

WHEN INSTITUTIONAL WEAKNESS LEADS TO STATE FAILURE



“GOVERNANCE STRATEGY AND POLICY CHALLENGES IN AN ENVIRONMENT
OF ENERGY AND FOOD THREATS AND GLOBAL TURMOIL”

CIFE SEMINAR NICE MAY 2026

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6 MAIN KEY TAKEAWAYS:

1. Weak states fail to provide basic **public goods** (security, education, health), leading to instability.
2. State failure is **gradual**, driven by weak institutions, corruption, and economic decline, though an **external shock** can precipitate state failure
3. **Good governance** is essential—without transparency, rule of law, and accountability, development fails.
4. **Corruption and inequality** strongly increase fragility and undermine development.
5. Main root causes of **fragility**: weak institutions, corruption, inequality, debt/commodity dependence, limited freedoms, and declining democracy.
6. **Early warning signs** include capital flight, brain drain and rising socio-political unrest.

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**1. WHAT ARE WEAK STATES, FAILED STATES
AND ROGUE STATES?**

2. WHY & HOW DO STATES FAIL?

**3. WHICH COUNTRIES MOST EXEMPLIFY
INSTITUTIONAL WEAKNESSES?**

4. WHAT ABOUT EARLY-WARNING SIGNALS OF STATE FAILURE?

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THIS TIME, IT'S DIFFERENT!

**Converging shockwaves on already weak and fragile
countries which cannot withstand Σ large debt, meager
growth, high real interest rates + shrinking external
financing + lower trade growth + higher energy & food
import prices**

= state failure ahead!

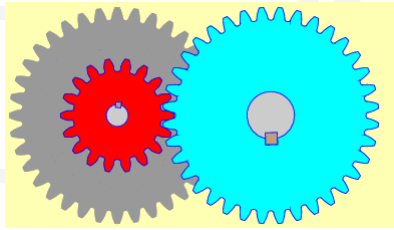


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1. What is a « weak » State?

A “WEAK STATE » IS UNABLE OR UNWILLING TO PROVIDE “COMMON GOODS” TO MAINTAIN SOCIAL COHESION THROUGH THE DEVELOPMENT PROCESS



INSTITUTIONAL WEAKNESSES GENERATE A CRISIS OF SOCIAL MEDIATIONS,
HENCE **POLITICAL TURMOIL**

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► What about common goods?

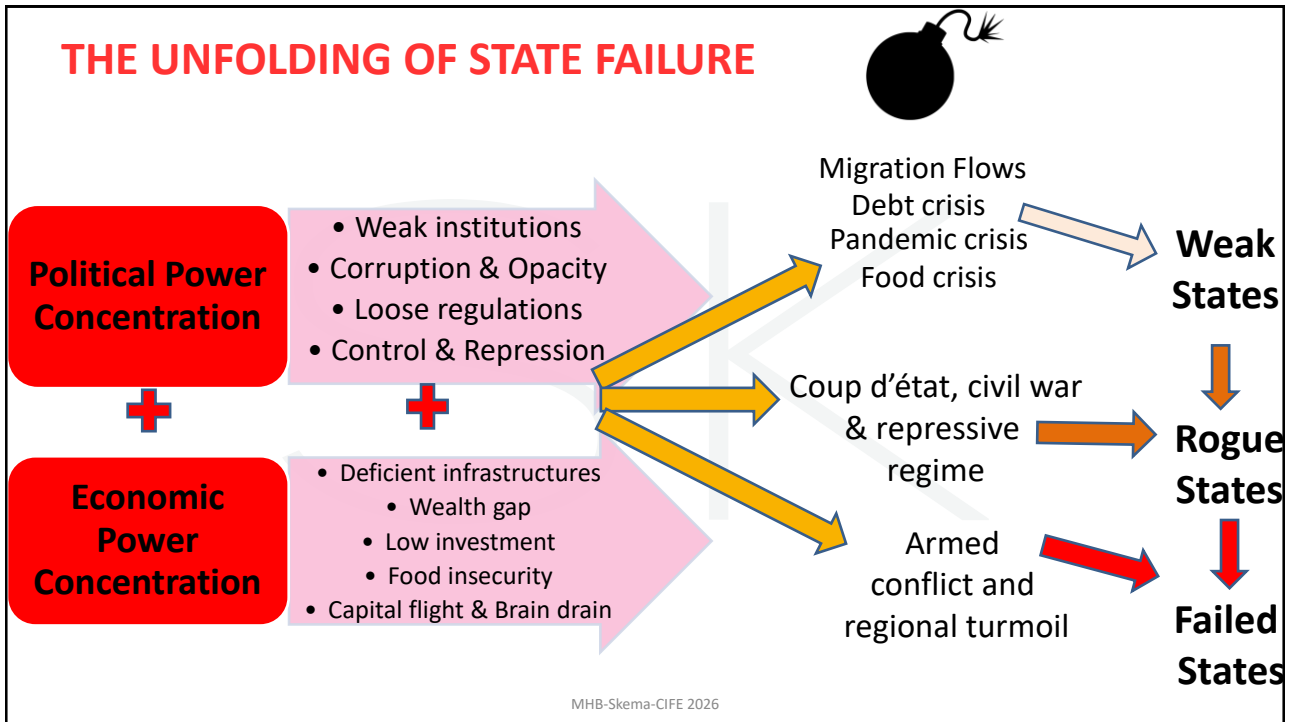
Common goods are the backbone of a stable, efficient, cohesive, and sustainable society



- Health (life expectancy) & social welfare
- Education
- Gender balance
- Food security
- Income equality
- Security & good governance
- Institutions (social relations & channels of intermediation!)
- Facilities & Public infrastructure
- Nature (Clean water and air)

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State failure materialization for both domestic and external residents:

► Emergence of authoritarian, dictatorial or military rule, ongoing civil violence, corruption, rising wealth gap and poverty, illiteracy, crumbling infrastructures, food insecurity, judicial incompetence, and military interference in politics

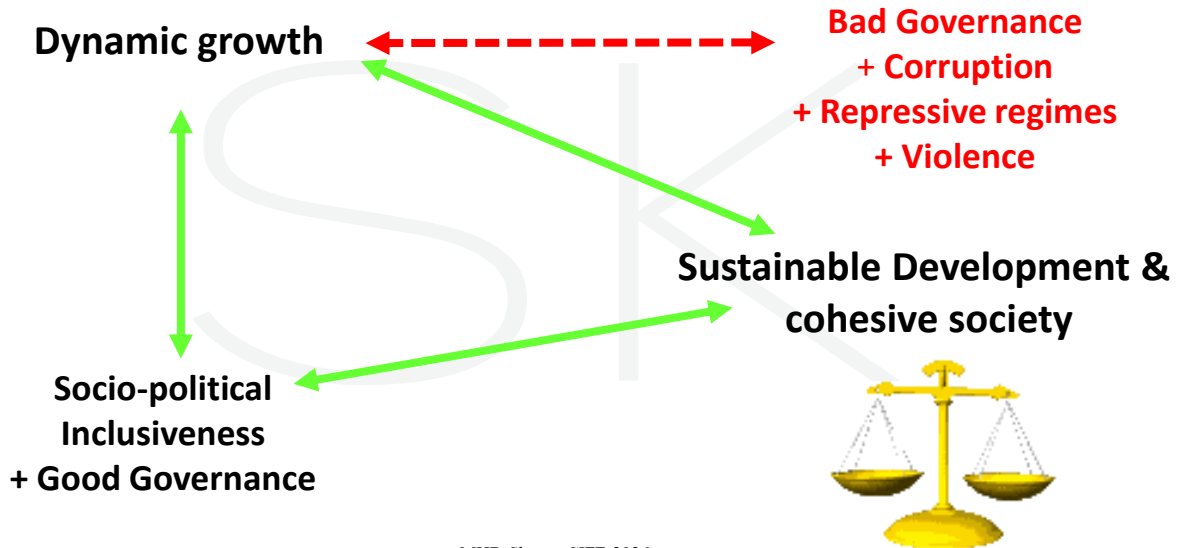
► CONSEQUENCES:

Widespread violation of human rights, contract repudiation, capital controls, currency inconvertibility, bribery, blocked funds, political upheaval, expropriation, insurgency, coup d'état, martial law, revolution, civil strife damage, terrorism, war damage, kidnapping, brain drain & capital flight

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TRILEMMA OF GROWTH AND DEVELOPMENT?



