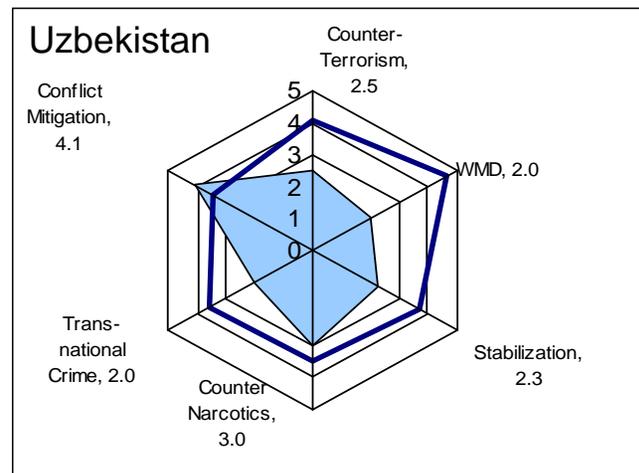
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Peace & Security in Europe and Eurasia

vs. Recent Graduates (Bulgaria, Croatia, Romania)



Appendix IV Peace & Security vs. other related efforts

(1) ***Fragility Alert List or C/FACTS*** (Conflict and Fragility Alert, Consultation, and Tracking System). One of two of DCHA/CMM's "Alert lists"

Objective (according to 2005 USAID document): (a) to document current conditions within countries, especially those conditions that are associated with fragility; and (b) identify longer-term and short-term trends within countries that indicate an improving or deteriorating situation with respect to fragility, political instability, or violence. C/FACTS will help USAID identify those countries at greatest risk for violent conflict and with the greatest need for early intervention in order to reduce the protection for conflict. C/FACTS will also supply program planners in fragile states with data on the particular sources of fragility, and generally help measure country-level impact of USAID programs in conflict-prone and fragile states.

Methodology - Identifies four categories of outcomes, or domains: political, security, economic, and social and each domain is considered in terms of the state's effectiveness and legitimacy; i.e., 33 indicators according to 8 categories (Fragile states or governments are neither effective nor legitimate in eyes of governed.)

Examples of indicators - Political effectiveness: government revenues % of GDP. Political legitimacy: citizen participation. Security effectiveness: size of displaced pop. Security legitimacy: state use of political terror. Economic effectiveness: economic growth; economic legitimacy: # of days to start a business. Social effectiveness: infant mortality rate. Social legitimacy: m/f life expectancy ratio.

Results - P&S vs. GPI: r-square of: 0.82

(2) ***Instability Alert List*** - (The second of DCHA/CMM's Alert list, drawn from U. of MD's Center for International Development and Conflict Management, CIDCM, otherwise known as the ***Peace and Conflict Instability Ledger***).

Objective - To measure risk of future state or political instability or armed civil conflict

Methodology - Draws from four domains (political, economic, security, and social) and uses five indicators to do so. For political: regime type (democratic, autocratic, partial democracy; partial autocracy); economic: trade share of GDP; security: number of persons in armed forces as % of population and measure of "bad neighborhood"; social: infant mortality rate.

Results - P&S vs. GPI: r-square of: 0.62

(3) ***Global Peace Index***. From the Economist Intelligence Unit

Objective - To review the state of peace in nations

Methodology - Twenty four indicators divided into three categories: (1) measures of ongoing domestic and international conflict (5 indicators, including number of external and internal conflicts fought, number of deaths from conflict); (2) measures of safety and security (10 indicators including number of displaced persons, political instability, number of homicides, number of jailed population); and (3) measures of militarization (9 indicators including military expenditure, number of armed service personnel, volume of transfers of conventional weapons, UN deployments, ease of access to small arms and weapons, military capability). Sources include EIU, SIPRI, World Bank WDI, International Institute for Strategic Studies, UNODC, Amnesty International, Uppsala Conflict Data Program or UCDP.

