

# *Anatomy of Perceived Failed States in MENA Region:*

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## *The Case of Iraq*

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15 June 2015

## **Anatomy of Perceived Failed States in MENA Region: The Case of Iraq**

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### **INTRODUCTION**

The latest and severest manifestation of resource curse attacks in MENA region is the potential threat of dismantling the “nation state” model through a transitional phase of creating the conditions of a “failed state”.

This could be the case for Iraq, which has been perceived as a failed state for the entire decade 2004-13; and the double-whammy effects, of Da’esh (ISIS/ISIL/IS) on one hand and the collapse of oil prices on the other, since mid-2014, could exacerbate the situation even further for the next few years.

This contribution aims at establishing what constitutes a failed state and whether this applies to Iraq, at what degree or extent and what are the indicators; and this could, hopefully, facilitate addressing related questions of why and how and identify areas for policy interventions.

The paper is based on my research on the issue for my participation in NREGI’s MENA Strategy Meeting focusing on "Failed States and Uncertain International Promises: Navigating Precarious Environments in Seeking to Anchor Extractive Industries Governance" that was held in Beirut-Lebanon on 15 June 2015.

The paper begins with brief review of the structure of Failed States Index (FSI) and its indicators, followed by a methodology note on Iraq’s SFI assessment; then it offers brief analysis on Iraq’s Scores and Ranks over the covered ten year period. The scores for each of the main indicators are evaluated to identify whether there was improvement or deterioration in their annual patterns; and their implications for the next few years. A brief review of FSI in MENA countries is included to provide the regional aspects of the topic. The paper ends with concluding remarks.

The basic data for this research relating to the applied and quantified indicators for Iraq were compiled by myself from The Fund for Peace-FFP (W,DC, USA ) ten annual reports on the (FSI) not mine; thus I neither claim right on the compiled basic data nor be held responsible for their accuracy or validity of their categorization.<sup>1</sup>

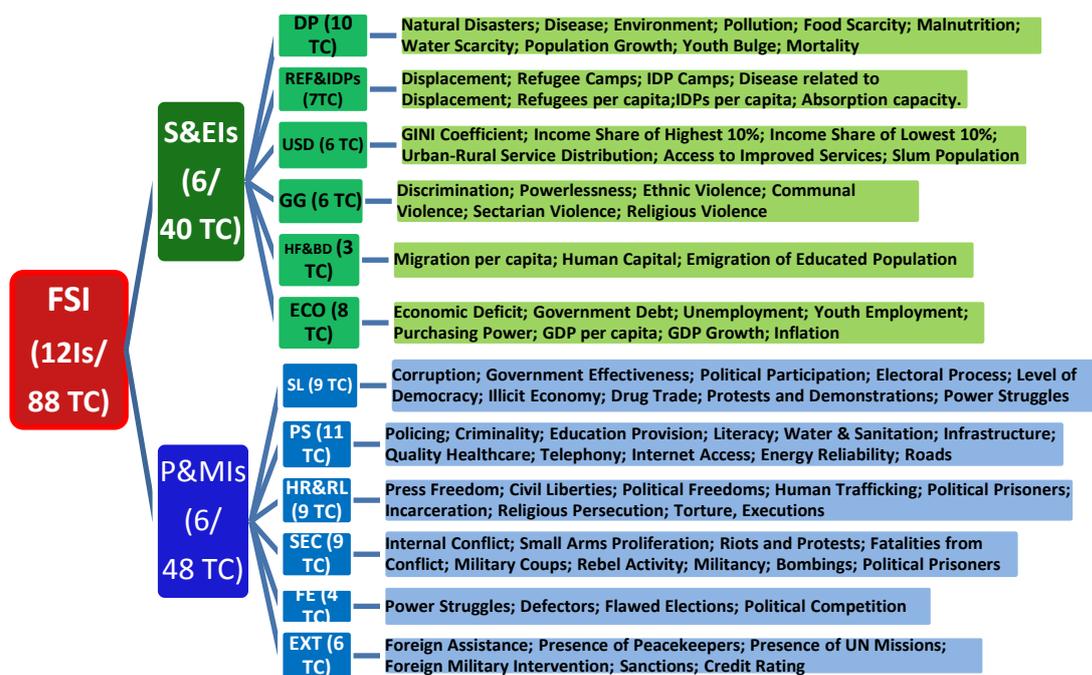
### **I- FAILED STATES INDEX (FSI) STRUCTURE AND INDICATORS**

FSI is constructed on two main broad categories of indicators: the first comprises Social and Economic issues while the second covers Political and Military matters. Each of these two main groups is comprised of another sub-sets of further groups, each reflects, also, a broad spectrum of related issues. Each of the two broad categories comprises six sub-groups of components.

The following diagram represents the way FSI is structured, its twelve main indicators, and its 88 broad thematic components (TC) covering variety of essential issues.

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<sup>1</sup> It is important to mention at this juncture that the FFP asserts that FSI, which first issued in 2005, is based on the Fund’s proprietary Conflict Assessment Software Tool (CAST) analytical platform. Based on comprehensive social science methodology, data from three primary sources is triangulated and subjected to critical review to obtain final scores for the FSI.



Source for the diagram and notes: Author formulation based on FFP's FSI information.  
For abbreviations meaning please see part (III) below.

For each country FSI annual report provides a Score and a Rank.

A country Score is a total of scores for the twelve indicators of the sub-groups of components.

According to its methodology, FSI Index scores should be interpreted with the understanding that the lower the score, the better. Therefore, a reduced score indicates an improvement, just as a higher score indicates greater instability or deterioration. This applies to scores for the twelve sub-groups, to the two main groups and to the score of the entire country.

The country Rank represents its comparative standing among the 178 countries covered by the FSI.<sup>2</sup> Unlike the score, higher Rank indicates improvement in the country's international comparative standing while a lower Rank indicates retreat. Thus, the periodic curves and their general trend-lines for a country Score and Rank could move on opposite directions. The rationale is that a lower Score indicates a periodic improvement in the country, its Rank among the covered countries should increase, assuming other countries' performance remain constant or deteriorate. But in reality the ranking of a country could worsen (lower), even when its Score improves, if other countries were able to attain much lower scores, and vis-versa.

The significance of annual ranking is to indicate vulnerability and instability of the countries. When dividing the 178 countries into groups (say 10 each) those who fall in the first (lowest Ranks) group are those in the dangerous/ risky zone of vulnerability, instability and potential fragmentation; calling for alert and international attention. And when other countries of this group are located in one region or in close proximity then the geopolitical risks and implications become even higher, consequences are more serious and the potential danger is more acute and substantive. In this case the international contributions become more needed and rapid responses are urgent, significant and should be effective.

<sup>2</sup> Number of countries covered by FSI was 76 in 2005 then increased to 146 in 2006, to 177 in 2007 and finally to 178 in 2013.

## II-IRAQ'S FSI ANALYSIS: METHODOLOGY, COVERAGE AND DATA COMPILATION

This study covers a period of ten years 2005-2014 based on the FFP annual reports on FSI. It is important to note that the annual FSI for any given year comprises data collected between January 1 and December 31, of the previous year, thus, certain well publicized events that have occurred since January 1 of FSI publication year are not covered. Hence FSI data for years 2005-2014 should be understood to cover and reflect the assessment of all indicators for years 2004-2013.

As mentioned earlier, all “basic” data used for this study pertaining to SFI indicators are compiled by this author from the ten annual FSI reports that are available from the FFP website; which is the source for basic data used in preparing all the charts and computations.<sup>3</sup>

The following approach is adopted throughout the paper for analyzing Iraq's FSI Scores, Ranks, each of the two main Indicators and the twelve thematic sub-Indicators:

- A chart to show the actual annual patterns over the ten year period;
- The average of each main and thematic sub-indicator over the covered period;
- The significant (Sg) of these indicators in the FSI's average score over the covered period indicates their relative importance;
- The End:Beginning period (E:B) is a snapshot assessment identifies Improvement or Deterioration (I:D) for end period (2014) compared with the beginning of the covered period (2005);
- The snapshot I:D has three values: a value of 1 indicates no-change; a value of less than one indicates Improvement, while a value higher than 1 indicates deterioration. The degree (%) of Improvement or Deterioration is calculated accordingly- the higher the number the more is the significance of Improvement or Deterioration;
- A trend line of the annual scores for each of the twelve indicators will be shown on their related Chart, and this line gives the calculated direction of the annual scores: improvement (downward), deterioration (upward) or no-change (horizontal);
- The Standard Deviation (SD) for all scores is computed to indicate volatility of the indicators over this ten year period: higher SD value indicate higher volatility and unsymmetrical dispersion of values among the annual scores, while a lower SD value indicates minor or symmetrical values of these scores.