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2. WHAT IS « GOOD GOVERNANCE »?

XIV^o century Sienna:
Good Government Allegory =
 Balance between
 Wisdom, Justice, Strength, and Peace



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Governance consists of the **quality of institutions** by which authority is exercised =

- Accountability
- Political Stability & Social Peace
- Government Effectiveness
- Transparency and Regulatory Quality
 - Rule of Law
- Control of Corruption

Good governance means strong, transparent, and accountable institutions that deliver public goods and support sustainable development =

Transforming economic growth into inclusive development!

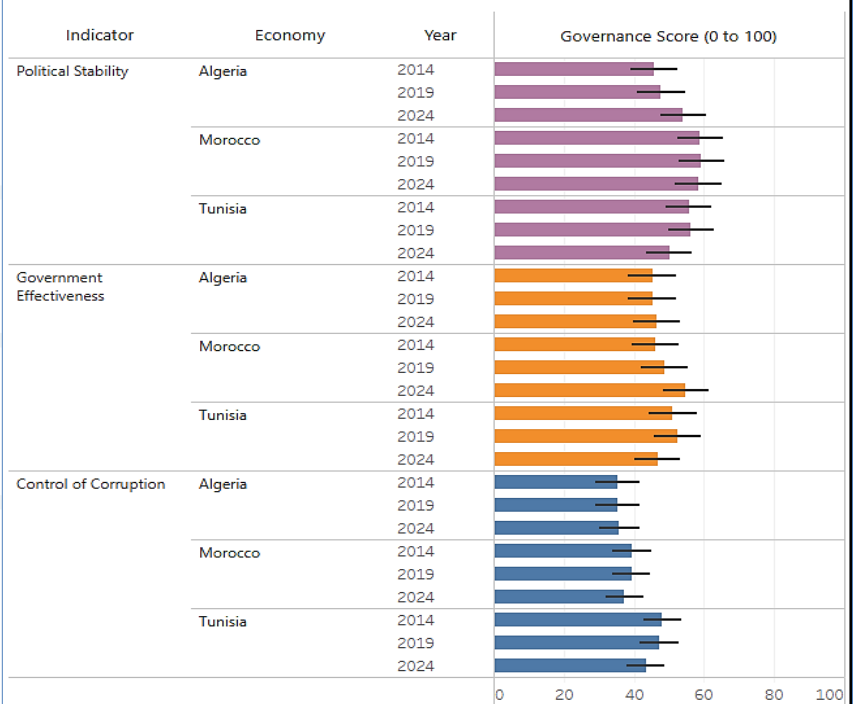
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MEASURING GOVERNANCE & CORRUPTION (WORLD BANK)

- Voice and Accountability
- Political Stability
- Government Effectiveness
- Regulatory Quality
- Rule of Law
- Control of Corruption

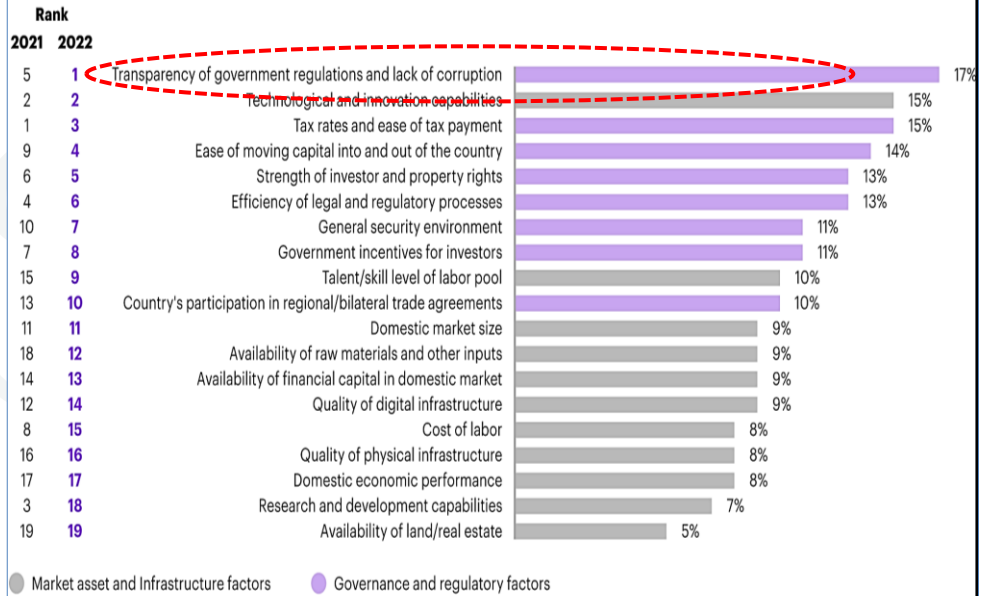
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GOVERNANCE & TRANSPARENCY MATTER IN FDI STRATEGY!

From those factors that you selected, which are the most important overall factors to your company when choosing where to make FDI?



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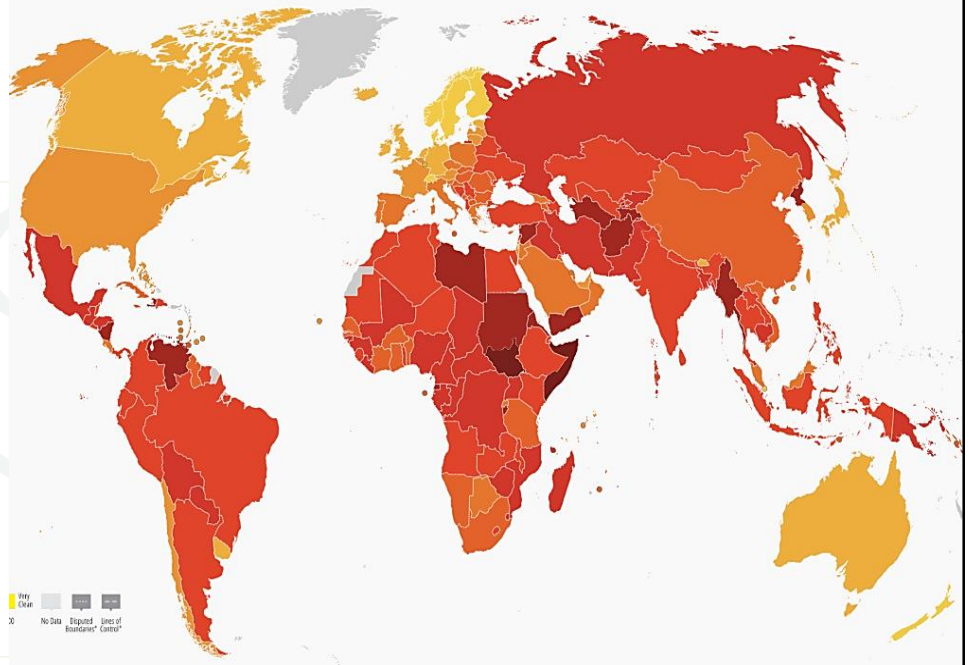
Source: 2022 Kearney FDI Confidence Index®

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TI WORLD MAP OF CORRUPTION

BRICS

- China = 76**
- South Africa = 81**
- India = 91**
- Brazil = 107**
- Indonesia = 109**
- Egypt = 130**
- Iran = 153**
- Russia = 157**