Results - P&S vs. GPI: r-square of 0.78

(4) **Political Terror Scale (PTS)**. Produced since early 1980s by a group of human rights scholars and students

Objective - Attempts to measure levels of political violence and terror

Methodology - Draws from State Department's Human Rights report and from Amnesty International's annual report. Converts qualitative information into a 5-level "terror scale"

(5) **Failed States Index**. Fund for Peace (and Foreign Policy Magazine).

Objective - To measure the risk or potential of state failure; an early warning system

Methodology - Twelve indicators in three categories: (1) social (4 indicators including refugee movement, demographic pressures); (2) economic (2 indicators, uneven economic development and severe economic decline); and (3) political and/or military (6 indicators, including criminalization of state, deterioration of public services, rise of factionalized elites, intervention of other states)

Results - P&S vs. FSI: r-square of 0.80

(6) **Index of State Weakness**. Brookings Institution.

Objective. To measure the capacity and/or will of countries to fulfill four sets of critical government responsibilities: fostering an environment conducive to sustainable and equitable economic growth; establishing and maintaining legitimate, transparent, and accountable political institutions; securing their populations from violent conflict and controlling their territory; and meeting the basic human needs of their population.

Methodology 20 indicators are tracked, divided into four areas: (1) economic (5 indicators including per capita income, economic growth, income inequality, inflation, regulatory quality); (2) political (5 indicators, including 4 from World Bank's governance matters dataset, and freedom house ratings); (3) security (5 indicators, conflict intensity, political stability, incidence of coups, human rights abuses, territory affected by conflict); and (4) social welfare (5 indicators, child mortality, primary school completion, undernourishment, percent of population with access to improved water, and life expectancy).

Results. P&S vs. Index of State Weakness: r-squared of 0.74

(7) **SIAD instability index.** SIAD is the Statistical Information Analysis Division in the Department of Defense.

Objective. To provide decision makers with a tool to forecast the potential for the onset, presence and exit from political instability.

Methodology. It identifies the drivers of instability as political, economic, social/cultural, environmental and technological factors and which is boiled down to 3 indicators as the most significant in predicting political instability. All three are from the World Bank Institute's governance matters dataset: rule of law, political stability, and control of corruption.

(8) **Political Stability and Absence of Violence.** World Bank Institute. Governance Matters dataset

Objective. To measure the likelihood or violent threats to, or changes in, government, including terrorism.

Methodology One of six dimensions of governance based on 352 different underlying variables measuring perceptions of a wide range of governance issues and drawn from 32 separate data sources constructed by 30 different organizations. Political stability specifically draws from 13 sources and 27 indicators from those sources, including military coup risk, major urban riots, social unrest, armed conflict, frequency of torture, security risk rating, internal conflict, ethnic tensions, political terror scale, terrorism/crime, risk of political instability.

Results P&S vs. political stability. R-squared of 0.70

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INTRODUCTION

The following is a guide for coding Indicator 1(a) from the EE Peace and Security Index. As described in *Appendix 1 – Indicator Descriptions* of the Peace and Security paper, this indicator measures “Government Capacity to Fight Terrorism” and is based on the country-level narratives contained in the State Department’s annual Country Reports on Terrorism. The report’s narrative summary of terrorism in most of the world’s countries is a publicly available, comprehensive global analysis that directly addresses a country’s capacity and will to fight terrorism. Three sub-scores are calculated for each country based on the Country Reports: the extent to which a country denies terrorist sponsorship support and sanctuary; delegitimizes terrorist ideology; and the government’s anti-terrorist capabilities. The 1-5 scores for each of the three categories are averaged to provide a numerical indicator.