Moreover, for each of the twelve thematic sub-Indicators there will be:

- A brief note concerning the rationale for considering the specific thematic indicator;
- List of the main sub-themes or topics that were considered and monitored to estimate the score of the related thematic indicator.<sup>4</sup>

## IRAQ'S FSI SCORING AND RANKING

Data for the covered ten year period 2005-2014 shows Iraq's Ranking within the covered countries has seen continuous improvement from 4<sup>th</sup> (out of 76 countries) to 13<sup>th</sup> (out of 178 countries) position, though the country remains within the group of countries that are most vulnerable failed states.<sup>5</sup>

Unlike Ranking, as exhibits in Chart 1, Iraq FSI Scoring had witnessed sharp deterioration during the first three years after the invasion (2005/7) then began to show marked improvement until end 2013.

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<sup>3</sup> For more information on the FFP and FSI see <http://library.fundforpeace.org/library/cfsir1423-fragilestatesindex2014-06d.pdf> and <http://fsi.fundforpeace.org/>

<sup>4</sup> It is important to mention that annual SFI reports do not quantify (scores) or provide detailed information on these listed 88 sub-topics on a country level.

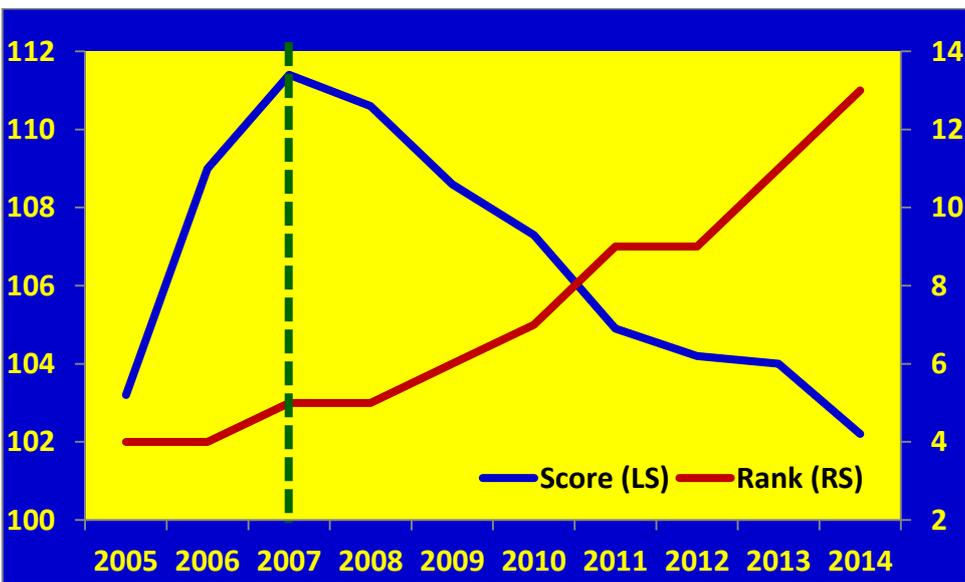
<sup>5</sup> Though the ranking indicates improvement by 9 points, the relative position for the country in relation to the number of the covered countries in both years indicates to only 2 points of ranking improvement.

But since 2008 the annual trends for both Score and Rank show improvement and follow a typical opposite directions with very limited variation. This is reflected also in the close and low values of their Standard Deviation (SD); the SD for FSI Scoring is (3.26), which is slightly higher than Rank’s SD of (3.09).

However, the E:B value for the Score is only (0.9903) indicating I:D value of (0.0093) a disappointing improvement of less than 1% at the end of the period compared with its beginning.

The following Chart 1 exhibits the annual pattern of both Iraq’s Score and Rank during the covered period.

**Chart 1:  
Iraq’s Scores (LS) and Ranking (RS)  
2005-2014**



Note for Chart 1: LS stands for left side while RS stands for right side of the chart

But that very modest improvement might have been washed away in 2014. Considering the dramatic events that has taken place since June 2014 after the fall of Naynawa Province under Da’esh (ISIS) control and the increased scale and intensity of Da’esh presence in provinces of Salahuldeen, Dayala and Ramadi on one hand and the significant collapse of oil prices of more than 60% on the other would surely worsen Iraq’s fragile Scoring and Ranking for 2014 and most probably for 2015 as well.

**III- CATEGORIES’ SCORS ASSESSMENT**

As mentioned above the country scoring is based on the indicators for two broad categories of main components: the first comprises social and economic matters, while the second comprises political and military matters.

The Social and Economic Indicators (S&EIs) are calculated for the following six main sub-groups of thematic components (TC):

- **Demographic Pressures (DP);**
- **Refugees and Internally Displaced People-IDPs (REF& IDPs);**
- **Uneven Economic Development (UED);**
- **Group Grievance (GG);**
- **Human Flight and Brain Drain (HF&BD);**

- **Poverty and Economic Decline (ECO).**

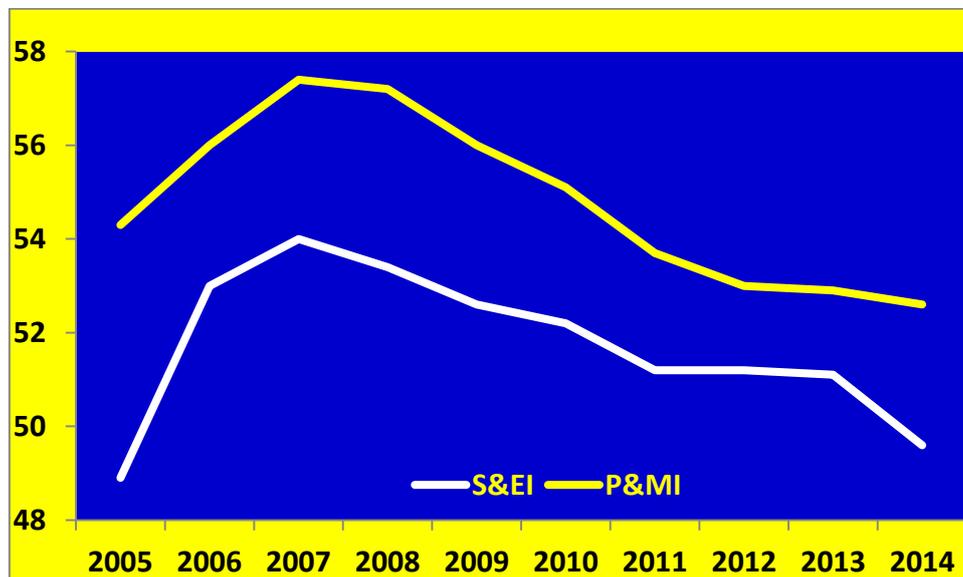
**Political and Military Indicators (P&MIs)** are computed for the following six main sub-groups:

- **State Legitimacy (SL);**
- **Public Services (PS);**
- **Human Rights and Rule of Law (HR&RL);**
- **Security Apparatus (SEC);**
- **Factionalized Elites (FE);**
- **External Intervention (EI)**

This part of the paper addresses the aggregates of the two main categories while the following part deals with each of the above mentioned twelve sub-groups.

The following Chart 2 shows that political and military factors contribution to the country's score have continuously higher than the social and economic factors during the ten years period. As shown in Chart 2 and Table 1, the average score for political and military indicators (P&MI- yellow colored line) was 54.8 points compared with 51.66 points for the social and economic indicators (S&EI- white colored line).

**Chart 2:**  
**Scores- Economic & Social Indicators (S&EI) and**  
**Political and Military Indicators (P&MI)**  
**2005-2014**



Accordingly, the contribution (Sg) of these two categories in the country's average score during the entire period was 48.55% and 51.45% respectively. The SD value for political and military indicators is 1.784, while that for social and economic indicators is 1.634 indicating slightly more volatility and variations among the former group of indicators than among the latter.

**Table 1:**  
**Iraq's FSI profile during 2005/2014 Period**

	Average	Sg	E:B	I:D(%)	SD
Social & Economic Indicators (S&EIs)	51.72	48.55	1.0143	D: 1.43	1.634
Political & Military Indicators (P&MIs)	54.82	51.45	0.9687	I: 3.1	1.784
Score	106.54	100	0.9903	I: 0.97	3.259

Comparing the standing of each category at the end of the period (2014) with its beginning (2005) indicates that political and military indicators (P&MI) had shown improvement of 3.1% while the social and economic indicators (S&EI) registered a deterioration of 1.43%.

