Quantifying Peace and its Benefits

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EXECUTIVE SUMMARY

This research brief by the Institute for Economics and Peace, supported by Milt Lauenstein philanthropy, is the first in a series of research briefs aiming to quantify and measure the cost-effectiveness of peacebuilding activities. It presents new and important findings and data on the positive cost-effectiveness of peacebuilding activities.

Measuring peacebuilding cost-effectiveness is a methodological and practical challenge that has significant consequences for the international community. Today, the world faces a historic decline in global peace; reaching a 25-year peak in violence and conflict in 2016. The past two years have seen the highest number of global battle deaths for 25 years, record levels of terrorism and the highest number of refugees and displaced people since World War II. When this conflict and violence subsides the critical factor to maintain durable long-term peace aside from the will of warring parties, will be peacebuilding activities — the broad set of activities targeted at reducing the risk of lapsing or relapsing into violent conflict. Peacebuilding in its preventative focus is distinct from peacekeeping and peacemaking activities — which broadly involve the activities aimed at ending violence and establishing security — peacebuilding is a prerequisite for sustainable peace.

The past two years have seen the highest number of global battle deaths for 25 years, record levels of terrorism, and the highest number of refugees and displaced people since World War II.

The need to understand what works in peacebuilding, how to measure its impact and cost-effectiveness is essential to long-term efforts to prevent violence and build peace. Yet, there is much we collectively do not know about peacebuilding, what works and doesn’t work, let alone what activities broadly define it. At a time when the international community’s resources to international development and aid are under strain due to tightened national budgets and stress from humanitarian action, the need to understand and invest in the most cost-effective ways to build long term peace is more crucial than ever.

This paper provides five critical answers and approaches to address this important question:

1) It provides a conceptual framework for counting and categorising peacebuilding activities as well as a hard working-definition of the actions that count as peacebuilding. One of the primary inhibiting factors for assessing peacebuilding cost-effectiveness has been the lack of commonly agreed definitions and confusion about what activities constitute peacebuilding. Without this, it is simply not possible to measure and compare the cost-effectiveness of peacebuilding activities.

2) A comprehensive accounting of global peacebuilding expenditures from 2002 to 2013, using the working definition that was developed in partnership with the UN Peacebuilding Support Office (PBSO) and Peacebuilding Support Group. This is the first known attempt at comprehensively accounting for peacebuilding activities — without this data it is not possible to empirically assess different peacebuilding strategies and assess the cost-effectiveness of them or individual peacebuilding actions. This data shows that peacebuilding activities are unevenly distributed geographically and thematically and are prioritised to differing extents by international donors.

3) A detailed case study of peacebuilding expenditures is presented to analyse an example of peacebuilding success — Rwanda from the wake of genocide to 2014. This analysis shows US$18.35 billion was committed to peacebuilding expenditures in Rwanda from 1995 to 2014. That means peacebuilding commitments in Rwanda from the international community were at least $27 per capita each year for the past 15 years. This demonstrates that the assistance associated with peacebuilding is not exhausted in the five or even ten years following a conflict, meaning that the success of peacebuilding cannot be judged on whether there has been a relapse into a conflict after such a short period of time has elapsed. If some moderate level of peacebuilding expenditure indeed leads to a reduction in violence, and if Rwanda is illustrative of the levels of peacebuilding required to reduce violent conflict, then the current levels of global peacebuilding expenditure are insufficient to build global peace.
4) A global model of the cost-effectiveness of peacebuilding, based on the case study findings and the data generated from them. Using 20 years of peacebuilding expenditure, Rwanda’s experience as a baseline, and combining this with IEP’s research on the global cost of conflict, the paper presents scenario analysis and a model of peacebuilding cost-effectiveness. It finds that using conservative assumptions, the cost-effectiveness ratio of peacebuilding is 1:16, showing that increased funding for peacebuilding would be hugely beneficial not only to peacebuilding outcomes but in terms of the potential economic returns to the global economy. This means that if countries currently in conflict increased or received levels of peacebuilding funding to appropriate levels estimated by this model, then for every dollar invested now, the cost of conflict would be reduced by $16 over the long run. Projected forward ten years from 2016 this would save US$2.94 trillion in direct and indirect losses from conflict. However, achieving this outcome would require an approximate doubling of peacebuilding toward the 31 most fragile and conflict affected nations of the world. Of course, this does not preclude other important factors for peacebuilding success such as the external influence of other states or the role of political elites, but rather establishes a working framework for resources required for programmatic peacebuilding activities.

