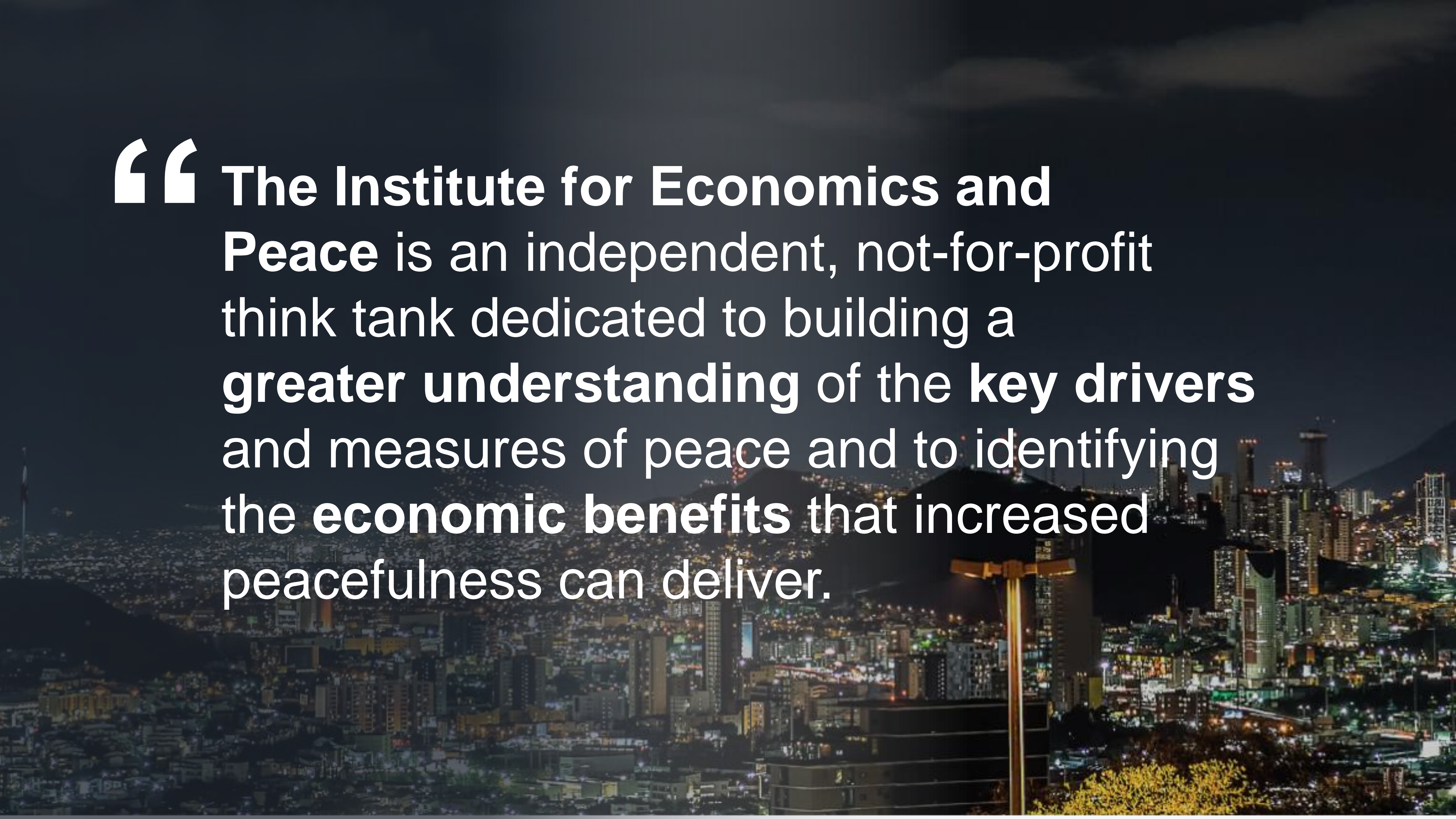

INSTITUTE FOR
ECONOMICS
& PEACE

THE COST-EFFECTIVENESS OF PEACEBUILDING

A nighttime photograph of a cityscape, likely Singapore, with numerous illuminated buildings and a prominent street lamp in the foreground. The city lights create a vibrant, multi-colored glow against the dark sky.

“ “ **The Institute for Economics and Peace** is an independent, not-for-profit think tank dedicated to building a **greater understanding** of the **key drivers** and measures of peace and to identifying the **economic benefits** that increased peacefulness can deliver.