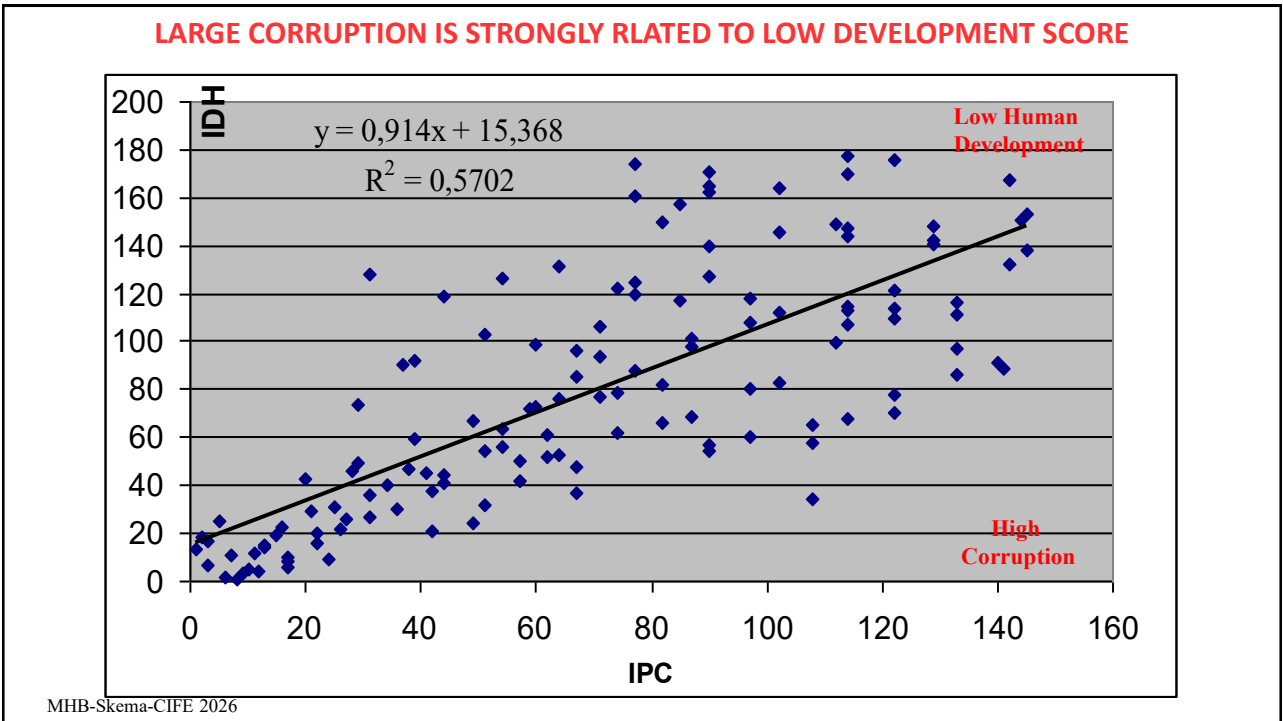


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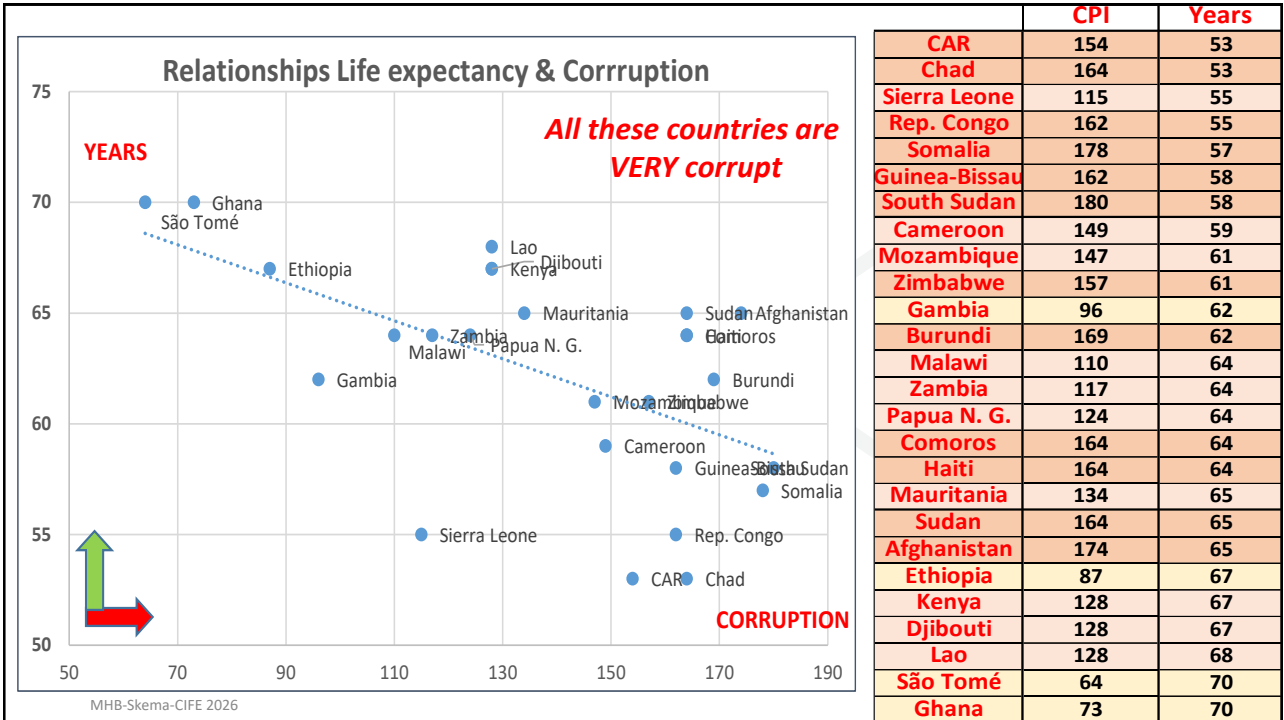
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IS IFIS' LENDING A RELIABLE SIGNAL OF COUNTRIES' GOOD GOVERNANCE?

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		Military spending		IMF SDR b.	% Share of	Ranking	Ranking	Governance	
		% GDP	% Govt spending	Total Lending	IMF Lending	Peace Index	Corruption CPI	Barometer	
				119,30	100%	163	180	130	
1	Argentina	0,60%	1,30%	41,79	35,0%	46	99	38	
2	Ukraine	3,4%	5,8%	10,21	8,6%	162	105	61	
3	Pakistan	2,80%	14,50%	7,50	6,3%	144	151	78	
4	Ecuador	2,30%	6,10%	6,93	5,8%	129	121	58	
5	Egypt	1%	4,20%	6,73	5,6%	107	130	69	
6	Ivory Coast	0,90%	4%	3,69	3,1%	94	69	53	
7	Kenya	1%	4,20%	2,96	2,5%	127	121	54	
8	Bangladesh	1,10%	8%	2,89	2,4%	123	151	66	
9	Angola	1,33%	5,53%	2,65	2,2%	76	121	97	
10	Ghana	0,50%	2%	2,58	2,2%	61	80	32	
11	Jordan	4,90%	14,50%	2,06	1,7%	72	59	29	
12	DR Congo	1,30%	7%	1,93	1,6%	160	163	121	
13	Sri Lanka	1,60%	7%	1,63	1,4%	97	121	44	
14	Ethiopia	0,80%	7,50%	1,59	1,3%	138	99	95	
15	Tanzania	1,20%	6%	1,34	1,1%	73	82	56	
16	Cameroun	1,10%	5,60%	1,23	1,0%	137	140	103	
17	Zambia	1,30%	5%	1,13	0,9%	64	92	77	
18	Morocco	3,64%	11,10%	0,94	0,8%	85	99	30	
19	Senegal	1,50%	5,50%	0,93	0,8%	69	45	40	
20	Colombia	3,40%	8,30%	0,47	0,4%	140	92	39	
					84,8%				
Sources:									
Source 1: IMF		https://www.imf.org/external/np/fin/tad/balmov2.aspx?type=TOTAL					* as of 12/2025		
Source 2: SIPRI		https://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS?locations=JO							
Source 3: SIPRI									
Source 4:		https://worldpopulationreview.com/country-rankings/military-spending-by-country							
Source 5: TI CPI, UNDP HDI, CIFE Governance Barometer									