The primary source for all variables is the US State Department Country Reports on Human Rights Practices. These reports can be found online. The most recent available reports are for 2007. <http://www.state.gov/s/ct/rls/crt/>

When coding for the “Government Capacity to Fight Terrorism” indicator, analysts will be concerned with three factors, each of which will receive a numerical score of 1 to 5, with 5 being the best and one the worst. The three 1-5 scores will then be averaged to provide the “Government Capacity to Fight Terrorism” indicator score. The factors are:

1. Denial of Terrorist Sponsorship, Support and Sanctuary

Definition:

This variable indicates the extent to which terrorists are denied the tools they need for long-term survival; sustainable leadership; safe havens that provide secure environments for training and operational planning; a steady influx of recruits; equipment; communications, documentation and logistics networks; and effective propaganda capabilities.

Does government effectively deny terrorist safe havens (physical and virtual)? Do terrorists operate in ungoverned territories? Are there problems with corruption and fraud in government identification and travel document issuance systems? Does government take effective measures to identify, disrupt, and deny access to sources, means, and mechanisms of terrorist finance?

Coding Scheme:

- (1) Government, or elements of government, sponsor and/or provide sanctuary for terrorists or terrorist organizations.
- (2) Country, despite declared government policy, provides de-facto sponsorship of and/or sanctuary for terrorists or terrorist organizations to a significant degree.
- (3) Terrorists enjoy some degree of sponsorship and/or sanctuary despite active government efforts to deny it.
- (4) Terrorists enjoy only minimal degree of sponsorship and/or sanctuary.

(5) Terrorists or terrorist organizations have no notable degree of sponsorship and/or sanctuary. Government works closely and effectively with other countries to combat terrorism.

Scoring Examples: Denial of Terrorist Sponsorship, Support and Sanctuary

Venezuela – 1

In May 2007, Venezuela was re-certified as "not cooperating fully" with U.S. antiterrorism efforts under Section 40A of the Arms Export and Control Act...President Hugo Chavez persisted in his public criticism of U.S. counterterrorism efforts and deepened Venezuelan relationships with state sponsors of terrorism Iran and Cuba. Chavez's ideological sympathy for the Revolutionary Armed Forces of Colombia (FARC) and the National Liberation Army (ELN), along with high levels of corruption among Venezuelan officials, limited Venezuelan cooperation with Colombia in combating terrorism. FARC and ELN units regularly crossed into Venezuelan territory to rest and regroup. It remained unclear to what extent the Venezuelan government provided support to Colombian terrorist organizations. However, limited amounts of weapons and ammunition, some from official Venezuelan stocks and facilities, have turned up in the hands of Colombian terrorist organizations. The Venezuelan government did not systematically police the 1,400-mile Venezuelan-Colombian border to prevent the movement of groups of armed terrorists or to interdict arms or the flow of narcotics.

Morocco – 2

A series of suicide bombing attacks shattered the relative lull in terrorist violence that had prevailed in Morocco since the 2003 Casablanca bombings. The attacks underscored that Morocco's greatest terrorist threat stems from numerous small "grassroots" Salafi Jihadist groups. The main external terrorism threat to Morocco was al-Qa'ida in the Islamic Maghreb (AQIM) and its demonstrated willingness to train inexperienced Moroccan extremists.

Albania – 3

Albania pledged to increase its contribution of troops to both Afghanistan and Iraq, maintained frozen bank accounts related to money laundering and terrorism financing, and aggressively worked with the United States and other countries to combat terrorism. Albania made progress in identifying vulnerabilities at land and sea borders, but the government and police forces continued to face substantial challenges to enforce fully border security and combat organized crime and corruption...[T]he Ministry of Finance claimed that it maintained asset freezes against six individuals and fourteen foundations and companies on the UNSCR 1267 [anti-terrorism] list. Despite this progress, the effectiveness of the government's counterterrorist financing effort was undermined by a lack of data-processing infrastructure and an inadequate capability to track and manage cases properly.

Azerbaijan - 4

Over the past five years, the Government of Azerbaijan has aggressively apprehended and prosecuted members of suspected terrorist groups. It has closed organizations that

were suspected of supporting terrorist groups and arrested at least 39 persons from three separate terrorist-associated groups, on terrorism-related charges... While Azerbaijan has taken steps to combat terrorist financing and identify possible terrorist-related funding by distributing lists of suspected terrorist groups and individuals to local banks, comprehensive legislation to counter terrorist financing has not yet passed parliament.