IS PEACEBUILDING COST-EFFECTIVE?

- **Every \$1 invested in peacebuilding carries a potential \$16 reduction in the cost of armed conflict**
- “Optimal” peacebuilding investments would yield **a peace dividend of \$2.94 trillion dollars over a decade**
- Even a conservative model projects a peace dividend of \$545.5 billion

BUT DOESN'T THAT ASSUME...

- Every peacebuilding intervention is successful
- Interventions cost about the same amount
- Peacebuilding is only needed in 31 fragile and conflict-affected countries
- All violent conflicts cease
 - Including the Syrian conflict

...What if these assumptions aren't true?

STILL WORTH THE INVESTMENT

- Even with a 50% success rate, the return-on-investment (ROI) is **4:1**
- Or, peacebuilding could be twice as expensive and achieve the same
 - Exempting Syria, we need to be 75% effective for dividends to cover costs
- If we look to more countries, the investments are larger, but the cost of inaction are much, much higher
- If we narrow the scope, investing in 10 countries and preventing ***just one violent conflict*** is still cost-effective

GLOBAL ECONOMIC IMPACT OF VIOLENCE



Estimated to be \$14.3 trillion
(2016 PPP)



17 forms of violence + the multiplier
effect



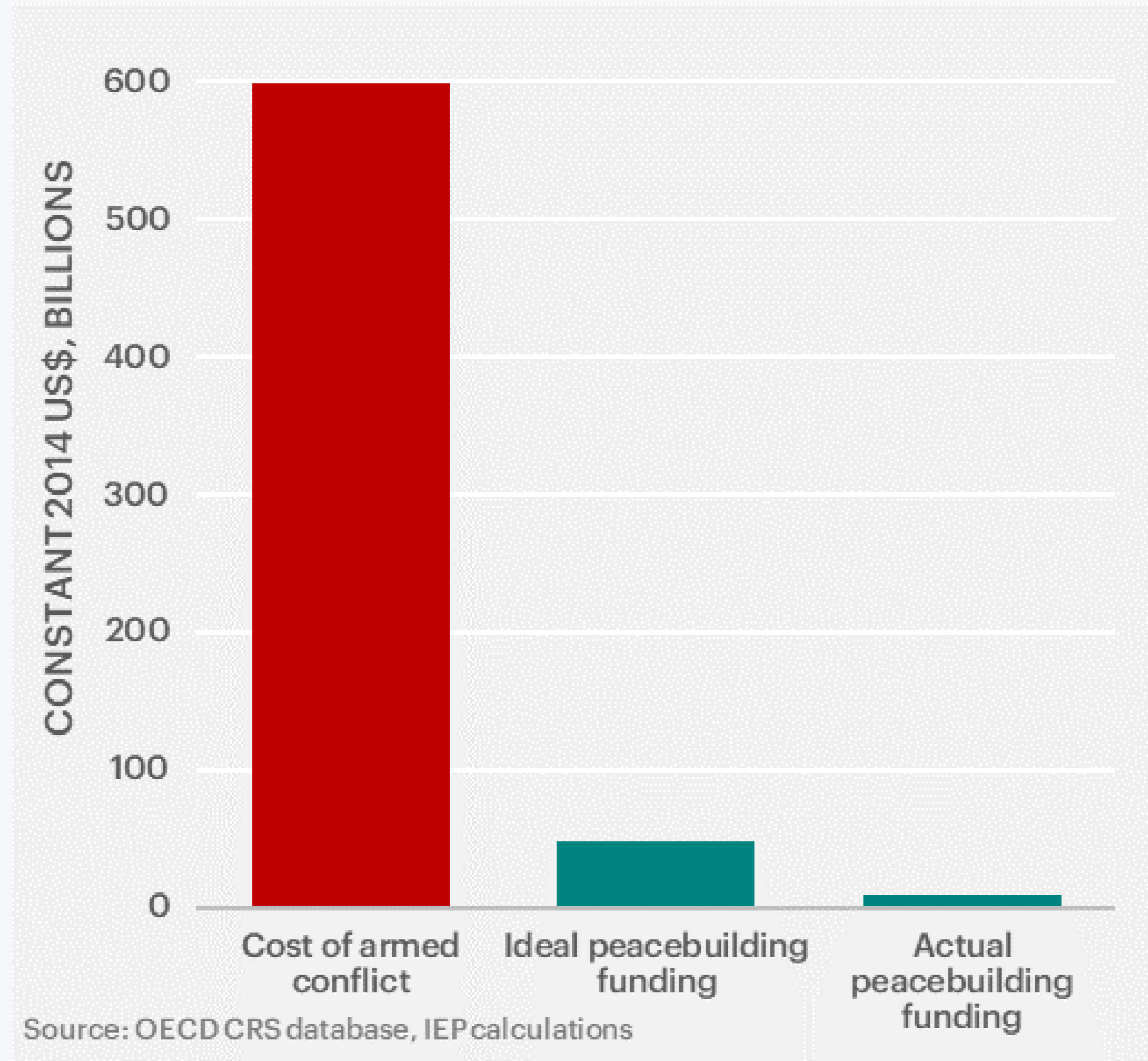
The impact of armed conflict was \$1.04 trillion