5) In order to take this research forward, this paper also provides detailed approaches for a future research agenda to look deeper into the ultimate aim of assessing the cost-effectiveness of particular peacebuilding interventions. Through drawing upon existing impact evaluations on peacebuilding interventions in Liberia, it demonstrates a basic approach to how the cost-effectiveness of specific peacebuilding interventions could be compared within a specific context. However, this approach demonstrates the long-term needs for a fully-fledged research agenda in this area. Impact evaluations are resource intensive and require a very significant upscaling of research. Currently, it is estimated that there are only 61 impact evaluations globally on programmes with peacebuilding outcomes. In other domains such as health or education there are hundreds and thousands of such impact evaluations, which highlights the clear need for more impact evaluations in peacebuilding.

This paper introduces and examines the major issues with regard to measuring the cost-effectiveness of peacebuilding, and details practical approaches to overcome key stumbling blocks in the field. Measuring the impact of peacebuilding, let alone its cost-effectiveness, is a research problem still in its infancy, but it is an absolutely critical practical pathway to understanding how the international community, policymakers, the private sector and philanthropic actors can best prevent conflict and violence. It is hoped through further research, advocacy and collaboration with other key partners, this research can be furthered and the ultimate aim of realising more efficient investments in building peace be realised.
KEY FINDINGS

CONCEPTUAL CHALLENGES OF MEASURING PEACEBUILDING COST-EFFECTIVENESS

- The lack of a single agreed upon definition of peacebuilding has inhibited practical research efforts to assess its effectiveness and efficiency.
- IEP’s proposed definition of peacebuilding synthesizes both qualitative and quantitative approaches to peacebuilding and provides a coding taxonomy to support future research efforts to measure the cost-effectiveness and needs for future peacebuilding.
- There are important conceptual limitations that need to be recognized in attempting to measure the cost-effectiveness of individual peacebuilding projects. Existing efforts to measure the effectiveness of peacebuilding all recognize the enormous problem of jumping from measuring outcomes to measuring impact.
- The key is to first assess the effectiveness of particular peacebuilding strategies and then aim to measure individual program effectiveness in the broader context of those peacebuilding strategies.

COUNTING PEACEBUILDING EXPENDITURES

- Donor-funded peacebuilding expenditures are a relatively small proportion of the total aid budget.
- Conflict-affected countries do not represent the main beneficiaries of official development assistance (ODA) as in 2013 they received only slightly more than 24 percent of total ODA, or US$41 billion. These countries received US$6.8 billion for peacebuilding activities, which represents 16 percent of their total gross ODA allocation.
- Zooming into the categories of peacebuilding, almost 50 percent of peacebuilding from 2002-2013 went into only two categories — legal and judicial development; and public sector policy and administrative management.
- Peacebuilding expenditures are also distributed in a highly uneven way geographically. Over the past twelve years Afghanistan and Iraq dominated donor-financed peacebuilding expenditures.
- Donor-funded peacebuilding as a percentage of total ODA has almost stagnated in real terms for conflict-affected countries.
- Peacebuilding expenditures and priorities vary significantly across donors — the UK, US and Norway commit the largest sum toward peacebuilding at 24, 23 and 21 percent of their total ODA expenditure, respectively. Conversely, France and Japan spend only three and six percent, respectively, of their development budgets on peacebuilding.

CASE STUDY HISTORY OF PEACEBUILDING EXPENDITURES IN RWANDA

- US$18.35 billion was committed to peacebuilding ODA in Rwanda from 1995 to 2014. That means peacebuilding commitments in Rwanda from the international community were at least $27 per capita each year for the past 15 years.
- Of that US$18.35 billion, only three percent was allocated to programs in the Basic Safety and Security domain, with the majority of expenditure going towards building inclusive political processes and strengthening core government functions in the wake of the genocide.
- Peacebuilding assistance immediately after the genocide did not increase for five years and it was only until after the introduction of the Vision 2020 plan that peacebuilding expenditures alongside other development aid significantly increased in Rwanda. Since then, peacebuilding expenditure has continually increased over the past 15 years.
- The data on peacebuilding on Rwanda illustrates that the categories of assistance associated with peacebuilding are not exhausted in the five or even ten years following a conflict, meaning that the success of peacebuilding cannot be judged on whether there has been a relapse into a conflict (or conversely, an avoidance of conflict) in the immediate post-conflict timeframe.
If one assumes that peacebuilding ODA leads to a reduction in violence, and if Rwanda is illustrative of the levels of peacebuilding required to reduce violent conflict, then the levels of global peacebuilding expenditure are insufficient to build global peace.