Bulgaria - 5

Bulgaria's Financial Intelligence Agency (FIA) remained vigilant against terrorist financing and cooperated with the United States on identifying and investigating terrorist assets. The FIA regularly distributed lists of individuals and organizations linked to terrorism to all banks in Bulgaria, the Ministry of Interior, Customs, and the Border Police. The FIA was active in efforts against all mandated UNSCR-designated terrorists and terrorist organizations, and cooperated on USG-designated individuals and organizations. ... The Bulgarian government continued its high level of cooperation with the United States in preventing acts of terrorism against U.S. citizens in Bulgaria and elsewhere. This included sharing information on potential terrorist threats and a heightened level of protection for USG facilities.

2. De-Legitimize Terrorist Ideology

Definition:

This variable measures the extent to which the use of terror to advance an ideology, religious outlook or philosophy is accepted by society. Are terrorist leaders effectively isolated and discredited as well as their facilitators and organizations? The focus is primarily on whether terrorist ideology is prevalent within a country and, to a lesser degree, whether the government is taking effective action to counter such ideology.

Coding Scheme:

- (1) Terrorist ideology has strong and dangerous presence in country. Elements of the government may take actions that seem to condone such ideology.
- (2) Terrorist ideology is present to a significant degree, despite official government efforts to counter it.
- (3) Terrorist ideology is present, but to a less significant degree
- (4) Minimal presence of terrorist ideology. Government takes strong efforts to combat it.
- (5) No notable presence of terrorist ideology.

Yemen - 1

Despite United States pressure, Yemen continued to implement a surrender program with lenient requirements for terrorists it could not apprehend, which often led to their relatively lax incarceration. ... Yemen used its Islamic Dialogue Committee, headed by a leading judge who was also the Minister of Religious Guidance and Endowments, to continue its dialogue with detainees arrested for connections to terrorist groups. The government released detainees it considered rehabilitated after they pledged to uphold the Yemeni constitution and laws, the rights of non-Muslims, and the inviolability of foreign interests. The government also released all 12 returned Guantanamo detainees, lacking sufficient evidence for convictions after short periods of assessment and rehabilitation. The government monitoring program of released detainees was loose... The UN agreed to a study at the behest of the Yemeni government to rescind the 2004 UN 1267 sanctions against Abdulmajeed al-Zindani,

who was associated with promoting and supporting Al Qaeda. Yemen continued to take no action to bar his travel or freeze his assets in compliance with its UN obligations. Throughout the year, President Saleh continued to voice public support for al-Zindani and his Al-Iman University.

Turkey – 2

Domestic and transnational terrorist groups have targeted Turkish nationals and foreigners, including, on occasion, USG personnel, in Turkey, for more than 40 years. Terrorist groups that operated in Turkey included Kurdish separatist, Marxist-Leninist, radical Islamist, and pro-Chechen groups. Terrorism in Turkey is defined in the Anti-Terror Law #3713 (TMK, 1991). "Terrorist" activities are composed primarily of crimes outlined in the Penal Code committed within the context of terrorist group activities, which target the structure of the state, changing or destroying the principles of the state, and aiming to create panic and terror in society. Thus, Turkish law defines terrorism as attacks against Turkish citizens and the Turkish state, and hampers Turkey's ability to interdict those who would target non-combatants globally.

Russia - 3

The Russian government continued to view counterterrorism as a top priority, and considered cooperation with the United States a pillar of bilateral relations. The scope of the Russian government's authority continued to grow, resulting in a greater number of terrorist acts being foiled and the continued weakening of formerly powerful terrorist groups. The majority of terrorist attacks continued to occur in the North Caucasus, where the pacification of much of Chechnya has correlated with an increase in terrorism in Dagestan and Ingushetia. Russia did not offer safe haven to terrorists, but there was evidence of a foreign terrorist presence in the North Caucasus with international financial and ideological ties.