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3. MEASURING STATE FRAGILITY

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THE SIX KEY INGREDIENTS OF STATE FRAGILITY

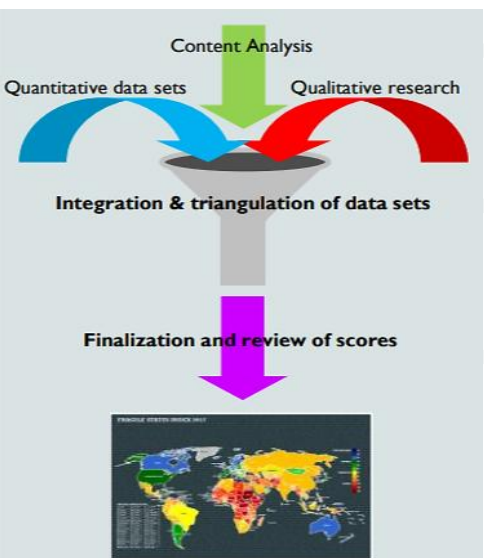
1. Weakness of institutions
2. Bad governance & corruption
3. Income & wealth gaps
4. Trade and debt dependence
(commodity-driven growth)
5. Limited socio-economic freedom
6. Decline in democratization

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THE FUND FOR PEACE : FRAGILE STATES INDEX'S METHODOLOGY

The Fragile States Index = critical tool in highlighting the pressures that can outweigh a states' capacity to manage those pressures.



Annual ranking for 178 countries
12 political, economic and social indicators
 >100 sub-indicators, coupled with qualitative analysis and expert validation:

Economic decline, uneven development, brain drain, state legitimacy, public services, corruption, human rights, demographic pressures, refugees, external intervention, rule of law...

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FRAGILE STATES ARE RICH COUNTRIES WITH POOR PEOPLE

Sort by Indicator: *Hover your mouse at the top of the column you wish to sort and click the sort button:*

Total

Country	Rank	Total	Police	Education	Health	Environment	Economy	Infrastructure	Social	Gender	Culture	Other	Other	
Somalia	1st	111.3	9.7	10.0	9.0	9.2	9.0	8.5	9.7	9.5	8.7	10.0	9.0	9.0
Sudan	2nd	109.3	9.3	9.6	9.6	9.4	8.8	8.0	9.5	9.0	9.3	8.9	9.7	8.2
South Sudan	3rd	109.0	10.0	9.2	8.7	8.6	8.6	6.4	9.9	9.8	8.8	9.7	10.0	9.3
Syria	4th	108.1	9.7	9.9	8.8	9.9	6.6	7.7	10.0	9.1	8.8	8.4	9.2	10.0
Congo Democratic Republic	5th	106.7	8.3	9.9	9.4	8.2	8.5	6.3	9.4	9.2	9.0	9.8	9.9	8.8
Yemen	6th	106.6	8.1	9.9	8.8	9.6	7.6	6.2	9.8	9.7	9.3	9.3	9.3	9.0
Afghanistan	7th	103.9	9.2	8.7	8.0	9.6	8.3	7.0	9.6	9.7	8.8	8.9	8.1	8.0
Central African Republic	7th	103.9	7.5	9.9	7.8	7.7	9.3	6.0	9.4	10.0	8.7	8.9	9.6	9.1
Haiti	9th	103.5	7.0	9.7	5.8	8.6	8.9	8.0	10.0	9.9	9.2	8.9	7.8	9.7
Chad	10th	102.7	8.4	9.5	8.4	8.1	8.4	7.4	8.7	9.6	8.1	9.0	9.5	7.6
Myanmar	11th	100.0	9.3	9.0	9.4	7.8	7.2	6.0	9.5	9.2	9.6	7.1	8.9	7.0
Ethiopia	12th	98.1	7.9	9.3	8.6	6.5	7.8	5.9	8.0	8.9	8.5	9.9	9.0	7.8
Palestine	13th	97.8	8.0	8.3	6.2	7.0	7.0	9.4	8.8	8.0	8.1	9.0	8.0	10.0
Mali	14th	97.3	9.7	7.6	8.2	7.0	6.9	7.4	8.7	8.9	7.6	9.1	8.2	8.0
Nigeria	15th	96.6	8.7	9.6	8.3	8.9	8.0	6.6	8.3	8.9	8.3	9.6	6.1	5.3
Libya	16th	96.5	9.2	9.0	7.0	8.4	6.9	4.9	9.3	7.7	9.4	7.0	8.4	9.3
Guinea	17th	96.4	8.7	10.0	9.2	7.5	7.2	6.0	9.4	9.2	7.3	9.1	5.9	6.9
Zimbabwe	18th	95.7	8.1	10.0	5.6	9.3	8.0	7.0	9.1	8.5	7.9	8.5	7.3	6.4
Niger	19th	95.2	9.0	9.9	7.4	7.0	7.7	6.3	6.7	6.6	6.8	8.8	8.0	8.0
Cameroon	20th	94.3	7.8	9.6	7.8	6.5	7.3	6.6	9.2	8.4	7.4	9.3	8.1	6.3
Burkina Faso	21st	94.2	9.5	8.2	5.9	7.1	8.4	6.9	7.1	8.7	7.1	8.6	8.3	8.4
Ukraine	22nd	93.1	9.7	8.3	7.1	8.0	4.6	8.4	6.3	7.0	7.5	7.0	9.5	9.7
Lebanon	23rd	92.7	7.5	9.6	8.1	9.3	6.8	6.8	7.7	7.3	6.8	5.5	8.9	8.4
Burundi	24th	92.6	7.5	8.5	6.4	8.5	7.1	4.9	9.3	7.9	8.7	8.8	7.7	7.3

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GLOBAL PEACE AND SECURITY INDEX (INSTITUTE FOR ECONOMICS AND PEACE)

RANK	COUNTRY	SCORE	CHANGE	RANK	COUNTRY	SCORE	CHANGE	RANK	COUNTRY	SCORE	CHANGE
85	Bolivia	2.044	↓ 4	113	El Salvador	2.262	↑ 2	141	India	2.605	↓ 4
86	Kosovo	2.049	↑ 8	114	Guatemala	2.264	↓ 4	142	Palestine	2.608	↓ 2
87	Haiti	2.052	↔	115	Turkmenistan	2.265	↑ 4	143	Colombia	2.661	↑ 2
88	Paraguay	2.055	↓ 12	116	Brazil	2.271	↓ 10	144	Venezuela	2.671	↓ 2
89	Cambodia	2.066	↑ 8	116	Thailand	2.278	↓ 3	145	Mali	2.710	↑ 2
90	Morocco	2.070	↓ 13	118	Armenia	2.284	↑ 3	146	Israel	2.735	↑ 1
91	Cuba	2.073	↓ 7	119	Kenya	2.300	↑ 1	147	Lebanon	2.800	↓ 26
92	Guyana	2.075	↓ 9	120	Nicaragua	2.312	↓ 54	148	Nigeria	2.898	↔
93	Trinidad and Tobago	2.094	↓ 7	121	Rep. of the Congo	2.323	↑ 1	149	North Korea	2.921	↑ 1
94	Mozambique	2.099	↓ 9	122	Mauritania	2.333	↑ 5	150	Ukraine	2.950	↑ 2
95	Kyrgyz Republic	2.105	↑ 13	123	Honduras	2.341	↓ 7	151	Sudan	2.995	↑ 3
96	Gabon	2.112	↓ 1	124	Bahrain	2.357	↑ 5	152	Turkey	3.015	↓ 3
97	Belarus	2.115	↑ 4	125	Myanmar	2.393	↓ 2	153	Pakistan	3.072	↓ 2
98	Papua New Guinea	2.118	↓ 2	126	Niger	2.394	↑ 6	154	Russia	3.093	↓ 1
99	Georgia	2.122	↑ 3	127	South Africa	2.399	↓ 2	155	Dem. Rep. of the Congo	3.218	↔
100	Guinea	2.125	↔	128	USA	2.401	↓ 4	156	Libya	3.285	↑ 1
101	Bangladesh	2.128	↓ 9	129	Saudi Arabia	2.409	↓ 1	157	Central African Rep	3.296	↓ 1
102	Uzbekistan	2.166	↑ 2	130	Azerbaijan	2.425	↑ 3	158	Somalia	3.300	↑ 1
103	Lesotho	2.167	↑ 1	131	Ethiopia	2.434	↔	159	Iraq	3.369	↑ 1
104	Burkina Faso	2.176	↓ 26	132	Zimbabwe	2.463	↓ 6	160	Yemen	3.412	↓ 2
=105	Tajikistan	2.196	↑ 12	133	Eritrea	2.504	↑ 6	161	South Sudan	3.526	↔
=105	Uganda	2.196	↑ 2	134	Philippines	2.516	↑ 4	162	Syria	3.566	↑ 1
107	Cote d' Ivoire	2.203	↑ 4	135	Burundi	2.520	↑ 1	163	Afghanistan	3.574	↓ 1
108	Togo	2.205	↓ 9	136	Egypt	2.521	↑ 7				
109	Djibouti	2.207	↑ 4	137	Chad	2.522	↓ 2				
110	China	2.217	↑ 2	138	Cameroon	2.538	↓ 4				
111	Algeria	2.219	↓ 2	139	Iran	2.542	↓ 9				
112	Guinea-Bissau	2.237	↑ 6	140	Mexico	2.600	↑ 1				