- *Armed-conflict related deaths*
- *GDP losses*
- *Terrorism*
- *Displacement*

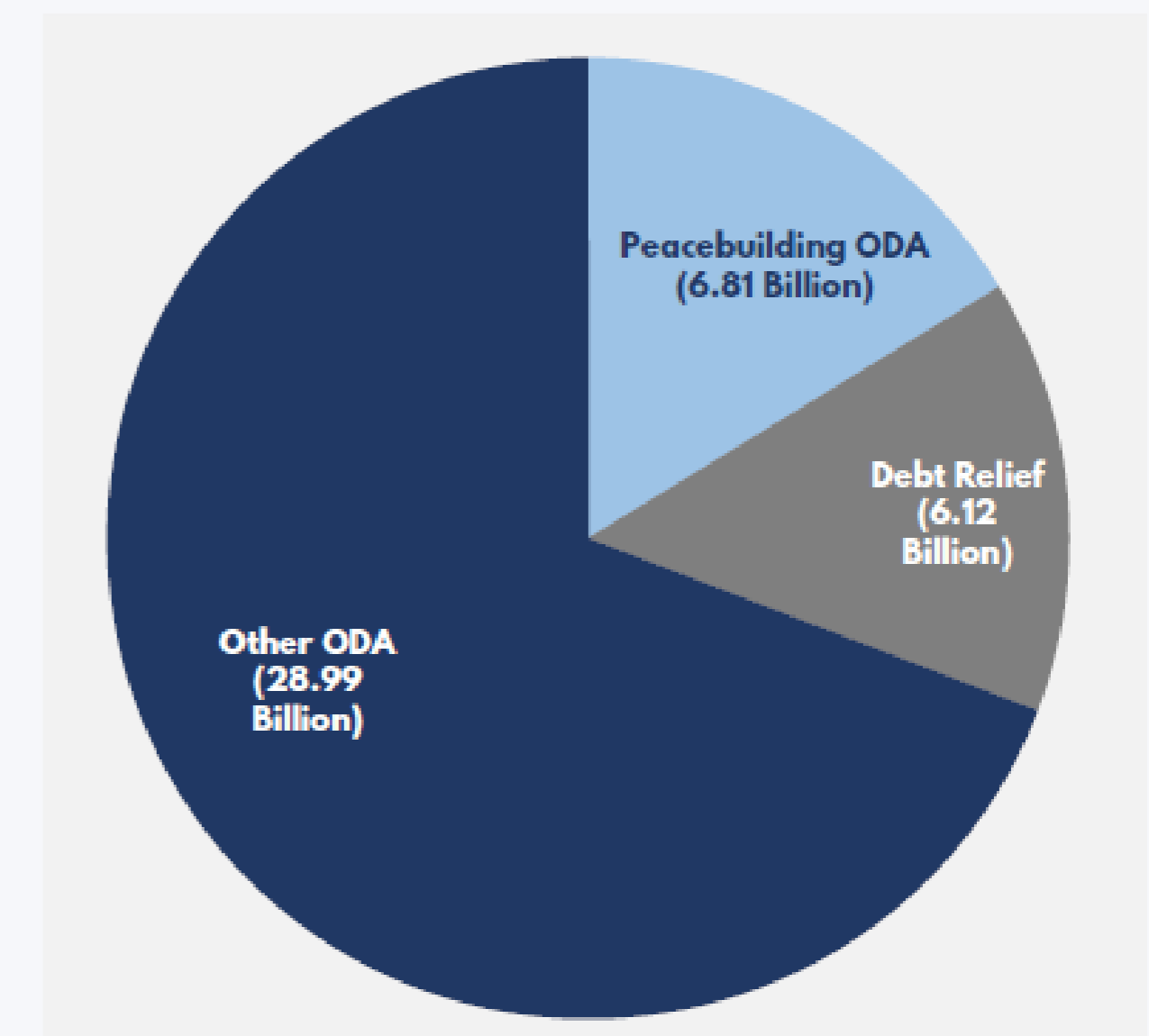
**VIOLENCE
COSTS**
12.6%
OF WORLD GDP



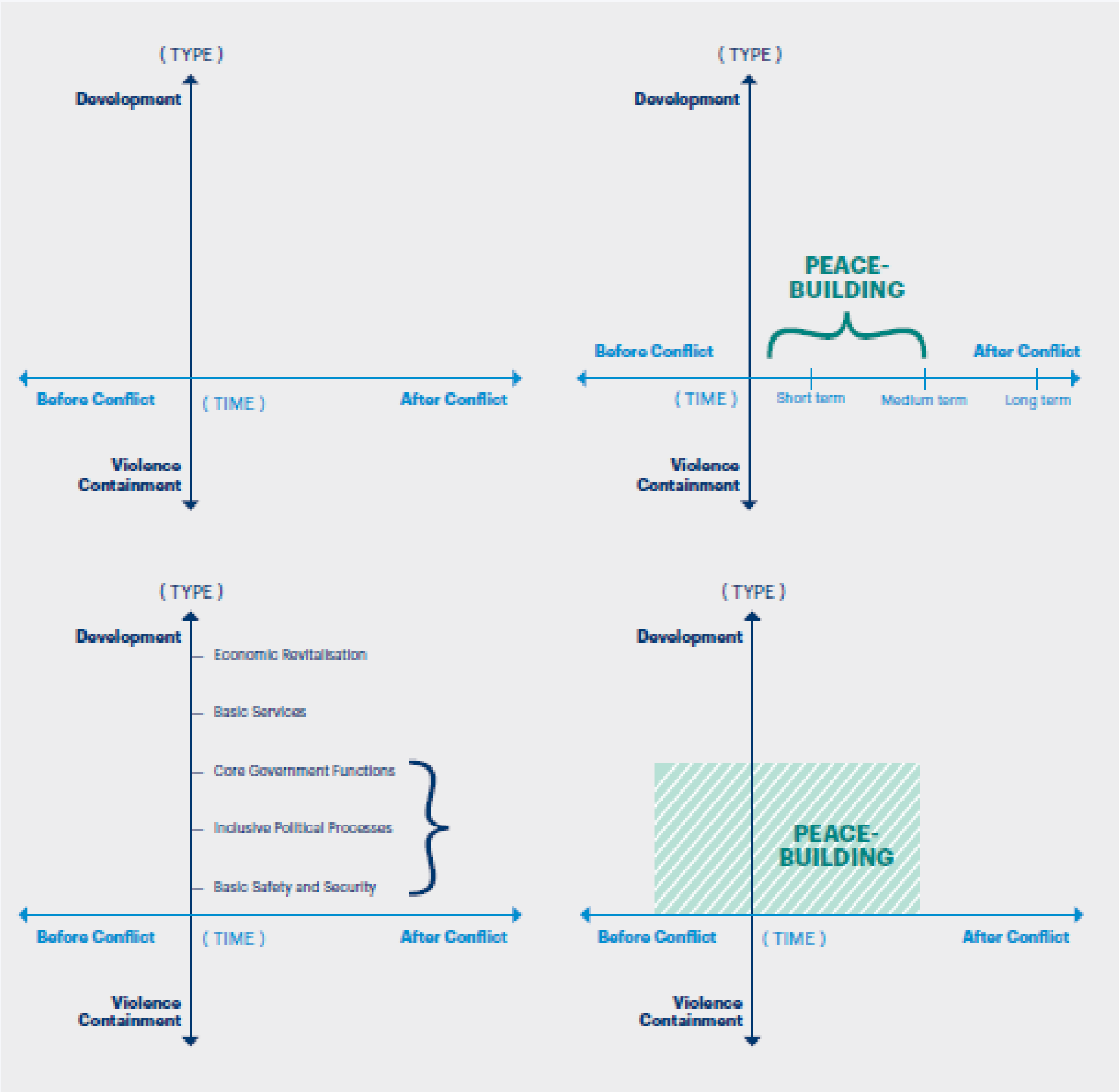
CONFLICT COSTS FAR EXCEED PEACEBUILDING



- Peacebuilding and peacekeeping account for 2% of the cost of conflict
- Peacebuilding is 16% of ODA in fragile countries