China - 4

China, a founding member of the Shanghai Cooperation Organization (SCO), has made counterterrorism one of the group's main objectives. In August, troops from the six SCO member states conducted an "antiterrorist operation" joint military exercise in Russia. In December, Chinese and Indian troops conducted joint antiterrorism training in Kunming, China... Human rights organizations have accused China of using counterterrorism as a pretext to suppress Uighurs, a predominantly Muslim ethnic group.

Romania - 5

The Romanian government has established internal mechanisms to combat terrorism, including the development of a "National Anti-Terrorism Strategy" and guidelines to prevent the use of Romanian financial institutions, including its banking system, for the purpose of financing terrorist-related activities. Bucharest is the headquarters for the Southeast European Cooperation Initiative (SECI), a regional center that provided law enforcement training and intelligence sharing on trans-border criminal activities, including terrorist-related activities, for the 12 member countries in South Eastern and Central Europe.

3. Governments' Capabilities

Definition:

Foreign governments have political will, strong avenues of cooperation, and mechanisms for sustaining partner engagement in the fight against terrorism. Country has capability for counter-terrorism (CT) planning and coordination and commitment to support CT objectives.

Coding Scheme:

- (1) Government has dangerously poor counterterrorism capacity that is actively exploited by terrorists.
- (2) Counterterrorism capabilities have significant weaknesses, and may be undermined by corruption. Government may lack effective control over some regions of the country.
- (3) Counterterrorism capability is adequate. Political will may be present, but capabilities hampered by capacity problems.
- (4) Strong counterterrorism capability, despite possible threats
- (5) Exceptional counterterrorism capability in a relatively low-threat environment.

Somalia - 1

Somalia's fragile central government, protracted state of violent instability, long unguarded coastline, porous borders, and proximity to the Arabian Peninsula made the country an attractive location for international terrorists seeking a transit or launching point for conducting operations in Somalia or elsewhere. ...At the end of the year, Ethiopian and TFG forces remained nominally in control of Mogadishu and southern and central Somalia, though institutions of government remained weak and ineffective.

Moldova – 2

The separatist-controlled Transnistria region of Moldova remained a potential area of concern. Moldovan law enforcement worked hard to track the whereabouts and activities of individuals moving in and out of Transnistria, an area where Moldovan police and security services do not have the authority to operate. Many of these individuals were foreign students who remained in Moldova illegally, as the government lacked the resources to deport them when their visas expired. Corruption was endemic, and it was easy to obtain false travel documents.

Georgia - 3

The Georgian government improved border security operations and worked to eliminate corruption at border checkpoints, focusing its efforts on stopping the smuggling of contraband, including money, illegal drugs, and all types of weapons (chemical, nuclear and biological) that could support terrorism. There were significant improvements in infrastructure at the major border crossing checkpoints... Border crossings into Russia from the separatist regions of Abkhazia and South Ossetia operated, but were not under the control of the Government of Georgia. This situation allowed for the unrestricted and unidentified flow of people, goods, and other items from Russia into these regions.

Poland - 4

Through participation in initiatives such as the Proliferation Security Initiative and the Global Initiative to Combat Nuclear Terrorism, Poland was actively engaged in many international fora combating terrorist threats...The Government of Poland continued to

recognize that terrorist threats can emanate from two sources: traditional migrant groups entering Poland from the east, such as Chechen refugees who may become radicalized, but also from western neighbors who have previously experienced threats or attacks stemming from radical Islamic groups. Groups with ties to organized crime also constituted a significant concern as a result of their experience with money laundering and access to fake documentation and weapons.

Hungary – 5

Hungary made a long-term commitment to continue its leadership of a Provincial Reconstruction Team in Afghanistan and proceeded with plans to increase its deployments there to more than 200. The Hungarian government continued to implement fully domestic legislation to ensure compliance with EU norms regarding financial transactions and money laundering. Cooperation on border security issues remained excellent in both the bilateral and regional context. Hungary assumed responsibility for its part of the EU's Schengen border in December. Its preparations for this responsibility, including the merger of the Border Guards into the National Police, should further enhance its ability to monitor the border for individuals and items of concern.

