THE COST-EFFECTIVENESS OF PEACEBUILDING
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
CONFLICT COSTS FAR EXCEED PEACEBUILDING

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

Source: OECD CRS database, IEP calculations.
DEFINING PEACEBUILDING: THEORETICALLY
## DEFINING PEACEBUILDING: QUANTIFIABLY

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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
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
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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