A GLOBAL MODEL OF THE COST-EFFECTIVENESS OF PEACEBUILDING

IEP has constructed a global model of peacebuilding cost-effectiveness that shows increased funding for peacebuilding would be hugely beneficial not only to peacebuilding outcomes but in terms of the potential economic returns to the global economy. Using 20 years of peacebuilding expenditure in Rwanda as a guide for establishing a unit cost, IEP estimates the cost-effectiveness ratio of peacebuilding at 1:16. This means that if countries currently in conflict increased or received increased levels of peacebuilding funding to appropriate levels estimated by this model, then for every dollar invested now, the cost of conflict would be reduced by 16 dollars over the long run. The total peace dividend the international community would reap if it increased peacebuilding commitments over the next ten years from 2016 is US$2.94 trillion. Based on the assumptions in this model, the estimated level of peacebuilding assistance required to achieve this outcome would be more than double what is currently directed toward peacebuilding for the 31 most fragile and conflict affected nations of the world. Only Afghanistan and Iraq have received peacebuilding expenditures at levels higher than Rwanda on a per capita basis. These exceptions underline the importance of viable political settlements and peace agreements for successful peacebuilding activities. While every such model may rely on important assumptions, robustness testing illustrates that even if these assumptions are changed and the unit cost of peacebuilding is increased, peacebuilding is still overwhelmingly cost-effective.

FUTURE APPROACHES AND NEXT STEPS

At the global level, peacebuilding is overwhelming cost-effective. However, this doesn’t reveal anything about which types of peacebuilding are most effective. IEP has outlined a research program for the short, medium, and long-term that becomes increasingly granular. Starting from the global level, it would gradually drill down to the project level in order to fully flesh-out the cost-effectiveness of different peacebuilding activities. The data generated in this first phase of research provides an extensive set of further options to model the statistical link between peacebuilding and conflict onset or lack thereof. These methodologies can be used to calculate and estimate the future peacebuilding needs that exist in particular countries.
Peacebuilding as a field of practice faces challenges that are numerous, steep, and, often, seemingly insurmountable. However, those that have had success in ending violent conflicts and building up stronger, safer societies know that there are few human efforts with higher stakes or rewards. There are peacebuilding strategies that work, and those that do not; some require major international investments; some fail or succeed based on the ingenuity and dedication of those committed to peace. But all of them include a battle for attention, belief in the process, and resources. While the world lost $742 billion to violent conflict in 2015, it spent only a corresponding two percent of that on building and keeping peace. Asserting the effectiveness and worth of a particular peacebuilding strategy may be the most important step peacebuilders can take on the path to success.

The first section of this report looks at the challenges involved in defining peacebuilding itself. There is no standard international definition of what constitutes peacebuilding. As a consequence, there is no clear, comparable country-specific data on peacebuilding expenditures nor is there a clear understanding of where resources are being committed, either at the nation-state or at the programmatic level. Whilst there is some consensus around certain types of activities related to violence prevention, there are a number of areas in which there is considerable overlap between peacebuilding, state-building, and development, and consequently no clear framework for making a clear distinction between the three. There are similar questions regarding the timeframe for peacebuilding. Traditionally, peacebuilding was only thought to take place in the immediate post-conflict environment. However, there is an emerging consensus that successful peacebuilding can take decades, and that activities undertaken prior to the onset of a conflict can build up levels of peacefulness.

The second section of this report provides an overview of IEP research on the cost-effectiveness of peacebuilding. It provides a definition and counting method for measuring current peacebuilding expenditure. This section further highlights the challenges of defining and measuring both peacebuilding and cost-effectiveness, but also demonstrates that the simple act of aggregating official development assistance (henceforth in this report 'ODA') data into peacebuilding categories greatly increases our understanding of current peacebuilding strategies and priority areas. It allows for analysis on the composition of peacebuilding activities, and whether support is disproportionately distributed.