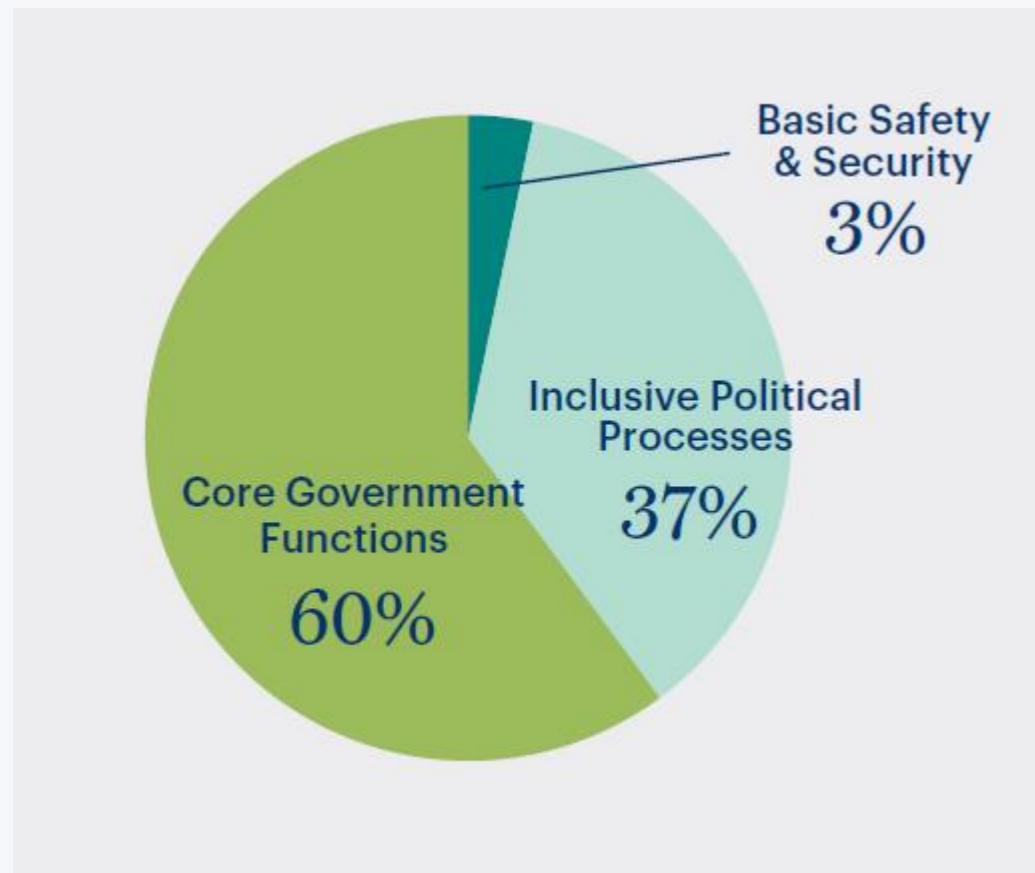
DEFINING PEACEBUILDING: THEORETICALLY



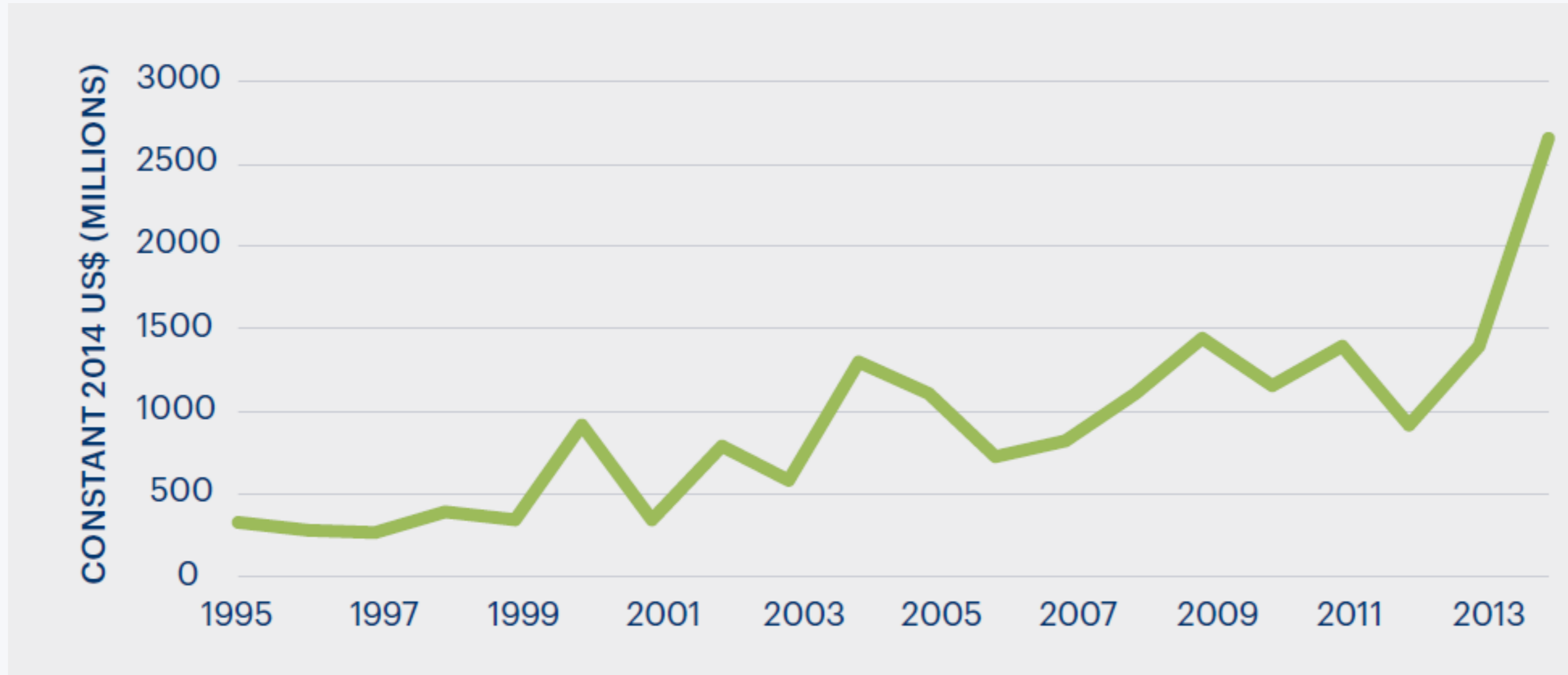
DEFINING PEACEBUILDING: QUANTIFIABLY

	DOMAIN	NUMBER	CATEGORY DESCRIPTION	CRS CODE
CORE PEACE-BUILDING	1. BASIC SAFETY & SECURITY	1.1	Security system management and reform	15210
		1.2	Reintegration and SALW control	15240
		1.3	Removal of land mines and explosive remnants of war	15250
		1.4	Child soldiers (Prevention and demobilization)	15261
		1.5	Participation in international peacekeeping operations	15230
	OTHER		Other specific peace-related expenses	
SECONDARY PEACE-BUILDING	2. INCLUSIVE POLITICAL PROCESSES	2.8	Civilian peacebuilding, conflict prevention and resolution	15220
		2.1	Legal and judicial development	15130
		2.2	Legislatures and political parties	15152
		2.3	Anti-corruption organisations and institutions	15113
		2.4	Democratic participation and civil society	15150
		2.5	Media and free flow of information	15153
		2.6	Human rights	15160
		2.7	Women's equality organisations and institutions	15170
	3. CORE GOVERNMENT FUNCTIONS	3.1	Public sector policy and administrative management	15110
		3.2	Public finance management	15111
3.3		Decentralisation and support to subnational government	15112	