http://www.visionofhumanity.org/sites/default/files/Global%20Peace%20Index%20Report%202016_0.pdf

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**GEORGE MASON
UNIVERSITY
SCHOOL OF
PUBLIC POLICY
CENTER FOR
SYSTEMIC PEACE
STATE
FRAGILITY
INDEX**

RANK	COUNTRY	SCORE	CHANGE	RANK	COUNTRY	SCORE	CHANGE	RANK	COUNTRY	SCORE	CHANGE
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87	Haiti	2.052	↔	115	Turkmenistan	2.265	↑ 4	143	Colombia	2.661	↑ 2
88	Paraguay	2.055	↓ 12	116	Brazil	2.271	↓ 10	144	Venezuela	2.671	↓ 2
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111	Algeria	2.219	↓ 2	139	Iran	2.542	↓ 9				
112	Guinea-Bissau	2.237	↑ 6	140	Mexico	2.600	↑ 1				

The State Fragility Matrix scores 167 countries since 2007

2 Criteria: Effectiveness and Legitimacy

4 performance dimensions: Security, Political (Regime/Governance Stability), Economic (GDP, GINI...), and Social (Human capital...)

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BROOKINGS INSTITUTE: INDEX OF STATE WEAKNESS IN THE DEVELOPING WORLD

4 "baskets" of key indicators: economic, political, security, social welfare

20 sub-indicators: 141 countries

- Economic: GNI per capita, GDP growth, Income Inequality, Inflation, Regulatory Quality
- Political: Government Effectiveness, Rule of Law, Accountability, Corruption
- Security: Conflict Intensity, Political Stability and Violence, Incidence of Coups, Gross Human Rights Abuses
- Social welfare: Child Mortality, Primary School Completion, Undernourishment, Water Source & Sanitation Facilities, Life Expectancy

Rank	Country	Overall Score	Economic	Political	Security	Social Welfare	GNI Per Capita
1	Somalia	0.52	0.00	0.00	1.37	0.70	226
2	Afghanistan	1.65	4.51	2.08	0.00	0.00	271
3	Congo, Dem. Rep.	1.67	4.06	1.80	0.28	0.52	130
4	Iraq	3.11	2.87	1.67	1.63	6.27	1134
5	Burundi	3.21	5.01	3.46	2.95	1.43	100
6	Sudan	3.29	5.05	2.06	1.46	4.59	810
7	Central African Rep.	3.33	4.11	2.90	5.06	1.25	360
8	Zimbabwe	3.44	1.56	1.56	6.81	3.84	350
9	Liberia	3.64	3.39	3.91	6.01	1.25	140
10	Cote D'Ivoire	3.66	5.23	2.12	3.71	3.56	870
11	Angola	3.72	5.42	2.67	5.32	1.45	1980
12	Haiti	3.76	3.90	2.62	5.21	3.31	480
13	Sierra Leone	3.77	5.04	3.87	5.43	0.76	240
14	Eritrea	3.84	3.09	2.78	7.01	2.48	200
15	North Korea	3.87	0.52	0.95	7.28	6.73	n/a
16	Chad	3.90	5.80	2.42	6.18	1.21	480

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DEFI-CIFE
« GLOBAL GOVERNANCE BAROMETER »
2025-26

130 COUNTRIES

Corruption (20%):
 Control of Corruption: World Bank "World Governance Indicators" (WGI)
 CPI (Corruption Perception Index): Transparency International
 Corruption ICRG (International Country Risk Guide): PRS Group

Institutional Development (15%):
 Indicators reflecting the development and robustness of institutions (sources include World Bank, OECD, and other international bodies, such as the Fund for Peace).

Government Effectiveness (15%):
 Government Effectiveness: World Bank "World Governance Indicators" (WGI)
 Regulatory Quality: World Bank "World Governance Indicators" (WGI)

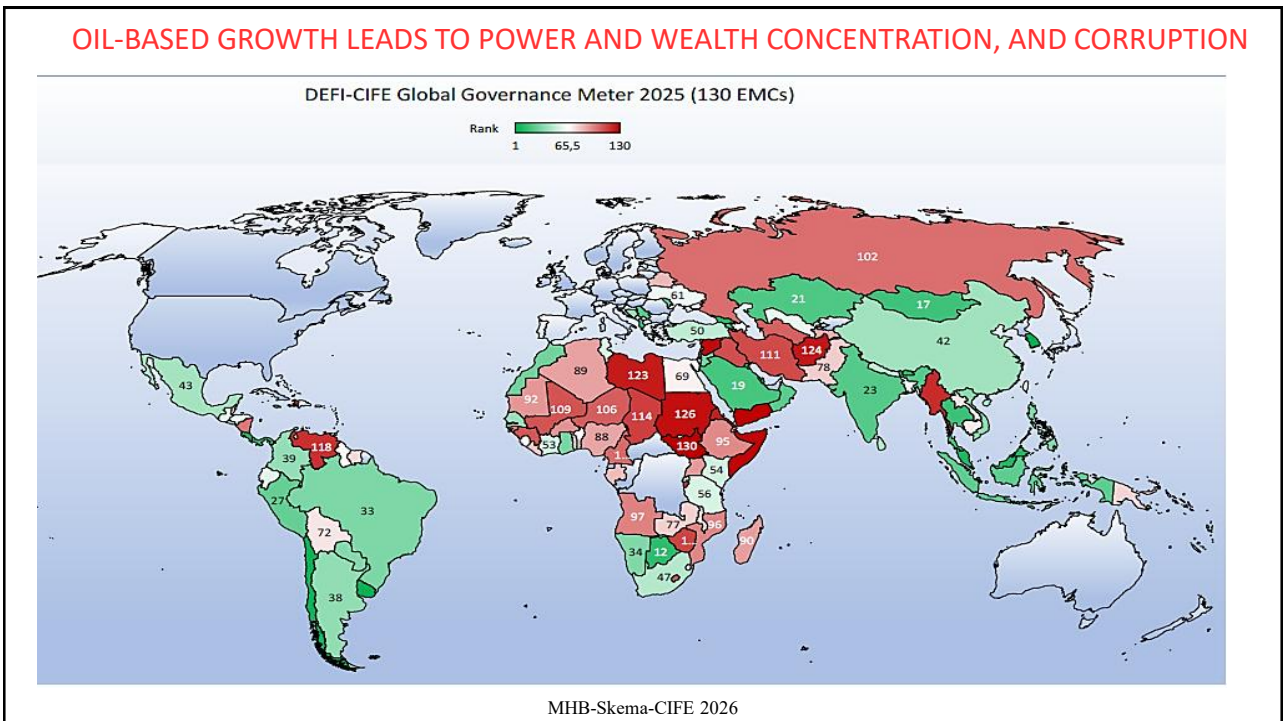
Development Sustainability (15%):
 Indicators reflecting sustainable development practices and outcomes (sources include UNDP, World Bank, and other relevant organizations)