This negligible improvement in the country's periodic Score (of 0.097%) and a deterioration of (1.43%) in the social and economic indicators occurred during a period in which Iraq witnessed unprecedented surge in oil export revenues due to higher oil prices and improved export volumes.<sup>6</sup>

#### **IV- COMPONENTS AND SCORES ANALYSIS OF THE MAIN 12 INDICATORS**

This section analyses the performance of the country by tracing the annual scores of each component indicator of the two main indicators following the above outlined methodology note.

The following Table 2 helps in presenting and understanding the comparative profile of all main indicators of FSI.

The "average" score values for the twelve indicators vary between a low bond of 7.62 points for Poverty and Economic Decline Indicator and a high bond of 9.69 points for Factionalized Elites giving low dispersion (high-low) of 0.07 points for all the twelve indicators, indicating no significant differences in the relative importance of the indicators (as discussed next). But the dispersion is higher (1.92 points) among the Social and Economic Indicators than those among the Political and Military (1.48).

The average of annual scores reflects also the contribution or significance (Sg) of each indicator in the country's SFI periodic average. The (Sg) column gives the percentage value of the indicators, which logically follows similar patten to that of the "average" column: indicator with lowest average (7.6 points) has lowest significance (7.2%).

On the E:B measure the indicators fall in three groups:

- One indicator, Demographic Pressures, has E:B value of (1) indicating no change in the scores of this indicator at the end of the period compared with its beginning;
- Seven indicators (three from Social and Economic group and four from Political and Military) each had scored values less than one, indicating improvements in this snapshot measure;
- Four indicators (equally divided between Social and Economic group and Political and Military) indicate deterioration by scoring values higher than one each.

<sup>6</sup> For more and further analysis, by this author, on Iraq's energy and petroleum issues and their related macroeconomic and developmental policies see <http://www.iraq-businessnews.com/category/oil-gas/ahmed-mousa-jiyad/>

The I:D calculation gives the degree, in percentage points, Improvement or Deterioration between the end and the beginning of the covered ten year period. The I:D is the other side of E:B, former indicates the degree or depth while the latter indicates the direction of performance of the specific indicator in either Improvement or Deterioration.

- Except one indicator with I:D value of zero (indicating no change);
- Seven indicators (three from Social and Economic group and four from Political and Military) scored Improvement ranging between 1% for State Legitimacy and 21% for External Intervention;
- Four indicators (equally divided between Social and Economic group and Political and Military) scored Deterioration ranging between 6% for Human Rights and Rule of law and 27% for Group Grievance.

Finally, the Standard Deviation (SD), which measures separately the dispersion of the annual scores of the ten annual scores for the indicators, shows:

- Variation between lowest value of (0.14) for Factionalized Elites indicator, indicating relatively low fluctuation and dispersion among the annual scores, and highest value of (0.93) for Group Grievance, indicating relatively sharper fluctuation and dispersion among the annual scores reflecting volatility and dissatisfaction among wider population;
- For the remaining ten indicators seven of them with SD value lower than 0.5 and three with SD over that threshold.

**Table 2**  
**Profile of Iraq's FSI Indicators**

Indicators	Nr. TC	Average	Sg	E:B	I:D	SD
<b>1- Social &amp; Economic Indicators</b>						
<b>Demographic Pressures</b>	10	8,47	7,96	1	0	0,411
<b>Refugees and IDPs</b>	7	8,81	8,28	0,904	10 % I	0,321
<b>Uneven Economic Development</b>	6	9,54	8,96	1,205	20 % D	0,534
<b>Group Grievance</b>	6	8,62	8,097	1,269	27 % D	0,931
<b>Human Flight and Brain Drain</b>	3	8,6	8,078	0,931	7 % I	0,245
<b>Poverty and Economic Decline</b>	8	7,62	7,158	0,854	15 % I	0,424
<b>2- Political &amp; Military Indicators</b>						
<b>State Legitimacy</b>	9	8,85	8,313	0,989	1 % I	0,347
<b>Public Services</b>	11	8,21	7,712	0,865	13 % I	0,418
<b>Human Rights and Rule of Law</b>	9	8,97	8,426	1,061	6 % D	0,562
<b>Security Apparatus</b>	9	9,66	9,074	1,190	19 % D	0,479
<b>Factionalized Elites</b>	4	9,69	9,102	0,96	4 % I	0,137
<b>External Intervention</b>	6	9,42	8,848	0,79	21 % I	0,748

The specific performance of each indicator is addressed next.

### **First: Social and Economic Indicators (S&EIs)**

In the following space the paper will address the performance of the country in the social and economic aspects of the SFI, by analyzing the six thematic indicators.

### **1- Demographic Pressures (DP)**

**Rationale:** Pressures on the population that are generated by different sources and causes and the measures to address them make it difficult for the government to protect its citizens or demonstrate a lack of capacity or will.

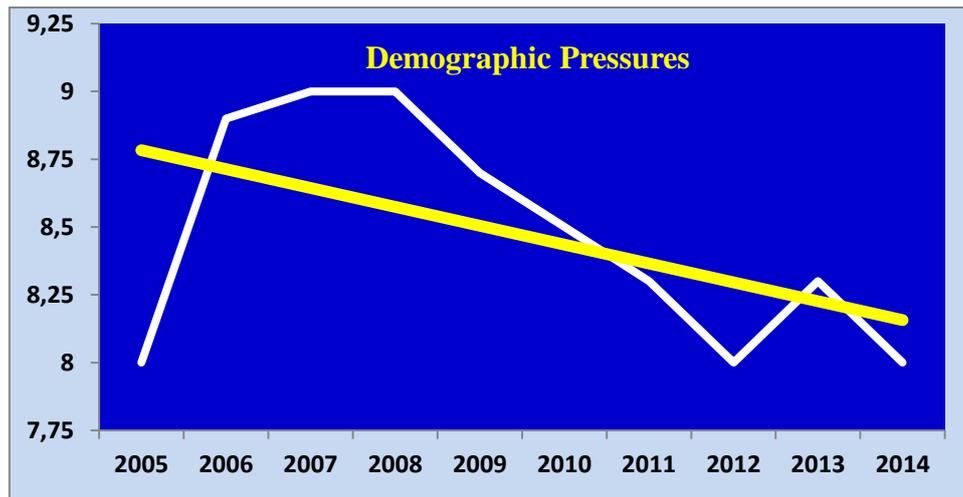
Pressures and measures related to the following thematic components (areas) are considered to quantify the score of Demographic Pressures indicator:

- **Natural Disasters**
- **Disease**
- **Environment**
- **Pollution**
- **Food Scarcity**
- **Malnutrition**
- **Water Scarcity**
- **Population Growth**
- **Youth Bulge**
- **Mortality**

- ❖ **Number of Thematic Components: 10**
- ❖ **Average (points): 8.47**
- ❖ **Significance: 7.96 (%)**
- ❖ **SD value: 0.4111**
- ❖ **E:B= 1**
- ❖ **I:D= No change**

As Chart 3 demonstrates, Demographic Pressures have been on modestly an uneven annual pattern between deterioration and improvement; this is also reflected by the value of the Standard Deviation (SD). On average Demographic Pressures scored 8.47 point and their contribution to the country's average score was 7.96%. The comparison of end to the beginning of the period indicates no change in the value of the score meaning there was, periodically, neither improvement nor deterioration. However, the indicator trend line (the solid strait yellow colored line) is moving downward indicating obvious general improvement during the entire period.

**Chart 3:**  
**Score and Pattern for Demographic Pressures (DP)**  
**(2005-2014)**



## 2- Refugees and Internally Displaced People-IDPs (REF& IDPs)

**Rationale:** Pressures associated with population displacement strains public services and has the potential to pose a security threat. A distinction should be made between Refugees, which implies crossing international borders (in or out), and IDPs, which implies displacement within the country only.