Appendix VII – Indicator Coding Guide- Narcotics Interdiction

INTRODUCTION

The following is a guide for coding Indicator 4(d) from the EE Peace and Security Index. As described in *Appendix 1 – Indicator Descriptions* of the Peace and Security paper, this indicator measures three aspects of “Interdiction” of narcotics. The source is the 2009 International Narcotics Control Strategy Report, (INCSR), an annual report by the Department of State to Congress. It describes the efforts of key countries to attack all aspects of the international drug trade in Calendar Year 2008. These reports can be found online. <http://www.state.gov/p/inl/rls/nrcrpt/2009/vol1/index.htm>

The estimates on illicit drug production presented in the INCSR represent the United States Government’s best effort to sketch the current dimensions of the international drug problem. Most countries are parties to the 1988 UN Drug Convention and the INCSR, among other things, summarizes the Department’s views on the extent to which a given country or entity is meeting the goals and objectives of the Convention. The INCSR narratives are based on the overall response of the country or entity to those goals and objectives and are supplemented by agricultural surveys conducted with satellite imagery and scientific studies of crop yields and the likely efficiency of typical illicit refining labs.

The reports vary in the extent of their coverage. For key drug-control countries, where considerable information is available, there are comprehensive reports. For some smaller countries or entities where only limited information is available, data are far more limited.

If a country is designated in the report as a Major Illicit Drug Producing and/or Major Drug-Transit Country, (Afghanistan, The Bahamas, Bolivia, Brazil, Burma, Colombia, Dominican Republic, Ecuador, Guatemala, Haiti, India, Jamaica, Laos, Mexico, Nigeria, Pakistan, Panama, Paraguay, Peru, and Venezuela) the score for the entire interdiction indicator will be “1”. According to the INCSR, a “major illicit drug producing country” is one in which: (A) 1,000 hectares or more of illicit opium poppy is cultivated or harvested during a year; (B) 1,000 hectares or more of illicit coca is cultivated or harvested during a year; or (C) 5,000 hectares or more of illicit cannabis is cultivated or harvested during a year, unless the President determines that such illicit cannabis production does not significantly affect the United States. A “major drug-transit country is one (A) that is a significant direct source of illicit narcotic or psychotropic drugs or other controlled substances significantly affecting the United States; or (B) through which are transported such drugs or substances”.

For countries not designated “major illicit drug producing country,” analysts will be concerned with three factors, each of which will receive a numerical score of 1 to 5, with 5 being the best and one the worst. Three sub-scores are: 1) the extent to which drug production in a country is a problem for international counternarcotics efforts; 2) the extent to which a country serves as a drug transit route; and 3) the capacity of a country’s counternarcotics forces. The 1-5 scores for each of the three categories are averaged to provide a numerical indicator.

1. Drug Production

Definition:

This variable indicates the extent to which country is host to drug production activities. Such activities include illicit cultivation, harvesting, processing, production, distribution, sale, and financing.

Coding Scheme:

- (1) Large quantities of illegal narcotics are grown, harvested, manufactured, or otherwise produced in host country. Government is either unwilling or unable to significantly impede production. Applies primarily to opiates and cocaine.
- (2) Drug production exists on a substantial scale, despite often successful efforts of host government to impede and disrupt the production.
- (3) Some drug production exists despite efforts of host government to impede and disrupt the production. Production may be in isolated areas or due to geographic or climate conditions that encourage production of certain drugs.
- (4) Small amounts of production, usually for domestic use, are documented, but the impact on the world drug market is minimal. Potential for increased production may exist but is not yet fulfilled
- (5) There is little to no significant drug production beyond minor domestic cultivation

Scoring Examples: Drug Production

Bolivia – 1

The President of the United States determined for the first time that Bolivia had “failed demonstrably” to adhere to its obligations under international counternarcotics agreements. This determination was made due to a number of factors, including the forced departure of the U.S. Agency for International Development (USAID) and the Drug Enforcement Administration (DEA) from the coca growing Chapare region, continued increases in coca cultivation and cocaine production, the Government of Bolivia's (GOB) policies to expand the cultivation of “licit” coca, and its unwillingness to regulate coca markets.