The third section of the report looks at IEP's peacebuilding framework applied to the last 20 years of peacebuilding ODA in Rwanda. The purpose of this is twofold: firstly, to test whether IEP's peacebuilding framework appropriately captures two decades of peacebuilding activity in Rwanda, which is considered by most in the peacebuilding field to be at least a partial example of successful peacebuilding assistance. Secondly, applying this approach to Rwanda serves as the basis for constructing a 'unit cost of peacebuilding' which is then applied in the global model, described in detail in the following section.

The fourth section of the report illustrates that peacebuilding is cost-effective at the global level, as even if peacebuilding funding was to be greatly increased, this increase would be significantly outweighed by a significant reduction in the cost of conflict over the long run. IEP's cost of conflict model uses the cost of peacebuilding in Rwanda over a twenty year period as 'the unit cost' of successful peacebuilding. If other countries increased their level of peacebuilding per capita to levels seen in Rwanda, the cost of conflict could fall drastically over the next two decades.

Finally, the fifth section of the report outlines some potential avenues for future research in this program. In the short term, this research would involve looking at the impact and effectiveness of peacebuilding at the national level. IEP's model of peacebuilding effectiveness at the global level relies on the assumption that peacebuilding expenditure is in of itself effective at reducing violence and conflict. Though this assumption is intuitively defensible, it needs to be examined in more detail in order to try and understand exactly how much impact peacebuilding funding has on conflict, and whether different domains of peacebuilding activity have an equal impact on reducing violent conflict. Central to this approach will be developing a model that incorporates the cost of conflict or some other continuous variable as the dependent variable measuring violent conflict. Most current research in this area uses a simple binary measure of conflict/no conflict over a given time period. Furthermore, this body of research also does not typically use independent variables that are analogous or even similar to the definition of peacebuilding used by IEP.

In the longer term, IEP's research program would look to bridge the gap between micro and macro measures of peacebuilding impact, by building on existing research that collates impact evaluations in the peacebuilding field. IEP would aim to further synthesize these efforts by collating at the national level, and also by using the peacebuilding taxonomy outlined in this paper to classify existing impact evaluations. This would allow the field of potential evaluations to be narrowed considerably, by only focusing on those evaluations where a link to violent conflict reduction could be identified. Upon completion of this categorization process, the final element of cost-effectiveness could be added in, thus allowing for (at least in theory) a measure of peacebuilding cost-effectiveness at the micro level that is directly tied to peacekeeping outcomes at the macro level.
CONCEPTUAL CHALLENGES OF MEASURING PEACEBUILDING EFFECTIVENESS

KEY FINDINGS

There is no single agreed upon definition of peacebuilding, which has inhibited practical research efforts to assess its effectiveness and efficiency.

IEP’s proposed definition of peacebuilding synthesizes both qualitative and quantitative approaches to peacebuilding and allows for a coding taxonomy to support research efforts to measure the cost-effectiveness and needs for future peacebuilding.

There are important conceptual limitations that need to be recognised in attempting to measure the cost-effectiveness of individual peacebuilding projects. Existing efforts to measure the effectiveness of peacebuilding all recognize the huge problem of jumping from measuring outcomes to measuring impact.

The key is to first assess the effectiveness of particular peacebuilding strategies and then aim to measure individual program effectiveness in the broad context of those broader peacebuilding strategies.
The development community should initiate a process of preparing more detailed and accurate country-by-country estimates of the overall funding needs for sustaining peace over the longer-term. Such estimates will help the UN and partners better understand their investments, better discuss compacts with national governments about national contributions, identify prevailing gaps and justify global fundraising.


Peacebuilding involves a range of measures targeted to reduce the risk of lapsing or relapsing into violent conflict by strengthening national capacities and institutions at all levels for conflict management, and to lay the foundations for sustainable peace and development. It is distinct from peacekeeping and peacemaking activities, which broadly involve the activities aimed at ending violence and establishing security. The immediate cessation of conflict is only the first step in building long-term peace. Of the 103 countries that have been affected by civil war during the period 1945-2009, only 44 countries avoided relapsing into conflict.

While peacebuilding activities are extremely important, there is no accurate measure of the size of global peacebuilding expenditures. There is, in fact, no internationalized standardized definition for what constitutes definitive peacebuilding actions. As a consequence, there are no clear comparable country specific data on peacebuilding expenditures, nor clear understanding where resources are being committed whether simply at the nation-state level or at the programmatic level.