Includes pressures and measures related to:

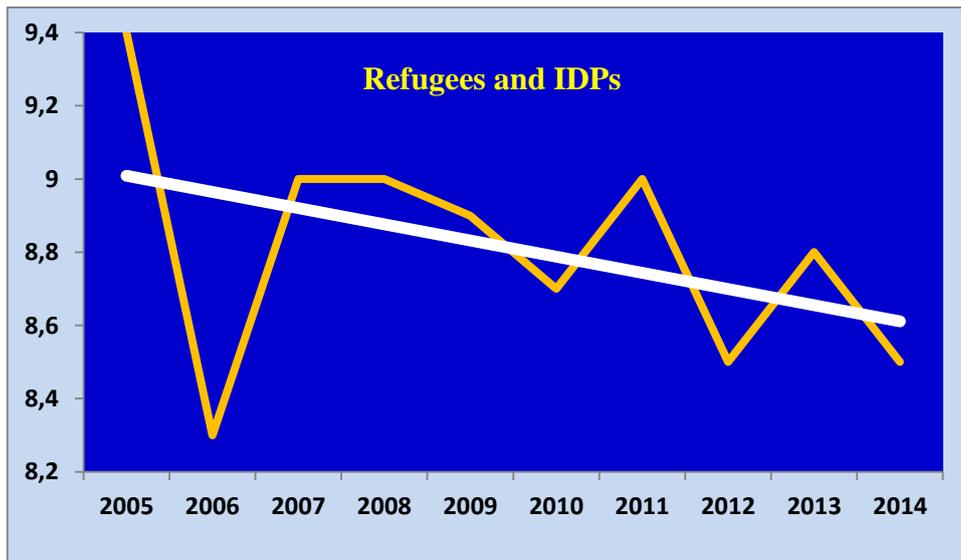
- Displacement
- Refugee Camps
- IDP Camps
- Disease related to Displacement
- Refugees per capita
- IDPs per capita
- Absorption capacity.

- ❖ Number of Thematic Components: 7
- ❖ Average (points): 8.81
- ❖ Significance: 8.28 (%)
- ❖ SD Value: 0.3213
- ❖ E:B= 0.9
- ❖ I:D= 10% I

Chart 4 indicates clear volatility of this indicator with very sharp fluctuation in the first part of the period followed by relative improvement during the mid- three to four years then fluctuate again during the last four years of the period. Despite the apparent fluctuation the SD value is rather low (0.3213) reflecting symmetrical variation (ups and downs) in most part of the period.

The score of this indicator is 8.81 points making it contributing by 8.28% in the country's average SFI score. The value of E:B is 0.9 indicating and improvement of 10% at the end of the period ( actual 2013) with the beginning of the period (actual 2004); the curve confirms this as well.

**Chart 4:  
Score and Pattern for Refugees and IDPs  
(2005-2014)**



As was the case with the previous indicator, the trend line for this indicator shows slight improvement during the period. Under the normal condition the policy implication should be to maintain and enhance the improvement and address any possible source causing reversal or deterioration. But the worsening security conditions post 9 June 2014 could deteriorate the score of this indicator and eradicates any progress of the last decade. Facing the worsening conditions and increasing number of the IDPs prompted the European Union to provide additional €25 million assistance for Iraq to reach €67 million in 2015.<sup>7</sup> UN agencies estimated three million IDPs, among eight million who currently need humanitarian aid.<sup>8</sup> Moreover, a 4<sup>th</sup> June 2015 IMF statement says, “The armed conflict continues to strain the country’s resources and has created a humanitarian tragedy.”<sup>9</sup>

### 3- Uneven Economic Development (UED)

**Rationale** When there are ethnic, religious or regional disparities, governments tend to be uneven in their commitment to the social contract; and this impacts the level and pace of development across the country.

Includes pressures and measures related to:

- **GINI Coefficient**
- **Income Share of Highest 10%**
- **Income Share of Lowest 10%**
- **Urban-Rural Service Distribution**
- **Access to Improved Services**
- **Slum Population.**

- ❖ **Number of Thematic Components: 6**
- ❖ **Average (points): 9.54**
- ❖ **Significance: 8.96 (%)**
- ❖ **SD value: 0.5337**
- ❖ **E:B= 1.2**

<sup>7</sup> <http://almasalah.com/ar/news/54326/%D9%85%D8%B3%D8%A7%D8%B9%D8%AF%D8%A7%D8%AA-%D8%A7%D9%88%D8%B1%D8%A8%D9%8A%D8%A9-%D8%A7%D8%B6%D8%A7%D9%81%D9%8A%D8%A9-%D9%84%D9%84%D9%86%D8%A7%D8%B2%D8%AD%D9%8A%D9%86>

<sup>8</sup> <http://www.newsabah.com/wp/newspaper/51803>

<sup>9</sup> <http://www.imf.org/external/np/sec/pr/2015/pr15262.htm>

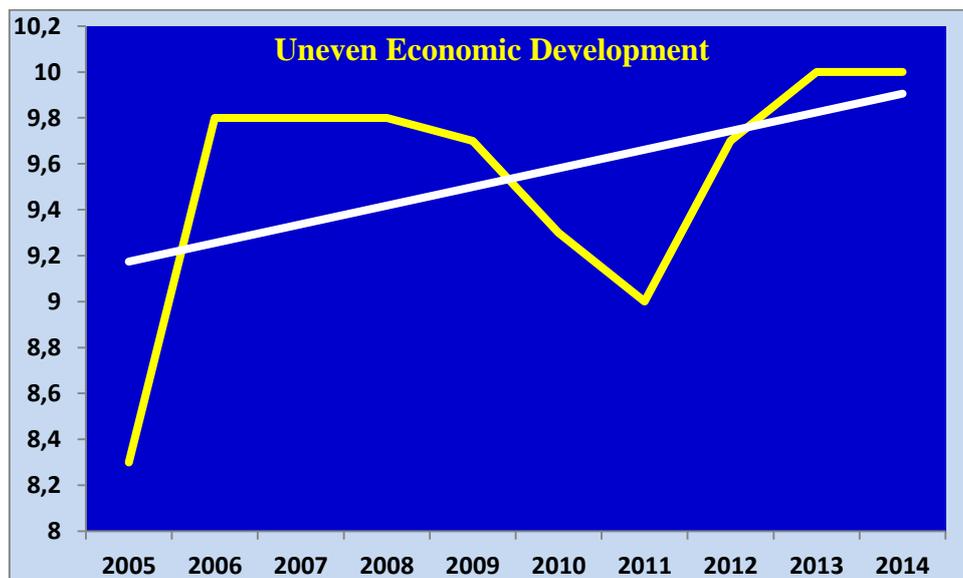
❖ **I:D= 20% D**

The country's performance in sharing the benefits of development appears to be disappointing over the ten year period as measured by this indicator. On average this indicator scored 9.54 points and thus held the third highest contribution in the country's average score with 8.96%. Though there were no frequent fluctuations in the annual scores the SD value is 0.5337.

The E:B value is 1.2 indicating a deterioration of 20 at the end of the period comparing with its beginning. The following Chart 5 shows that for most (eight of ten annual observations) part of the period the annual scores for this indicator have been on the above part of the chart indicating rather persistent deterioration in sharing the benefit if economic development among the Iraqis. This disappointing reality is also confirmed by the upward direction of the periodic trend line for this indicator.

The policy implications is that the government has to revise its economic and social policies to make them more inclusive, pay special attention to the left behind areas or segment of the society and reduce the urban-rural divide.

**Chart 5:  
Score and Pattern for Uneven Economic Development  
(2005-2014)**



**4- Group Grievance (GG)**

**Rationale** When tension and violence exists between groups, the state's ability to provide security is undermined and fear and further violence may ensue.