Business Conditions (15%):
 Ease of Doing Business: World Bank "Doing Business Report"
 Business Environment: World Economic Forum "Global Competitiveness Report"

Expert Assessments (20%):
 Expert evaluations on governance quality (sources include surveys and assessments from regional and international governance experts as well as SKEMA's former graduate students and CIFE's GEGPA Master alumni)

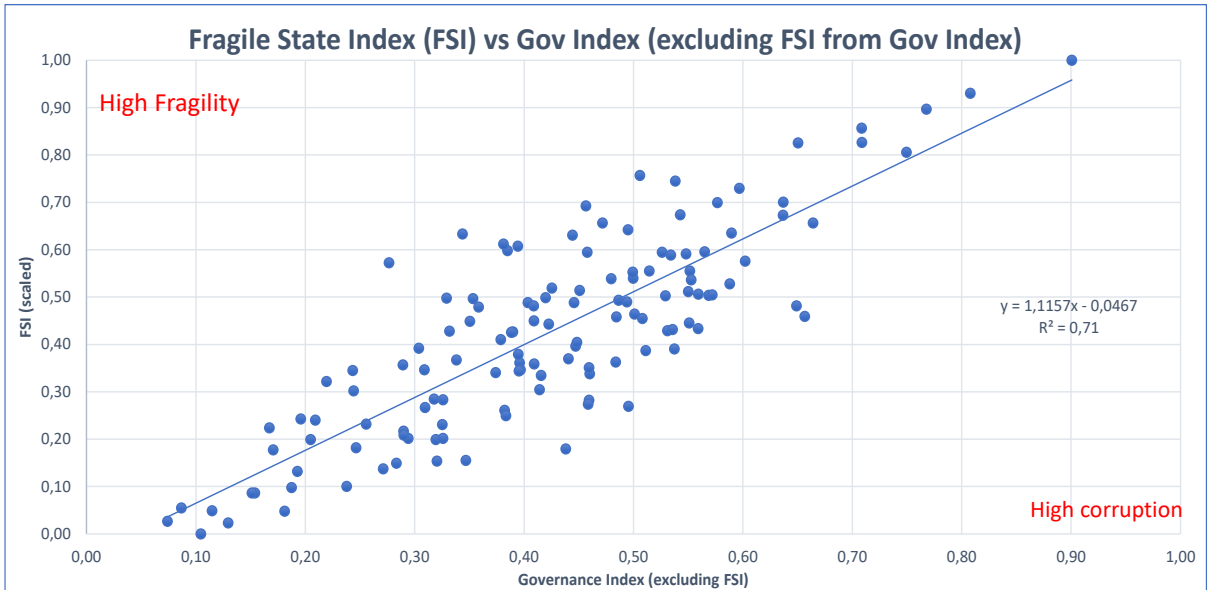
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STATE FRAGILITY IS LINKED TO BAD GOVERNANCE AND CORRUPTION



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30 CANDIDATES FOR FAILED STATES CATEGORY?

Developing countries

- Lebanon
- Tajikistan
- Eritrea
- Mozambique
- ✓ Zimbabwe
- ✓ Cambodia
- Madagascar
- Haiti
- Afghanistan
- Guinea Bissau
- North Korea
- Yemen
- Syria
- Somalia
- Burundi
- CAR
- Sierra Leone

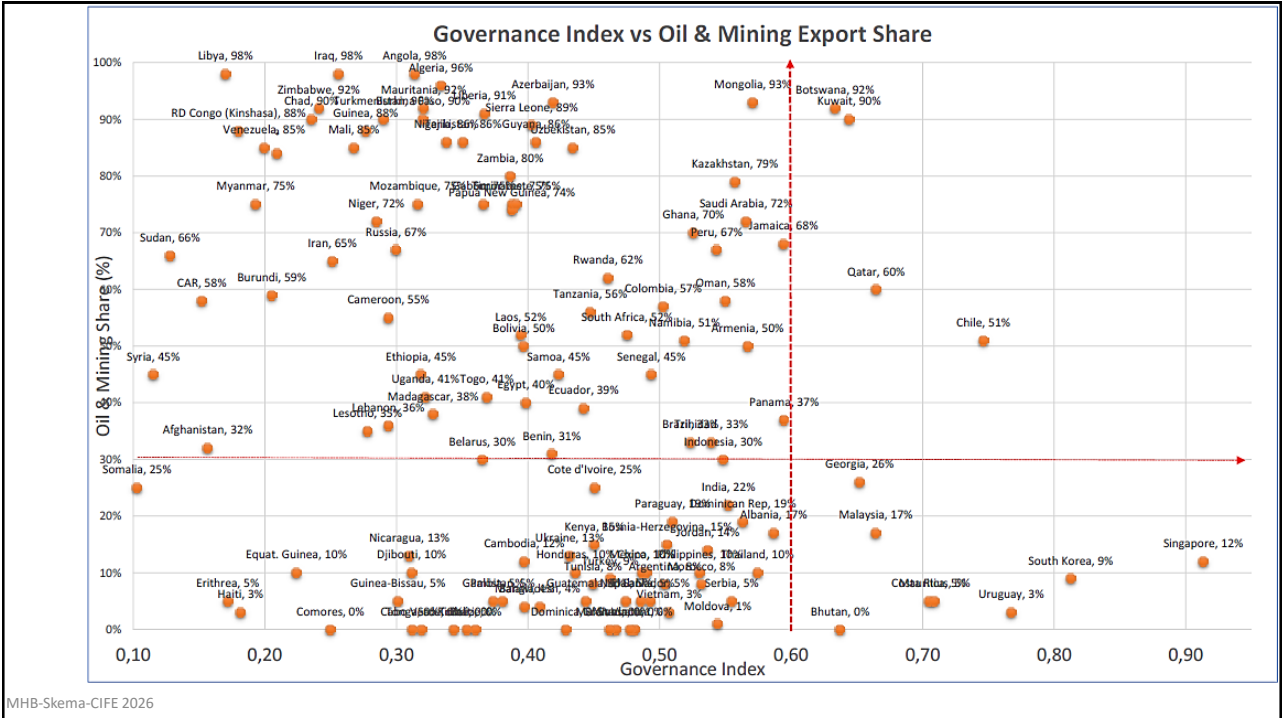
Developing countries

- ✓ Algeria
- ✓ Iraq
- ✓ Iran
- ✓ Gabon
- ✓ Cameroun
- ✓ Venezuela
- ✓ Libya
- ✓ Uzbekistan
- ✓ DR Congo
- ✓ Turkmenistan
- ✓ Angola
- ✓ Chad
- ✓ Rep. Congo
- ✓ South Sudan
- ✓ Equatorial Guinea



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IN AFRICA, LARGE NUMBER OF RICH COUNTRIES WITH POOR PEOPLE!