This highlights an obvious problem: without a clear picture of the yearly recurrent expenditures and resources committed to peacebuilding — who is spending where and on what — it is not possible to systematically assess the global strategic efficacy and efficiency of peacebuilding expenditures. Without this data, it is very difficult for governments, bilateral donors, international financial institutions (IFIs) and UN entities to project peacebuilding needs, and for other donors to direct funding to areas where it would have the most impact. Equally, without an accurate global picture of the direction of peacebuilding resources, various research and advocacy efforts aimed at understanding what works or doesn’t work in peacebuilding are hampered. Some fundamental questions in the field depend on this type of data. For example, are funds directed in a coordinated and coherent way? Are funds appropriately matched to country needs and levels of peace and conflict? Are they commensurate with other donor aid and are programmes appropriately timed with other interventions? Are those funds having a positive long-term impact in mitigating violence and building positive peace?

The potential benefits from investing more in peacebuilding are enormous. The costs of violent conflict are orders of magnitude larger than current peacebuilding expenditure. Preliminary IEP estimates shows that the cost of violent conflict in 2013 was over 120 times higher than peacebuilding and peacekeeping funding. Despite this, peacebuilding is a relatively overlooked aspect of ODA. Over the 12-year period 2002-2013, peacebuilding expenditures averaged US$13 per capita, per year, for conflict-affected countries. This compares to US$62 per capita for all other official development aid over the period. When excluding outliers like the West Bank and Gaza and Kosovo, peacebuilding goes down to US$9 per capita.
Cost-effectiveness analysis is an alternative to cost-benefit analysis that measures the effectiveness (outcomes per dollar) of two alternatives according to specific measures of the program objectives (Kee, 1999). Although both important, there is no known piece of literature that applies a cost-effectiveness methodology to peacebuilding activities around the world. This research will allow for standardized assessments of peacebuilding operations and solid approaches for future peacebuilding interventions. The ultimate aim of this research program is to develop a methodology for assessing the cost-effectiveness of different types of peacebuilding activities. However, this aim raises multiple definitional questions that must be answered before the project can even begin:

- What activities count as peacebuilding?
- What is the timeframe for peacebuilding?
- What is cost-effectiveness?
- At what level should cost-effectiveness be measured?
- What attempts have already been made to measure the impact of peacebuilding?

**WHAT ACTIVITIES COUNT AS PEACEBUILDING? WHAT IS THE TIMEFRAME FOR PEACEBUILDING?**

There has been a certain ambiguity present in the definition of peacebuilding since its use by former UN Secretary-General Boutros Boutros-Ghali in the landmark UN report “An Agenda for Peace” in 1992, which defined peacebuilding as “action to identify and support structures which will tend to strengthen and solidify peace in order to avoid a relapse into [armed] conflict.” While there is a general agreement on some or even most of the types of activities that meet this definition, the exact borders that delineate peacebuilding from peacemaking, peacekeeping, and development more generally are not well-defined.

Defining peacebuilding as activities aimed at reducing violence is a useful guideline but does not necessarily add much clarity. An overly restrictive reading of this rule collapses peacebuilding into peacekeeping and peacemaking, whilst an overly broad reading encompasses the entire spectrum of development activity, as almost every activity that leads to development can be linked to reductions in violence, particularly over a long enough timeframe.

Similarly, peacebuilding cannot necessarily be limited to the post-conflict environment. The recent review of the UN peacebuilding architecture suggested that:

“Peacebuilding — the term that this report proposes is sustaining peace — needs to be liberated from the strict limitation to post-conflict contexts. Many of the priorities and the tools for preventing lapse or relapse into conflict are similar and it makes little sense to divide limited energies and resources artificially.”

This concern can be extended both backwards in time to pre-conflict attempts to prevent the outbreak of war, but also forward, perhaps even decades after a conflict has ended. Research by the World Bank suggests that the immediate post-conflict period when peacebuilding activities are often activated is usually the most critical time for peace. The World Bank has shown that the risk of civil war restarting is very significant at the dawn of peace after a conflict. However, the aforementioned UN review suggests that building up institutional strength may take 15 to 30 years, and the 2004 Utstein study of peacebuilding stated that sustainable peace at the national level is ‘only available on the basis of sustained effort lasting a decade or more’. Restricting the timeframe of the analysis to a shorter period might lead to premature declarations of peacebuilding effectiveness.