Includes pressures and measures related to:

- **Discrimination**
- **Powerlessness**
- **Ethnic Violence**
- **Communal Violence**

- **Sectarian Violence**
- **Religious Violence.**

- ❖ **Number of Thematic Components: 6**
- ❖ **Average (points): 8.62**
- ❖ **Significance: 8.1(%)**
- ❖ **SD value: 0.9307**
- ❖ **E:B= 1.27**
- ❖ **I:D= 27% D**

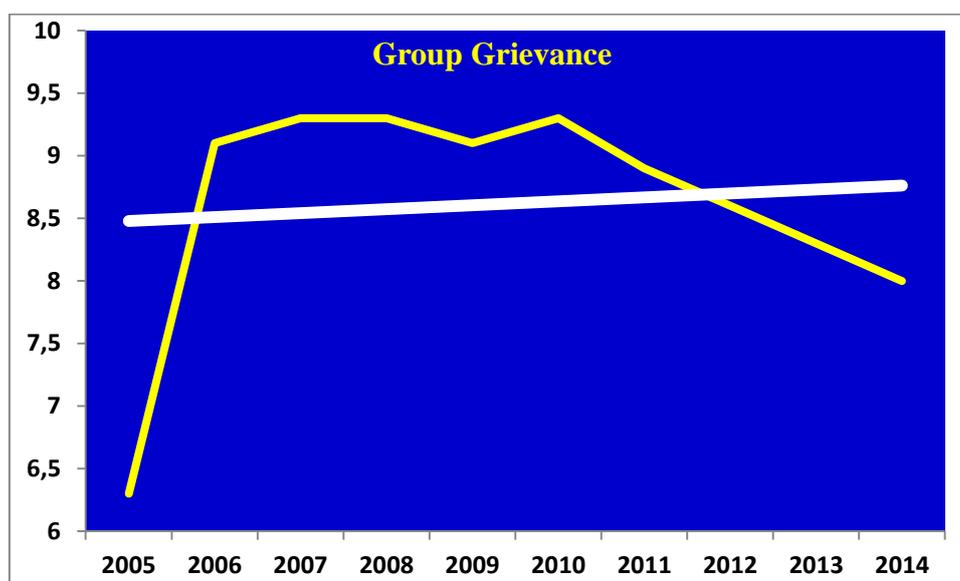
The components of this indicator and its prime focus on four categories of violence make it the worst performing among the twelve indicators. Except the first year, all annual scores of this indicator were on the upper part of the chart indicating higher group grievance and dissatisfaction.

This indicator scored a periodic average of 8.62 point and thus contributing by 8.1% to Iraq's SFI average score over the covered period. The SD value (0.9307) is the highest among the SDs for the twelve indicators.

Also the E:B value of 1.27 is the highest among the twelve indicators leading, consequently, to the highest deterioration in group grievance and dissatisfaction (due mostly to different kinds of violence) in the end of the period compared with its beginning.

The periodic trend line, in Chart 6, is moving slightly upward indicating worsening conditions for groups in aggravating their grievances.

**Chart 6:  
Score and Pattern for Group Grievance Indicator  
(2005-2014)**



### 5- Human Flight and Brain Drain (HF&BD)

**Rationale** When there are few, viable and rewarding opportunities in the country, people migrate, leaving a vacuum of human capital. Those with resources (experts, professionals and technocrats) also often leave (as will or forced to) before, or just as, conflict erupts. The net results of such drain could be severe human resource decapitation and variety of formidable capacity gaps, with very serious consequences.

Includes pressures and measures related to:

- **Migration per capita**
- **Human Capital**
- **Emigration of Educated Population.**

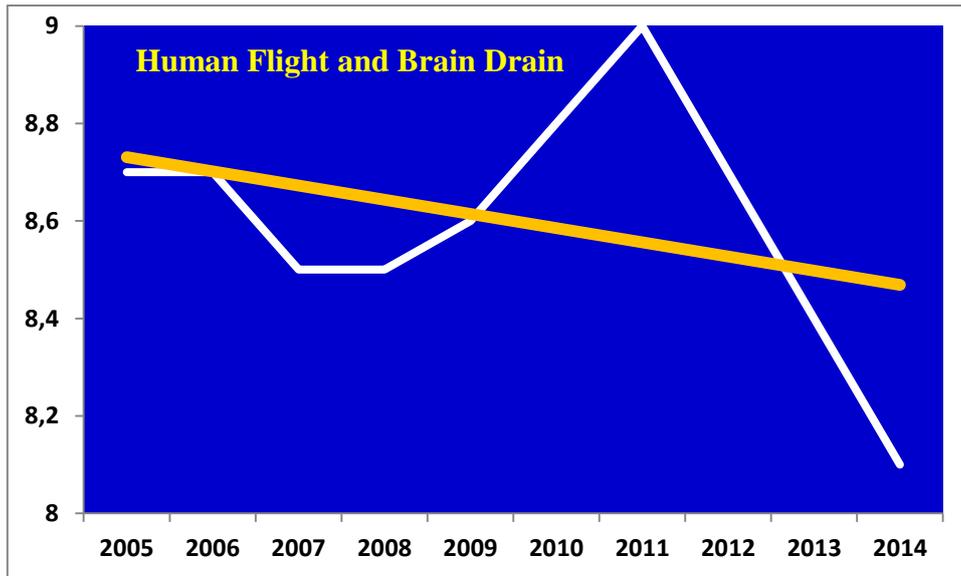
- ❖ **Number of Thematic Components: 3**
- ❖ **Average (points): 8.6**
- ❖ **Significance: 8.08(%)**
- ❖ **SD value: 0.2449**
- ❖ **E:B= 0.93**
- ❖ **I:D= 7% I**

Iraq suffers from very serious brain drain since the end of the seventies of last century but exacerbated even more and effectively immediately post 2003 invasion. However, Chart 7 below exhibits two patterns in the score of this indicator: an increased deterioration period during 2006/7 to 2010/1 followed by marked improvement until mid-2014.

Human Flight and Brain Drain Indicator scored, on average, 8.6 points, contributing by 8.1 % to the country's average score over the ten year period. Due to less volatility and fluctuation in the annual values of Human Flight and Brain Drain Indicator it has very low SD value at (0.2449). The periodic E:B value is less than one (0.93) giving an I:D value which indicates 7% improvement at the end of the covered era compared with its commencement.

The trend line with periodic downward direction indicates modest improvement in this indicator that needs effective measures to sustain what has been attained and expedite the pace of its improvement.

**Chart 7:**  
**Score and Pattern for Human Flight and Brain Drain Indicator**  
**(2005-2014)**



## 6- Poverty and Economic Decline (ECO)

**Rationale** Poverty and economic decline strain the ability of the state to provide for its citizens if they cannot provide for themselves and can create friction between the “haves” and the “have nots”.

Includes pressures and measures related to:

- **Economic Deficit**
- **Government Debt**
- **Unemployment**
- **Youth Employment**
- **Purchasing Power**
- **GDP per capita**
- **GDP Growth**
- **Inflation.**

- ❖ **Number of Thematic Components: 8**
- ❖ **Average (points): 7.62**
- ❖ **Significance: 7.16 (%)**
- ❖ **SD value: 0.4237**
- ❖ **E:B= 0.85**
- ❖ **I:D= 15% I**

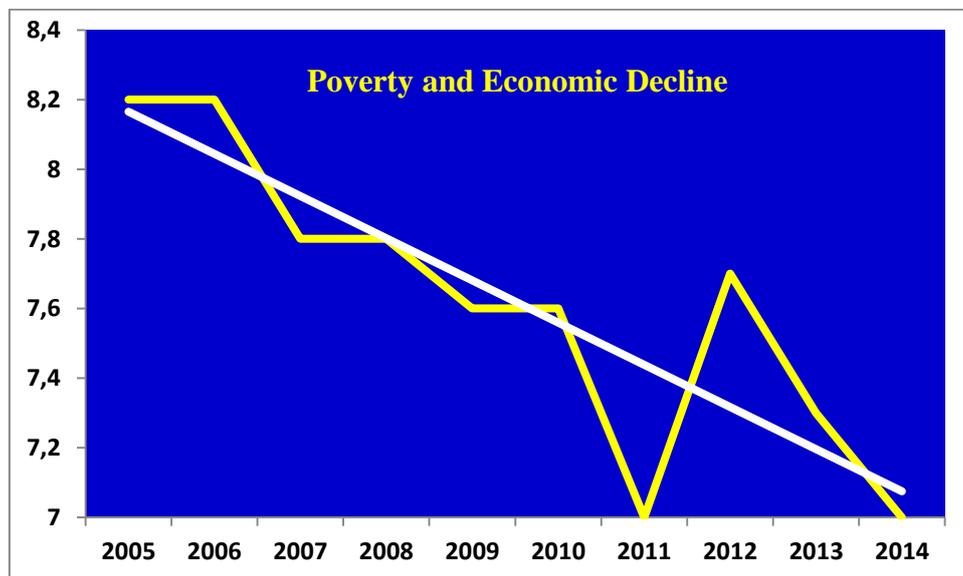
For a natural resource-rich country such as Iraq the heavy dependence on oil export implies high vulnerability to international oil prices volatility on one and soundness of macroeconomic fiscal and monetary development policies, revenue management and effective investment in sustainable development.

Though FFP’s SFI does not explicitly cover the structural features of natural-resource dependency in the above mentioned list of issues covered by this Poverty and Economic Decline Indicator, the effects and implications of petroleum dependency are very well reflected in all listed issues.