COMMODITY-DRIVEN GROWTH ENCOURAGES STATE CAPTURE AND CORRUPTION

A big piece of the pie
Mining plays a key role in the economies of resource intensive sub-Saharan African countries, but tax revenues remain limited. (2009-19, percent)

GDP
(Percent of total GDP)

8.8

Revenues
(Percent of domestic revenues)

8.1

Exports
(Percent of total exports)

51.2

FDI
(Percent of total FDI)

31.7

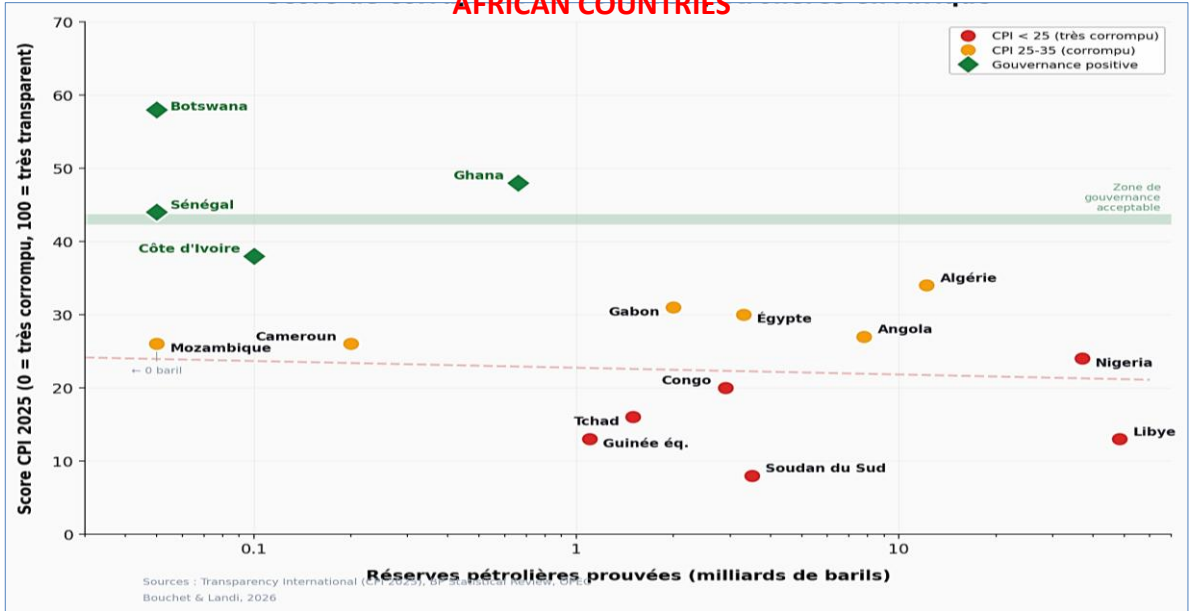
Sources: Country authorities; FAD Resource Revenue Tax Database; FDI markets; and IMF staff estimates.

IMF

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RELATIONSHIPS HYDROCARBON DEPENDENCY & GOVERNANCE BAROMETER

AFRICAN COUNTRIES



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DEVELOPMENT = ECONOMIC GROWTH + KEY CONDITIONS THAT MAKE IT SUSTAINABLE!

	CHILE	COSTA RICA	TURKMENISTAN	GABON
GDP/per capita	\$28,000	\$24,000	\$18,000	\$19,000
Life Expectancy	81,2	81	70	68
HDI Rank	45	62	95	108



	ARMENIA	SRI LANKA	NIGERIA	ANGOLA
GDP per capita	\$20,000	\$13,000	\$5,600	\$6,600
Life expectancy	76	78	54	64
HDI Rank	69	89	141	148

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4. Where does the risk of institutional weakness come from?

How managing the stress of modernization?

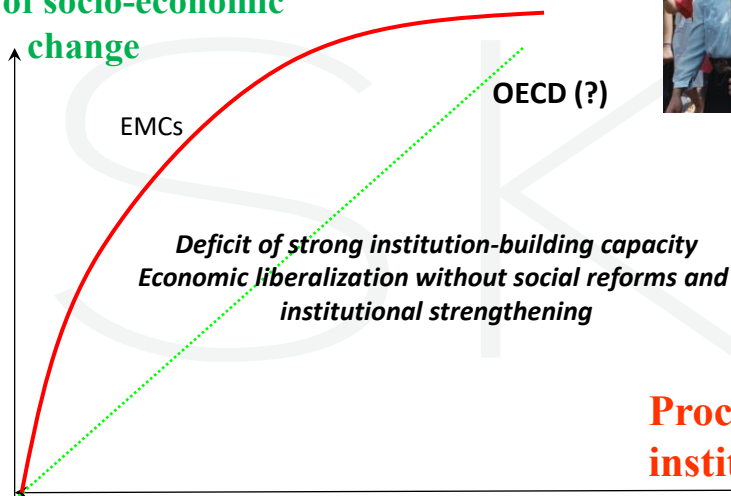
1. How **resilient** is the political system?
2. Is there a tradition of **peaceful transitions** of power?
3. How robust are the **social shock absorbers** that provide buffers between individual citizens and governments?

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POLITICAL DIS/ORDER IN RAPIDLY CHANGING SOCIETIES

Process of socio-economic
change



Process of political
institutionalization

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A DEFICIT IN INSTITUTION-BUILDING ALWAYS LEADS TO SOCIAL UPHEAVAL



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ECONOMIC GROWTH + POLITICAL MODERNIZATION IN CHINA?

► « *Political reform is a necessary companion to economic modernization: without the safeguard of reforms, the fruits of economic reform would be lost* »

(August 2010 Shenzhen PM Wen Jiabao)



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5. TOWARD EARLY WARNING SIGNALS OF STATE FAILURE?

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WHY DOES CAPITAL FLIGHT DESERVE MORE ATTENTION?



- Macroeconomic consequences: increase in S/I gap
- Symptom of institutional weakness (banking system, savings mobilization)
- Push & Pull forces
- Recycling of external debt and development aid
- **Reflection of bad governance and corruption**

New research and policy focus of IFIs (Lessard/Williamson, Dooley, Cuddington, Bouchet/Gros Lambert, Collier, Cerra, Boyce/Ndikumana, Bouchet/Seto, & Bouchet/Kharrat)

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WEAK STATES AND CAPITAL FLIGHT

- Sanitary and economic disaster in fragile states = political and social disorder = capital flight + brain drain
- Q5 2025 = net **\$100 billion** has left 12 leading EMCs, including Brazil, Argentina, Turkey, Mexico, Peru, and South Africa

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MUCH OF EXTERNAL FINANCING GETS RECYCLED INTO PRIVATE BANK DEPOSITS !

Banks' cross-border positions on residents of Developing Africa and Middle East

Source: https://data.bis.org/topics/LBS/tables-and-dashboards/BIS,LBS_A6_1,1.0?dimensions=L_CP_COUNTRY%3A4W