Given the multiple contested and partially overlapping definitions of peacebuilding, a decision must ultimately be made to limit the scope of analysis. Data availability is certainly a consideration in this decision, as a definition of peacebuilding for which data is not available makes measuring cost-effectiveness impossible. Prior IEP research has used a definition of peacebuilding based on the 2009 Report of the Secretary-General on Peacebuilding in the Immediate Aftermath of Conflict. The report outlines five priority areas for peacebuilding:

- Support to basic safety and security, including mine action, protection of civilians, disarmament, demobilization and reintegration, strengthening the rule of law and initiation of security sector reform.
Support to political processes, including electoral processes, promoting inclusive dialogue and reconciliation, and developing conflict-management capacity at national and subnational levels.

Support to restoring core government functions, in particular basic public administration and public finance, at the national and subnational levels.

Support to the provision of basic services, such as water and sanitation, health and primary education, and support to the safe and sustainable return and reintegration of internally displaced persons and refugees.

Support to economic revitalization, including employment generation and livelihoods (in agriculture and public works) particularly for youth and demobilized former combatants, as well as rehabilitation of basic infrastructure.

After further consultation with the UN Peacebuilding Contact Group, which was convened by the PBSO, IEP limited the definition to the first three priority areas, which can be further broken up into 17 categories. The categories are taken from the OECD Development Assistance Committee Creditor Reporting System, and are summarised in table 1.1 below.

TABLE 1.1 CATEGORIES OF PEACEBUILDING EXPENDITURES
The distinction between ‘core’ peacebuilding and ‘secondary’ peacebuilding is an attempt to distinguish some of the immediate activities related to maintaining security and those longer-term activities that support the building of institutions.

<table>
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<tr>
<th>DOMAIN</th>
<th>NUMBER</th>
<th>CATEGORY DESCRIPTION</th>
<th>CRS CODE</th>
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<td>CORE PEACE-BUILDING</td>
<td>1.</td>
<td>1.1 Security system management and reform</td>
<td>15210</td>
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<td></td>
<td></td>
<td>1.2 Reintegration and SALW control</td>
<td>15240</td>
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<tr>
<td></td>
<td></td>
<td>1.3 Removal of land mines and explosive remnants of war</td>
<td>15250</td>
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<tr>
<td></td>
<td></td>
<td>1.4 Child soldiers (Prevention and demobilization)</td>
<td>15261</td>
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<tr>
<td></td>
<td></td>
<td>1.5 Participation in international peacekeeping operations</td>
<td>15230</td>
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<tr>
<td></td>
<td></td>
<td>2.8 Civilian peacebuilding, conflict prevention and resolution</td>
<td>15220</td>
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<tr>
<td>OTHER</td>
<td></td>
<td>Other specific peace-related expenses</td>
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<tr>
<td></td>
<td>2.</td>
<td>2.1 Legal and judicial development</td>
<td>15130</td>
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<tr>
<td></td>
<td></td>
<td>2.2 Legislatures and political parties</td>
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<td></td>
<td></td>
<td>2.3 Anti-corruption organisations and institutions</td>
<td>15113</td>
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<td></td>
<td></td>
<td>2.4 Democratic participation and civil society</td>
<td>15150</td>
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<td>2.5 Media and free flow of information</td>
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<td>2.6 Human rights</td>
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<td>2.7 Women’s equality organisations and institutions</td>
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<td>SECONDARY PEACE-BUILDING</td>
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<td>3.1 Public sector policy and administrative management</td>
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<td></td>
<td></td>
<td>3.2 Public finance management</td>
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<td></td>
<td></td>
<td>3.3 Decentralisation and support to subnational government</td>
<td>15112</td>
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A full description of each of these categories can be found in Appendix A. The selection of these categories does not mean that future research in this program will be limited to analysing official ODA flows from OECD countries, but rather that any program, activity, or approach by an actor, state or civil, will have to fit within one of these categories to be considered ‘peacebuilding’ for the purposes of this research.

Developing a precise definition with regard to the timeframe for peacebuilding is more difficult. However, attempts should be made to broaden the window beyond the immediate post-conflict period.

Figure 1.1 is an attempt to conceptualise the scope of the peacebuilding definition used by this project, where the x-axis represents time, and the y-axis the type of
peacebuilding activity. Those activities further up the y-axis are further away from conflict, in the sense that they are not direct responses to conflict or attempts to prevent violence, but are rather better classified as development activities. This is not to suggest that implementing basic services and economic growth are not essential to reducing violence, indeed, in certain circumstances and over a long time frame they might in fact be more important drivers of peacefulness, but rather that they are conceptually too distinct from more direct peacebuilding activities.