Except one year, 2012, Iraq performance on this indicator was rather good over the study period, as Chart 8 demonstrates. The score of Poverty and Economic Decline Indicator have been on the improvement patten with an average of 7.62 points contributing to the country's score by 7.2%. The SD has low value (0.4237) indicating limited variations in the annual scores of this indicator. The E:B value of less than one (0.85) demonstrating a periodic improvement in combating poverty and consequences of economic decline. This is also shown in the I:D value, which indicates 15 % improvement in this indicator.

Surprisingly, the trend line for this indicator exhibits sharp downward pattern indicating significant improvement in the ten year period. This is in contrast with the trend lines for other indicators in this main group, especially the Uneven Economic Development. Such a strong contrast between two interrelated indicators questions the accuracy and validity of the set of data, information and assumption which these two indicators were premised.

**Chart 8:  
Score and Pattern for Poverty and Economic Decline Indicator  
(2005-2014)**



## **Second: Political and Military Indicators (P&MIs)**

In the following space the paper will address the performance of the country in the political and military dimension of the SFI, by analyzing the related six thematic indicators.

### **1- State Legitimacy (SL)**

**Rationale** State legitimacy impacts, directly and indirectly, government performance and influence the standing of the explicit or tacit social contract. FSI covers pressures and measures pertaining to the following broad issues when assessing and quantifying the indicator for State Legitimacy:

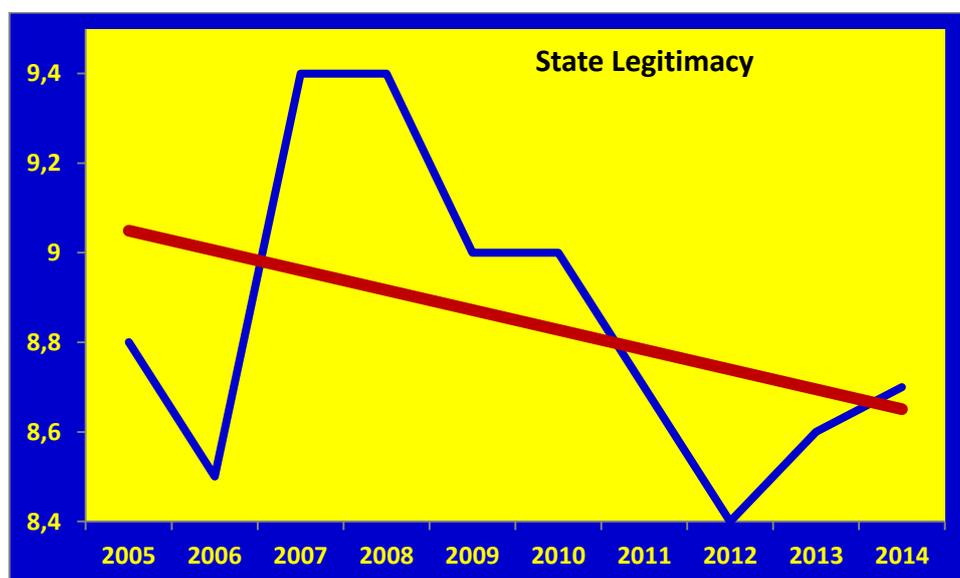
- **Corruption**
- **Government Effectiveness**
- **Political Participation**
- **Electoral Process**
- **Level of Democracy**
- **Illicit Economy**

- Drug Trade
- Protests and Demonstrations
- Power Struggles.

- ❖ Number of Thematic Components: 9
- ❖ Average (points): 8.85
- ❖ Significance: 8.31 (%)
- ❖ SD value: 0.3472
- ❖ E:B= 0.99
- ❖ I:D= 1% I

The pattern of the annual scores for this indicator takes a (W) like shape indicating a degree of fluctuation between improvement and deterioration. The indicator's average was 8.85 points constituting 8.31% of the country's average score during the period. The SD value (0.35) is among the low one indicating the annual values of the scores are relatively symmetrically dispersed. Despite the annual variations the snapshot value of E:B is slightly less than one (0.99) indicating to insignificant improvement of only 1%. Unlike this meager I:D value the periodic trend line has a downward direction indicating to a meaningful improvement during the covered period.

**Chart 9:**  
**Score and Pattern for State Legitimacy Indicator**  
**(2005-2014)**



## 2- Public Services (PS)

**Rationale** The provisions of health, education, and sanitation services, among others, are key roles of the state. Includes pressures and measures related to:

- Policing
- Criminality
- Education Provision
- Literacy
- Water & Sanitation
- Infrastructure

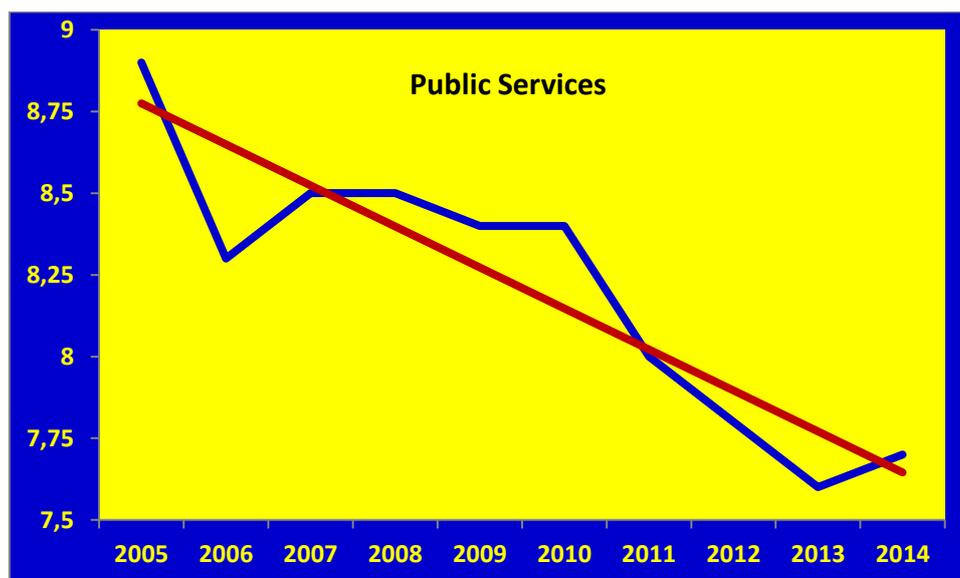
- **Quality Healthcare**
- **Telephony**
- **Internet Access**
- **Energy Reliability**
- **Roads.**

- ❖ **Number of Thematic Components: 11**
- ❖ **Average (points): 8.21**
- ❖ **Significance: 7.71 (%)**
- ❖ **SD value: 0.4175**
- ❖ **E:B= 0.87**
- ❖ **I:D= 13% I**

The general trend line in Chart 10 is obviously downward indicating improvement in the country's performance in Public Services during this period. On average this indicator scored 8.21 points, contributing by 7.7% in Iraq's FSI. Though the annual scores for this indicator show very little variations, it has SD value of (0.42).

The sharp downward trend line is supported by both E:B and I:D values, indicating significant improvement of 13% at the end of the period compared with ten years earlier. Moreover, the trend line for this indicator looks similar to that, in Chart 8, for Poverty and Economic Decline Indicator, signifying the interlink between thematic issues covered by both indicators regardless of their categorical classification; one within the social and economic sub-set while the other within the political and military.