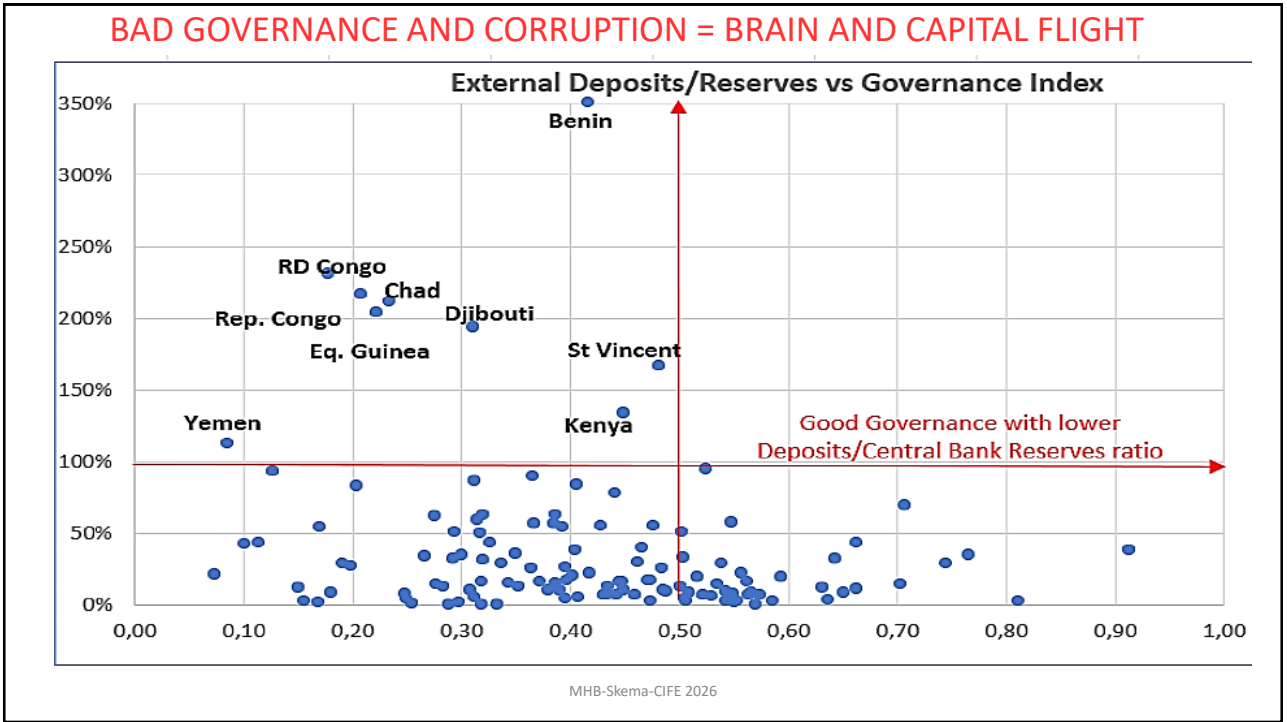
End-2024: African Countries

Ratio Offshore Deposits/Credits

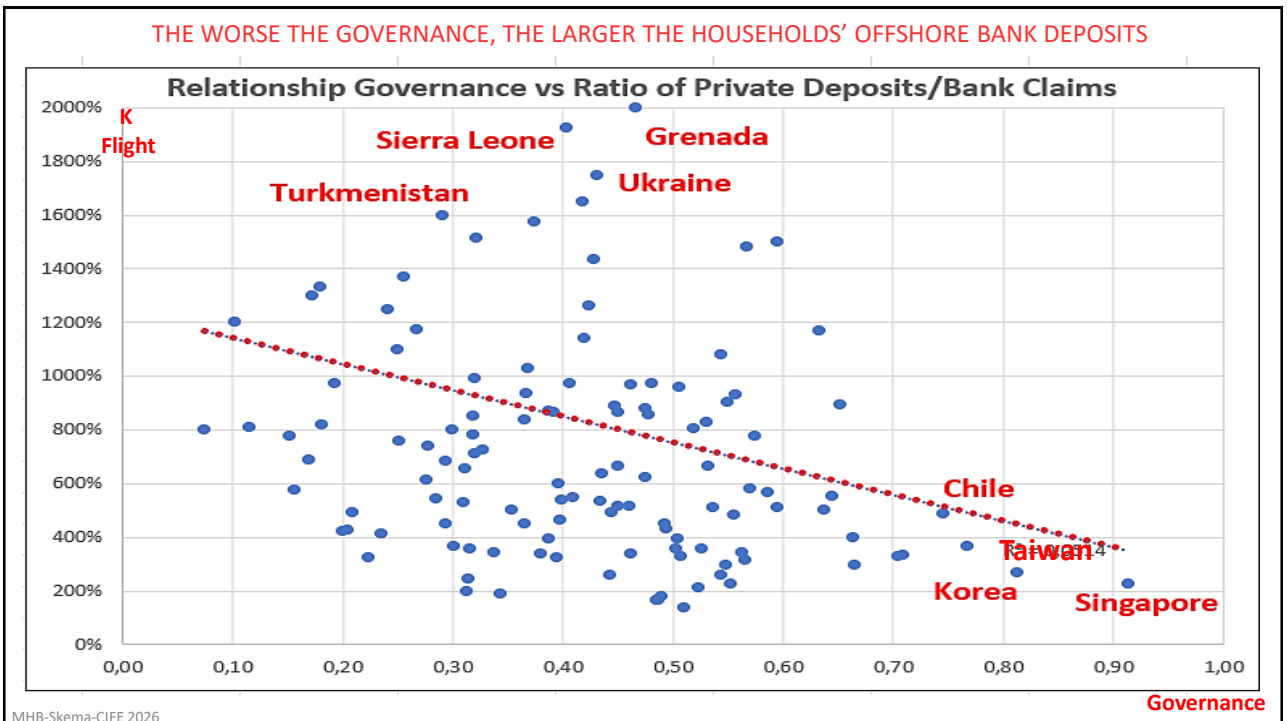
Claims on,									
Non-Financial Sector		422,723							
Claims on		43,714							
Households									
Liabilities		360,412	85%						
Non-Financial Sector									
Liabilities on		182,89	418%						
Households									

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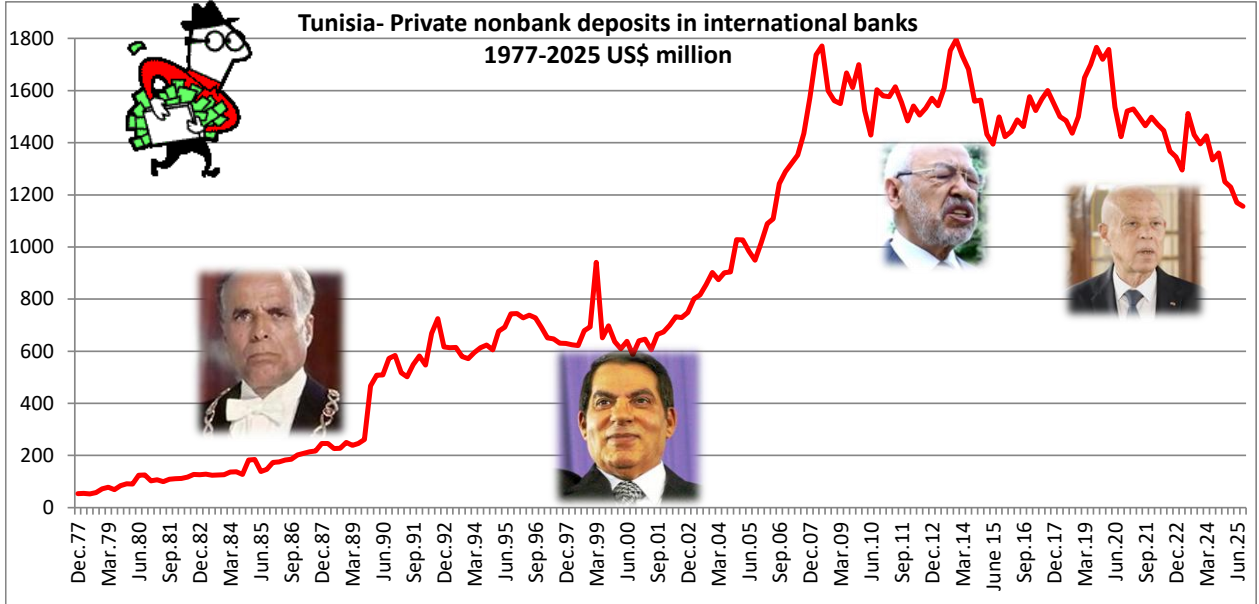


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TUNISIA: PRIVATE DEPOSITS IN INTERNATIONAL BANKS



Source: BIS Locational Banking Statistics 03/26

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KEY ROLE OF GOVERNANCE & INSTITUTIONAL VARIABLES

- ✓ a 1% increase in **Governance** (quality of government) will reduce by 1.45% the flow of expatriated savings to GDP, on 99% level of confidence
- ✓ a 1 % increase in **Civil Liberty** is associated with 0.9% decrease in capital flight
- ✓ A 1% increase in **External debt** (capital inflows) leads to a 2,1% rise in capital flight (revolving door & recycling syndrome)
- ✓ A 1% increase in **conditional development aid** leads to a 0,2% reduction in capital flight

Bouchet & Gros Lambert, Skema Research paper

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MAJOR SOURCES OF COUNTRY RISK INTELLIGENCE