The conceptualisation outlined in figure 1.1 is a first attempt and as this research develops and feedback is sought, amendments may be made. The initial analysis of peacebuilding expenditure may make it clear that there is no relationship between some of the categories and improvements in peacefulness, or it may be necessary to increase the number of categories, or to replace one category with another.
WHAT IS COST-EFFECTIVENESS & AT WHAT LEVEL SHOULD IT BE MEASURED?

Up until this point, this report and other preliminary discussions have used the term ‘cost-effectiveness’ to describe the ultimate aim of this project. Cost-effectiveness is most commonly defined as the number of outputs a program creates for each $x$ amount of dollars invested. This method shows the cost of each percent increase/decrease for unit of output. In a peacebuilding context, this might be the number of landmines removed per dollar spent on removal for instance.

There are a number of issues with this approach in the peacebuilding context. In some instances, determining cost-effectiveness might be difficult or impossible given data constraints, meaning that, finding the most cost-effective strategy may have to be replaced with an effort to find the ‘best’ strategy for creating a sustained peace. Secondly, whether the output level is the most appropriate for measuring cost-effectiveness in a peacebuilding context is open to question. Certain peacebuilding activities may be cost-effective in terms of producing a large number of outputs, but if they do not lead to better peacebuilding outcomes they are of no value in the broader peacebuilding context. Figure 1.2 explains the difference between inputs (in the context of this report, peacebuilding categories or activities), outputs, outcomes, and impact.

Thirdly, even if outcomes or impact are considered better measures of effectiveness than outputs, they may be difficult or impossible to measure. Peacebuilding outcomes are often measured in terms of institutional performance, which may only be measurable by proxy measures such as perception surveys, or composite indicators, rather than by a single easily quantifiable number. The same critique at an even more fundamental level can be applied to measuring impact. Simple binary measures of whether a country has fallen back into conflict, or similar measures of the number of battle deaths are usually used to classify whether peacebuilding efforts have been successful, but using such measures makes it hard to differentiate between the importance of different types of peacebuilding, as they give no measure of the level of peacefulness of a country. Furthermore, they cannot provide any information on whether violent conflicts have shifted or mutated into other forms of violence, such as an increase in terrorism, or state repression.

At this stage, whether longer term efforts will ultimately end up measuring ‘impact’, ‘cost-effectiveness’, or some combination of the two (or one at the macro level and another at the micro-level) will depend on the availability of data and further progress in this literature. The first stage of the research, as outlined in section 3, will focus on illustrating the overwhelmingly cost-effective nature of peacebuilding as a whole, which may in turn lead to the question of cost-effectiveness at the local, project, or national level to be left in the background and allow for a strict focus on which peacebuilding programs have the greatest impact.
CURRENT ATTEMPTS TO MEASURE THE COST-EFFECTIVENESS OF PEACEBUILDING

There have been a number of major attempts to measure the impact (although not necessarily the cost-effectiveness) of peacebuilding in the last few years, with several additional reports that attempt to evaluate whether such measures are even possible.

A recent report from the International Initiative for Impact Evaluation (henceforth 3ie) looked at the state of impact evaluations in the peacebuilding field, using a framework based on the International Dialogue on Peacebuilding and Statebuilding (IEP’s peacebuilding taxonomy is itself a modified form of this framework). It identifies five intervention domains: Legitimate politics, Security, Justice, Economic Foundations, and Revenue and Social Services. Impact evaluations are situated as taking place in one of these five domains, and then listed as having an outcome in one of three domains: individual outcomes, societal and institutional outcomes, and peacebuilding outcomes. For example, a peacebuilding project in the security domain might have individual outcomes, like changing an individual’s beliefs, it might have institutional outcomes, like increasing public confidence in the police, or it might have peacebuilding outcomes, like directly reducing the level of intergroup conflict. While these domains and outcomes do not map directly onto IEP’s peacebuilding categories, they can be transformed in such a way that they almost directly match IEP’s peacebuilding taxonomy.