**Chart 10:  
Score and Pattern for Public Service Indicator  
(2005-2014)**



### 3- Human Rights and Rule of Law (HR&RL)

**Rationale** When human rights are violated or unevenly protected, the state is failing in its ultimate responsibility.

Includes pressures and measures related to:

- **Press Freedom**
- **Civil Liberties**
- **Political Freedoms**
- **Human Trafficking**
- **Political Prisoners**
- **Incarceration**
- **Religious Persecution**
- **Torture**
- **Executions**

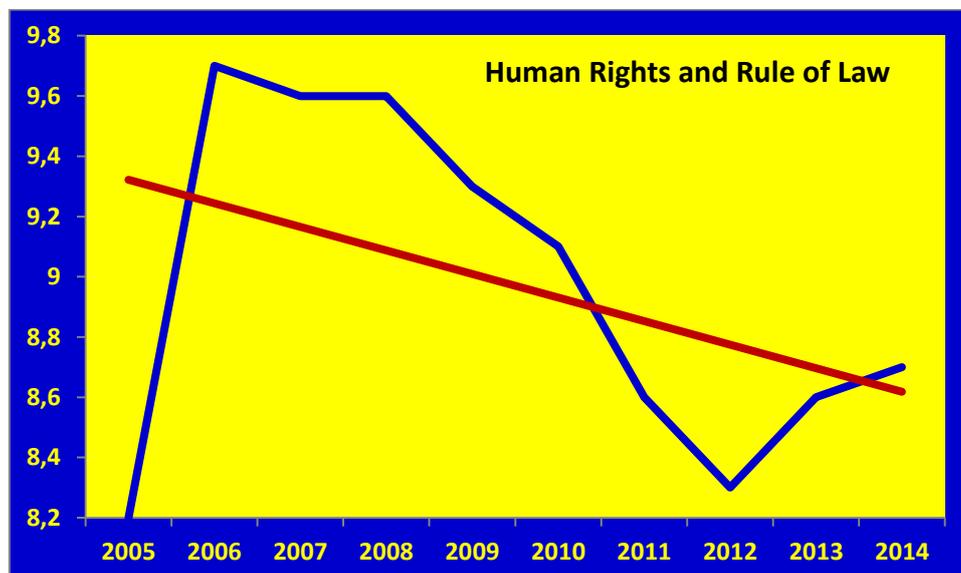
- ❖ **Number of Thematic Components: 9**
- ❖ **Average (points): 8.97**
- ❖ **Significance: 8.43 (%)**
- ❖ **SD value: 0.5618**
- ❖ **E:B= 1.06**
- ❖ **I:D= 6% D**

The number and nature of the components had impacted the profile of this indicator over the period of the study. The average of annual scores is 8.97 points and its significant in the country's SFI is 8.43%. The (N) like shape of the indicator's curve in Chart 11, had impacted the SD value of (0.56), which is relatively high in comparison with the SD values of other indicators.

Similarly, the snapshot assessment of E:B and I:D indicates 6% deterioration in human rights situation and in the adherence to rule of law prerequisites, though the trend line for the period has a downward direction indicating improvement through the period.

Also the trend line for this indicator contravenes the trend line for Group Grievance Indicator, in Chart 6, when theoretically both indicators should at least follow similar direction though at different degree (slop).

**Chart 11:**  
**Score and Pattern for Human Rights & Rule of Law Indicator**  
**(2005-2014)**



#### **4- Security Apparatus (SEC)**

**Rationale** The security apparatus have a monopoly on use of legitimate force. The social contract is weakened where this legitimate force is abused and is affected by competing groups.

Includes pressures and measures related to:

- **Internal Conflict**
- **Small Arms Proliferation**
- **Riots and Protests**
- **Fatalities from Conflict**
- **Military Coups**
- **Rebel Activity**
- **Militancy**
- **Bombings**
- **Political Prisoners**

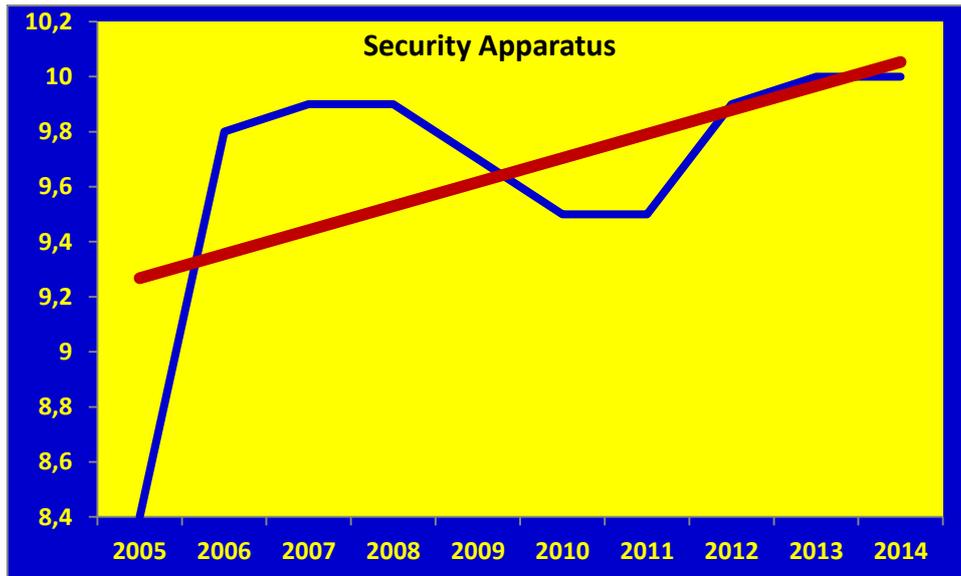
- ❖ **Number of Thematic Components: 9**
- ❖ **Average (points): 9.66**
- ❖ **Significance: 9.07 (%)**
- ❖ **SD value: 0.4789**
- ❖ **E:B= 1.19**
- ❖ **I:D= 19% D**

Chart 12 exhibits the curve for the annual scores of this indicator and its trend line. As was the case with the previous indicator the number and nature of the issues covered by this indicator had their impact on Iraq performance in the indicator.

The trend line is moving upward indicating obvious deterioration. Moreover, the average value for this indicator of (9.66) points and significance of (9.07%) makes this indicator the second highest among all indicators (see table 2).

The SD value (0.48) for this indicator reflects modest but above group average dispersion and fluctuation. The E:B value is over one (1.19) and I:D value indicates significant level of 19 % deterioration in 2014 compared with 2005.

**Chart 12:  
Score and Pattern for Security Apparatus Indicator  
(2005-2014)**



### 5- Factionalized Elites (FE)

**Rationale** When local and national leaders engage in deadlock and brinksmanship for political gain, this undermines the social contract. Includes pressures and measures related to:

- **Power Struggles**
- **Defectors**
- **Flawed Elections**
- **Political Competition**

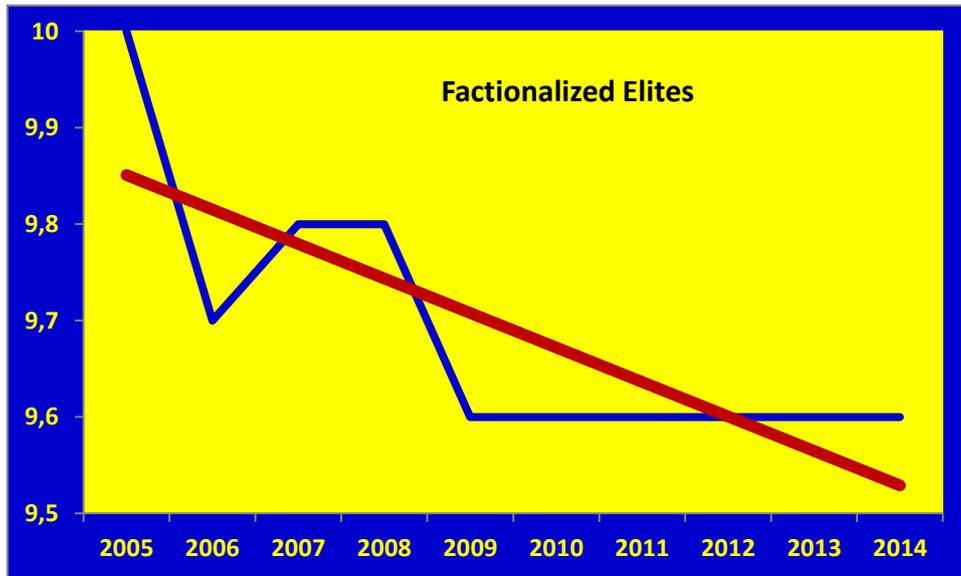
- ❖ **Number of Thematic Components: 4**
- ❖ **Average (points): 9.69**
- ❖ **Significance: 9.1 (%)**
- ❖ **SD value: 0.137**
- ❖ **E:B= 0.96**
- ❖ **I:D= 4% I**

Iraq seems to be doing relatively well on this indicator. Probably the limited number of four components and availability of related information about them might have contributed to this outcome. The trend line is strongly downward and the average score is the highest among all indicators, making it the rank first in the country's FSI average score over the period.

As Chart 13 demonstrates the annual scores during the first part of the period witnessed slight variation while they were constant during the second part causing the SD to score a very low value of (0.14).

The E:B value of (0.96) gives I:D value of 4% improvement at end period compared with its beginning.

**Chart 13:**  
**Score and Pattern for Factionalized Elites Indicator**  
**(2005-2014)**



## 6- External Intervention (EI)

**Rationale** When the state fails to meet its international or domestic obligations, external actors may intervene to provide services or to manipulate internal affairs.