CASE STUDY: PEACEBUILDING IN RWANDA



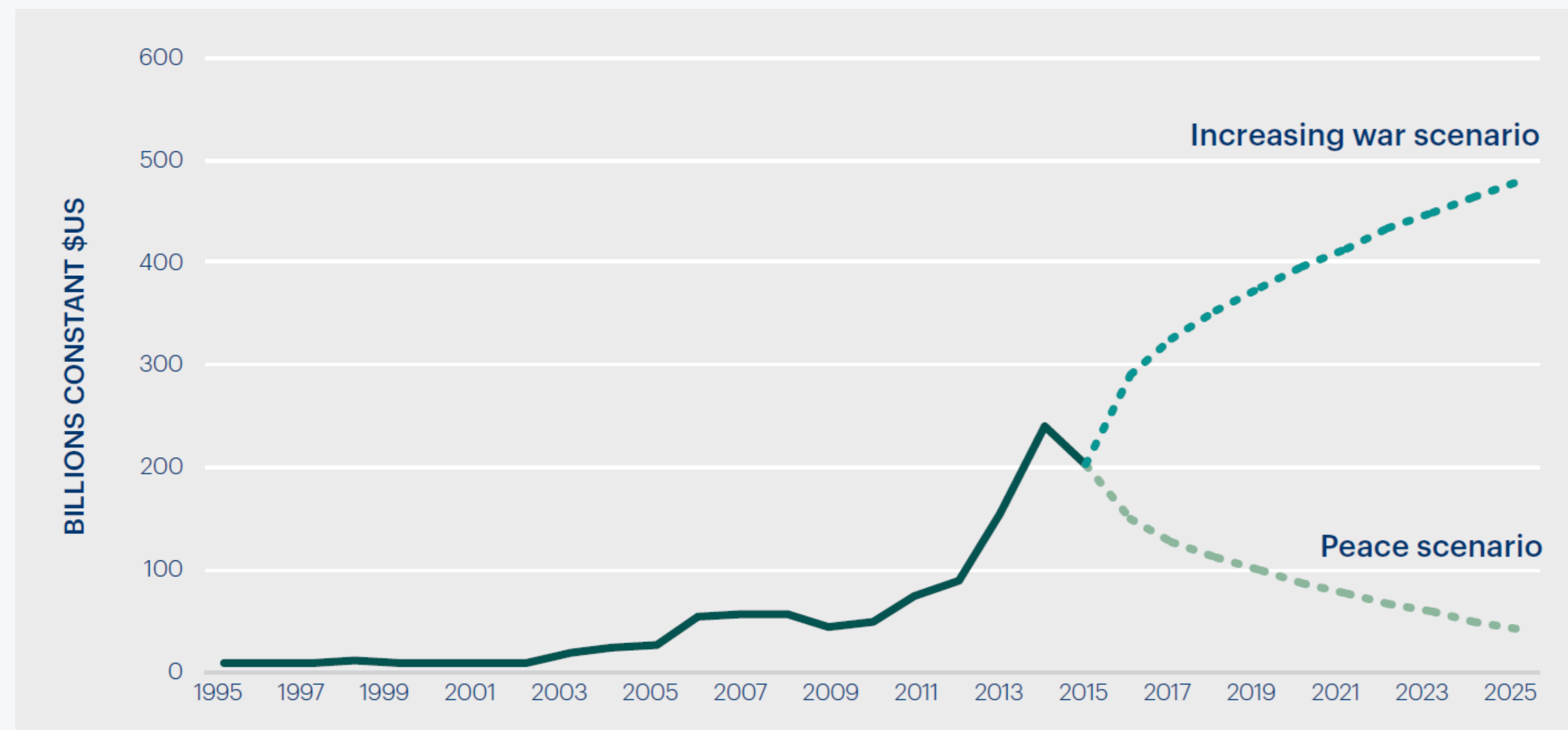
- US\$18.35 billion dollars spent from 1995 to 2014
- Primarily towards inclusive political processes and building core government functions



- Unit cost of peacebuilding: At least \$27 per capita, per year is needed

IS PEACEBUILDING COST-EFFECTIVE?

- Peacebuilding is **cost** effective when the cost of peacebuilding is less than the total reduction in the cost of armed conflict



- Peace dividend: the difference between expenditures on peacebuilding and the remaining cost of armed conflict
- \$2.94 trillion dollars over a decade

WHAT DOES THAT LOOK LIKE?

- IEP estimates **the peacebuilding need as US\$27 per capita** per year – expenditure would need to double, from \$13pc/yr
- If we spent \$27pc/yr, and it worked, \$1 of peacebuilding would lead to a \$16 reduction in the cost of armed conflict
- **At least \$183.7 billion over the next decade** in 31 fragile countries
- At least \$47.3 billion in 10 Positive Peace Deficit countries

RISK MODELING FOR PREVENTION



Positive Peace Deficit Model: assesses relative levels of positive and negative peace



Of 10 at-risk countries in 2008:

- *5 deteriorated in GPI score*
- *2 fell into armed conflict*



Spending in these 10 countries was 6x too low

- *Preventing a breakdown in multidimensional peacefulness yields a peace dividend of \$552.1 billion*
- *Preventing armed conflict yields \$545.5 billion*
- *Preventing **even one conflict** is cost-effective*

EVALUATION AT THE FIELD-OF-PRACTICE LEVEL



Peacefulness is a systemic phenomenon

- Why would we compare macro outcomes to micro inputs?