Morocco- 2

Morocco is one of the world’s largest cannabis resin (hashish) producers and has consistently ranked among the world’s largest producers of cannabis, but its importance as a main source country for cannabis resin is declining. The 2008 United Nations Office on Drugs and Crime (UNODC) World Drug Report states that fewer countries around the world are citing Morocco as the “source” country or “origin” of the cannabis resin found in their markets.

Kazakhstan – 3

A favorable climate in Kazakhstan contributes to the growth of wild marijuana, equisetum ephedra, and opium poppies. Such plants grow on over 1.2 million hectares in Almaty, Zhambyl, South Kazakhstan, Kyzylorda, and East Kazakhstan regions. The

largest source of marijuana in Kazakhstan is the Chu Valley in the Zhambyl region. Marijuana with a high THC content grows naturally on an estimated 138,000 hectares in the Chu Valley. The approximate annual harvest is estimated to be as high as 145 thousand tons of marijuana, with an estimated 6,000 ton yield of hashish.

Georgia - 4

A small amount of low-grade cannabis is grown for domestic use, but there are no other known narcotics crops or synthetic drug production in Georgia. Although Georgia has the technical potential to produce precursor chemicals, it has no known capacity for presently producing them in significant quantities.

Croatia – 5

Small-scale cannabis production for domestic use is the only known narcotics production within Croatia. Poppy seeds are cultivated on a small scale for culinary use. Because of Croatia's small drug market and its relatively porous border, Croatian police report that nearly all illegal drugs are imported into Croatia.

2. Drug Transiting

Definition:

This variable measures the extent to which country is a drug transit route. Transiting may be by air, utilizing clandestine airstrips, as well as ground, sea and riverine routes. In transiting countries, ports, coastal waters, roads and commercial shipping facilities are often used by criminal organizations to traffick drugs.

Coding Scheme:

- (1) Country is a major transit route for narcotics trafficking. Government efforts to reduce transit are ineffectual. Applies primarily to opiates and cocaine.
- (2) Country is a significant transit route of narcotics trafficking, despite government efforts to impede it.
- (3) Drug transiting is noted, despite strong government interdiction efforts. Status may be due to geographic proximity to traditional transit routes.
- (4) Drug transiting exists, but is not a major factor on world drug markets.
- (5) Small scale drug transiting may occur, but impact is minimal

Scoring Examples: Drug Transiting

Albania – 1

Trafficking in narcotics in Albania continues as one of the most lucrative illicit occupations available. Organized crime groups use Albania as a transit point for drugs and other types of smuggling, due to the country's strategic location, weak law enforcement and unreformed judicial systems, and porous borders. Albania is a transit point for heroin from Afghanistan,

which is smuggled via the “Balkan Route” of Turkey-Bulgaria-Macedonia-Albania to Italy, Montenegro, Greece, and the rest of Western Europe.

Bulgaria – 2

Bulgaria is a transit country for heroin and cocaine, as well as a producer of illicit narcotics. Astride Balkan transit routes, Bulgaria is vulnerable to illegal flows of drugs, people, contraband, and money. Heroin distributed in Europe moves through Bulgaria from Southwest Asia and via the Northern Balkan route, while chemicals used for making heroin move through Bulgaria to Turkey and the Middle East. Marijuana and cocaine are also transported through Bulgaria.

Hungary - 3

Hungary continues to be primarily a narcotics transit country between Southwest Asia and Western Europe. This results from its geographic location, a modern transportation system, and the unsettled political and social climate in the neighboring countries of the former Yugoslavia.