Includes pressures and measures related to:

- Foreign Assistance
- Presence of Peacekeepers
- Presence of UN Missions
- Foreign Military Intervention
- Sanctions
- Credit Rating

- ❖ Number of Thematic Components: 6
- ❖ Average (points): 9.42
- ❖ Significance: 8.85 (%)
- ❖ SD value: 0.748
- ❖ E:B= 0.79
- ❖ I:D= 21% I

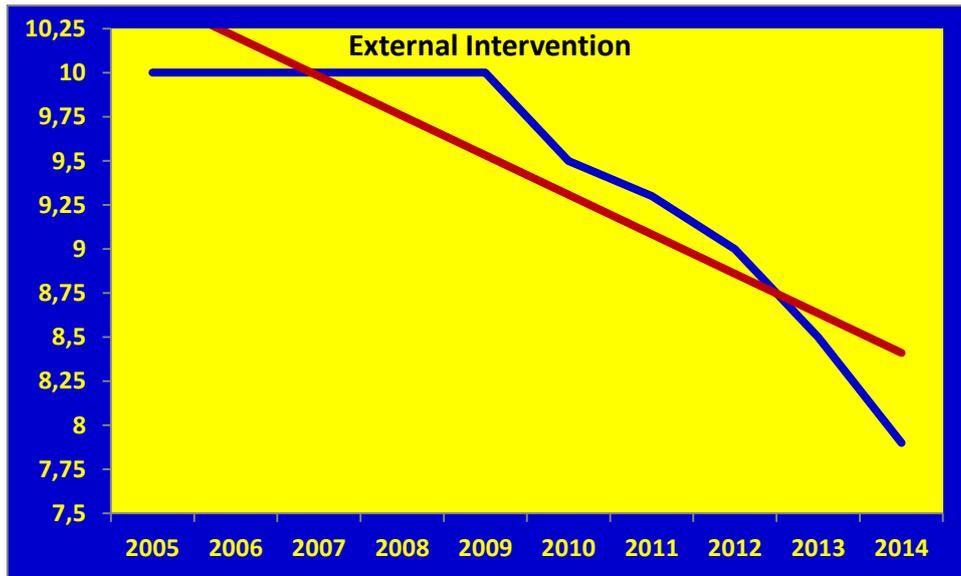
The pattern for this indicator, as shown in Chart 14, indicates two distinct phases: the first with constant high scores during the first four, while the second shows continued downward move to reach its lowest score of the ten year period.

The average score for this indicator is 9.42 points and its contribution to the SFI average score is 8.85%; the third highest indicator.

Because of this marked two phases the periodic SD is rather high (0.748), though the pattern was rather smooth.

The trend line is clearly on the downward indicating significant improvement. This is also supported by the values of E:B (0.79) and the I:D 21% improvement.

**Chart 14:**  
**Score and Pattern for External Intervention Indicator**  
**(2005-2014)**



## V- SFI IN MENA REGION

The profile of most MENA countries in the last ten years has been disappointing as well. The average SFI score for the 15 countries shown in Chart 15 had increased from 80.8 points in 2006 to 84.7 points in 2014; representing a snapshot deterioration of 4.9 % between the two years. In fact the 2014 FSI scores in 9 out of these 15 countries were higher (worsened) than they performed in 2006.

Moreover, the degree of FSI score deterioration in some of these countries is high indeed such as 28.2 % in Libya; 21.23% in Oman<sup>10</sup>; 18.5% in Tunisia; 14.7% in Syria; 9.11% in Yemen. On the other hand two of the six countries that registered improvement in this two years comparison are with the lowest Ranking in 2014: Sudan (ranked 5) and Iraq (ranked 13).

As was the case for Iraq the prospect for FSI deterioration in many MENA countries could prevail unabated in the short to medium terms.

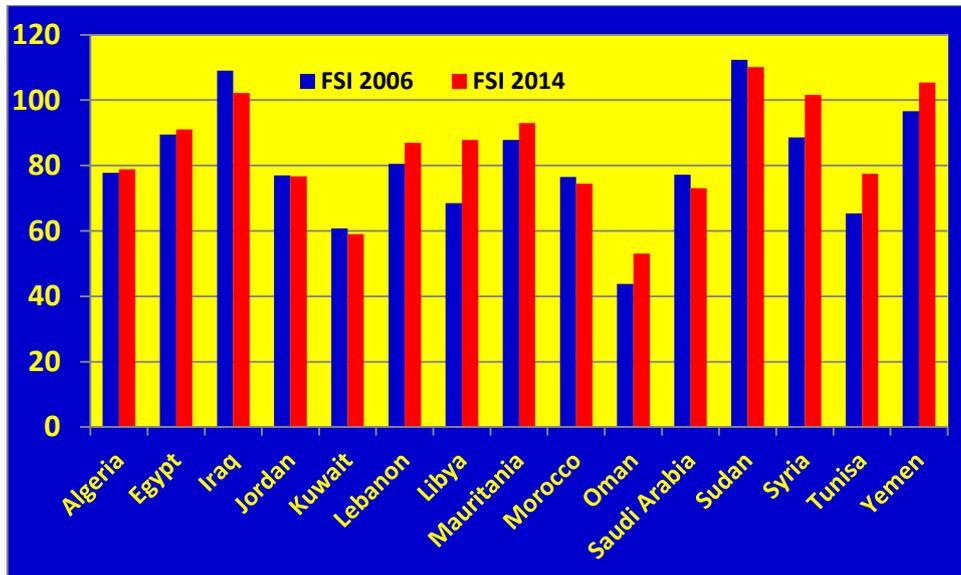
What should be mentioned and differentiated at this juncture is that while there are obviously perceived failed states, according to FSI, there are also other states within the MENA region that used their natural resource wealth to expedite the process of failing in these perceived failed state. This in my view is the other negative side of the resource curse.

But this issue, in its own right, deserves further research and rigorous analysis; however, neither time nor space permits such undertaking now.<sup>11</sup>

<sup>10</sup> It is rather surprising for Oman to have such a high deterioration in its FSI score for 2014 compared with 2006, when its Rank increased to 135 from 117 respectively.

<sup>11</sup> The purpose for adding this section is to provide brief regional perspectives of FSI in some of the MENA countries and not to indulge in detailed analysis; an issue which I might address in the future.

**Chart 15:  
MENA FSI SCORES  
(2006 & 2014)**



Note for Chart 15: 2006 data for Bahrain, Qatar and UAE are not available and thus these countries were excluded.

## VI-CONCLUDING REMARKS

FFP's FSI over the ten year period 2005-14, which reflects the realities of 2004-13, was constructed on data, information and analytical assessments of 88 broad thematic issues. These were grouped in 12 indicators under two categories: social and economic, and political and military.

Iraq's overall performance during these ten years have been disappointedly, though expectedly, negligible- an improvement of less than 1% at the end of the period compared with its beginning; in a way it was a lost decade for the Iraqi citizens.

But what is worst still is that even this insignificant improvement have been, for sure, washed away since mid-2014 due to the double-whammy effects of ISIS on one hand and the collapse of oil prices. The impacts of these two effects will undoubtedly be reflected on worsening Iraq's FSI for at least 2014 and 2015; the question is not of whether but of how-far.

A recent, 4<sup>th</sup> June, IMF mission asserts that because of violence and declined oil prices the economy has contracted by 2.1 percent in 2014 and is projected to achieve only a modest recovery of 0.5 percent in 2015, despite solid growth in the oil sector.<sup>12</sup>

The performance of Iraq on the 12 Indicators over the period has not been unified or followed similar pattern or trend line in the periodic improvement or deterioration; thus each indicator has policy implications, which the Iraqi authorities has to address seriously, effectively and promptly.

This can only be done by revising and considering state policies and the factors impacting each of the 88 fundamental issues that contribute to determine the magnitude of the 12 indicators. As ever, it pays

<sup>12</sup> <http://www.imf.org/external/np/sec/pr/2015/pr15262.htm>

to know where the vulnerabilities and opportunities lie before, or in order to, taking the appropriate actions and needed policies.

All the 12 indicators need the due attention by the Iraqi authorities. But those indicators that have been on the deterioration path are causing much of concern. These are Uneven Economic Development, Group Grievance and, of course, Security Apparatus.

The international standing of Iraq has been, during the ten year period, in the lowest 10<sup>th</sup> Group, comprising the most failed states, among 178 countries. It is a long way and takes concerted persistent and effective efforts to get Iraq out of this dangerous zone! But this is more unlikely in the short to medium terms, and for obvious reasons.