We will make gains in measuring attribution and prevention

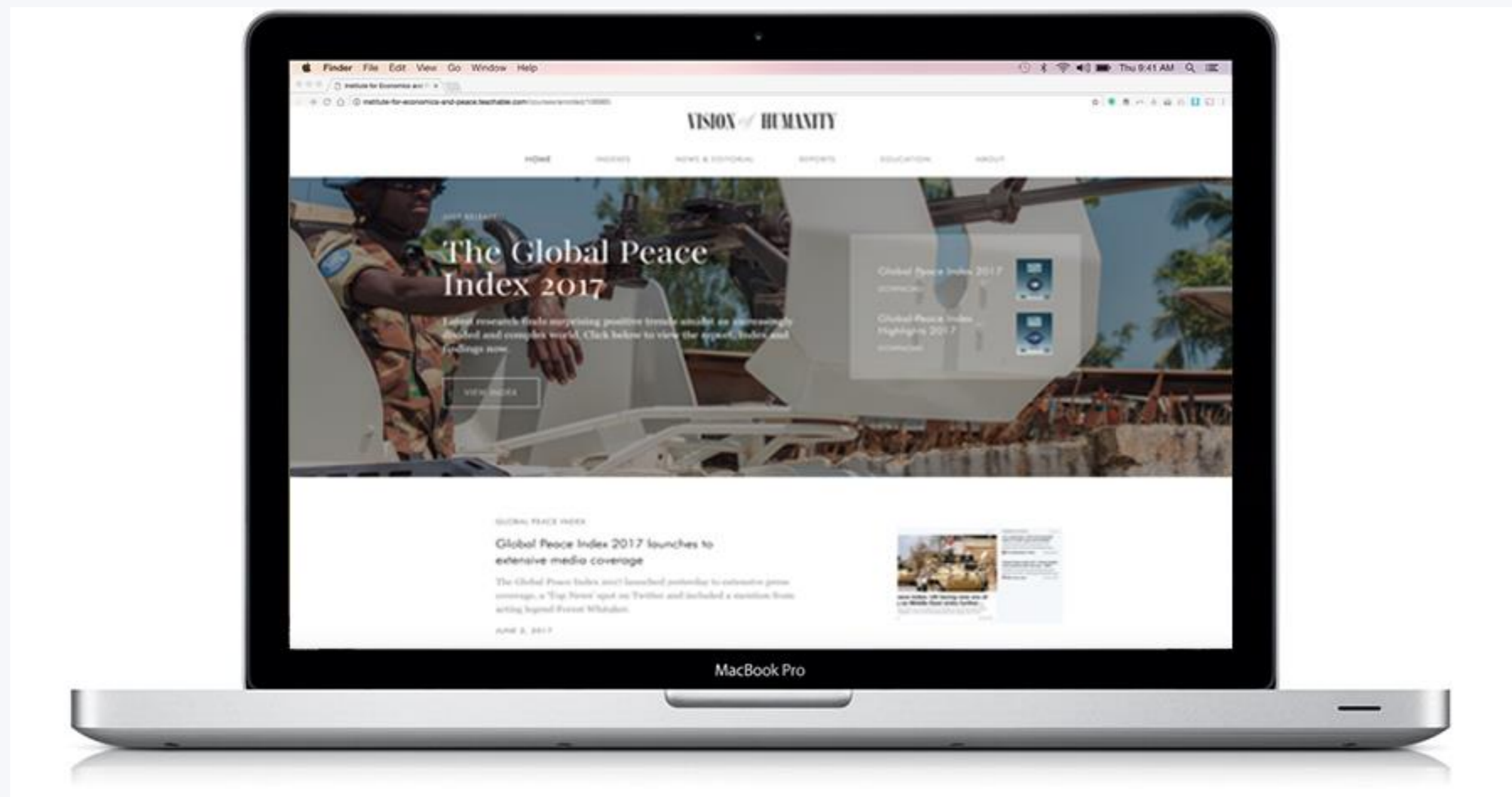
- We need more data
- And data standards



But a paradigm shift is in order:

- *We have more tools than we use*
 - *National peacebuilding strategies*
 - *National peace indices*
- *We have a compelling case to make*
- *We can mobilize the resources we need*

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