Armenia – 4

There is very little transit of illegal drugs through Armenia to other countries, and there is no known transit through Armenia of drugs bound for the United States. The principal production and transit countries from which drugs are smuggled into Armenia are Iran (heroin and opiates) and Georgia (opiates, cannabis and hashish).

Slovakia – 5

Slovak Customs officials believe that many narcotics once transshipped through Slovakia from Ukraine are now diverted north or south due to the intensely protected border. U.S. donations of training and equipment are partially credited for improvements in border security.... Cannabis and synthetic drugs are mostly produced locally for the domestic market and are mostly distributed without the involvement of organized crime.

3. Governments’ Counternarcotics Capacity

Definition: Includes plans, programs, and, where applicable, timetables—toward fulfillment of obligations under the 1988 UN Drug Convention. Activities could include asset seizure, extradition, mutual legal assistance, law enforcement and transit cooperation, precursor chemical control, and demand reduction. This indicator is an interpretation of the State Department’s views on the extent to which a given country or entity is meeting the goals and objectives of the Convention (even if a country might not be party to it).

Counternarcotics Capacity can refer to the state of a country’s Criminal Justice Systems, level of corruption and border security.

Coding Scheme:

- (1) Government characterized by corruption, lack of political will, and/or incompetence in interdicting drugs. Drug activity may be occurring in areas not under the effective control of the central government.

- (2) While elements of the government may be committed to drug control, law enforcement and other state institutions lack the capacity to adequately address counternarcotics issues.
- (3) Government is taking steps to address drug control, but effectiveness may be compromised by capacity issues and/or corruption.
- (4) Drug control policy and enforcement is mostly sound and effective, and well coordinated with the international community. However, some policy and/or operational issues could still be improved.
- (5) Counternarcotics efforts are a high priority for government which is characterized by high professional standards and effective interdiction results.

Scoring Examples: Drug Transiting

Afghanistan – 1

Counternarcotics law enforcement efforts were hampered by corruption and incompetence within the justice system as well as the absence of effective governance in many regions of the country. Although revenues from the opium economy represent the equivalent of approximately one-fifth of Afghanistan's GDP, no major drug traffickers have been arrested and convicted in Afghanistan since 2006.

Bosnia - 2

Narcotics control capabilities in Bosnia and Herzegovina remain in a formative stage and have not kept pace with developments in other areas of law enforcement. ..Weak state institutions, lack of personnel in counternarcotics units, and poor cooperation among the responsible authorities also contribute to Bosnia's vulnerability. The political will to improve narcotics control performance exists in some quarters of the Bosnian government. However, faced with ongoing post-war reconstruction issues, the government has to date focused limited law enforcement resources on investigating and prosecuting war crimes, counterterrorism and combating trafficking in persons and has not developed comprehensive antinarcotics intelligence and enforcement capabilities.

Moldova – 3

Corruption at all levels is systemic within Moldova. The Center for Combating Economic Crimes and Corruption (CCECC) is the law enforcement agency responsible for investigating corruption allegations, including those related to narcotics. The CCECC has been accused of political bias in targeting its investigations, although not in regard to narcotics cases. The GOM as a matter of policy does not encourage or facilitate the production or distribution of drugs or money laundering from illegal drug transactions.

Poland – 4

Bilateral cooperation between U.S. and Polish counternarcotics agencies remains strong, especially since the stationing of two DEA officers in Warsaw in 2005....Regional law enforcement offices are required to coordinate most activities with Warsaw, which hinders the development of investigations and evidence collection. Cooperation between regional law enforcement offices at times is also limited by the centralized structure.

Estonia – 5

Estonia's domestic anti-narcotics legal framework is in compliance with international drug conventions and European Union (EU) narcotics regulations... Combating narcotics is a major priority for Estonian law enforcement agencies. Police, customs officials and the border guard maintain good cooperation on counter-narcotics activities.