3ie’s evidence gap map highlights 61 impact evaluations with peacebuilding outcomes, and a further 92 impact evaluations with societal and institutional outcomes, which could reasonably be considered to fall under IEP’s peacebuilding categorization. The report suggests that there are a number of intervention categories in which there are enough impact evaluation studies for more systematic review or evidence-synthesis work to be carried out. If this is in fact the case, the impact evaluations highlighted by the report could serve as the basis for comparing outcomes across different types of interventions, which might in turn lead to a comparison of cost-effectiveness at the outcomes level for different peacebuilding interventions.

By contrast, the most pertinent finding in ‘Towards a Strategic Framework for Peacebuilding: Getting Their Act Together’, (an overview report on the joint Utstein study of peacebuilding) is that attempts at peacebuilding evaluation at the program level may be fundamentally flawed for two reasons: firstly, whilst impact evaluations might be able to measure well-defined outcomes (number of landmines removed etc.) it is much more difficult to measure the impact on violent conflict (reduction in number of fatalities, fall in the likelihood of conflict relapse etc.). Secondly, given that the timeline for successful peacebuilding is so long (estimates vary from one to three decades), even if a specific program had a clear positive impact on reducing violent conflict, it may itself spark a backlash over time, might accidentally contribute to destabilization over the longer run, or might have an impact that cannot be disentangled from other peacebuilding projects being run simultaneously. Given this fact, the report recommends:

“Output should continue to be evaluated as part of project evaluations to ensure that best practice is respected, projects are properly managed, and lessons are drawn from both the strengths and the weaknesses of projects. Impact assessment, however, should be removed from project evaluation and explored instead at the strategic level, asking whether the intervention strategy as a whole is working."

These two contrasting findings highlight the ambiguity in outcomes for this research project. If current and future impact evaluations are of significant quality and quantity to allow for research results to be synthesized in different areas of peacebuilding and compared across multiple countries, then it may be possible to use this research to bridge the gap between outcomes and impact. However, if the research is insufficient for this purpose, then the research can go no further than comparing the effectiveness of different peacebuilding strategies, rather than individual programs.
CURRENT SPENDING ON PEACEBUILDING

KEY FINDINGS

Donor-funded peacebuilding expenditures are a relatively small proportion of the total aid budget.

Conflict-affected countries do not represent the main beneficiaries of ODA as in 2013 they received only slightly more than 24 percent of total ODA, or US$41 billion. These countries received US$6.8 billion for peacebuilding activities, which represents 16 percent of their total gross ODA allocation.

Zooming into the categories of peacebuilding, almost 50 percent of peacebuilding from 2002-2013 went into only two categories — legal and judicial development; and public sector policy and administrative management.

Peacebuilding expenditures are also distributed in a highly uneven way geographically. Over the past twelve years Afghanistan and Iraq dominated donor-funded peacebuilding expenditures.

Donor-funded peacebuilding as a percentage of total ODA has almost stagnated in real terms for conflict-affected countries.

Peacebuilding expenditures and priorities vary significantly across donors — the UK, US and Norway commit the largest sum toward peacebuilding at 24, 23 and 21 percent of their total ODA expenditure, respectively. Conversely, France and Japan spend only three and six percent, respectively, of their development budgets on peacebuilding.
Because of the lack of consensus around what constitutes peacebuilding, there has been no systematic attempt to tally and analyse peacebuilding expenditure above the project level. An analysis of the cost-effectiveness of peacebuilding is impossible without first knowing how much is spent on peacebuilding and where it is spent. This section presents results of a stocktaking exercise on the current size, direction and source of global peacebuilding expenditures. It provides a categorisation of international and domestic expenditures on peacebuilding, in line with the typology outline in section one of this paper.

Two forms of peacebuilding expenditures are identified: (1) donor expenditures, as measured by ODA, and (2) domestic expenditures. This paper aims to assess in constant and US dollars at purchasing power parity (PPP) the yearly expenditures that go into peacebuilding. Two distinct types of spending are counted: (1) donor expenditures as measured by the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) Creditor Reporting System (CRS); and (2) domestically sourced and spent expenditures as measured via the government budgets of selected conflict-affected countries.

In order to limit the scope of this initial peacebuilding accounting exercise, IEP focused on the countries deemed most in need of peacebuilding expenditure. To determine the list of countries most in need of peacebuilding interventions, 31 countries and territories were identified that meet at least one of the following criteria:

- have an active multidimensional peacekeeping operation mandated by the UN Security Council;
- have an active special political mission with particular country focus mandated by the UN Security Council;
- are eligible for funding by the Peacebuilding Fund (PBF).

Of these 31 countries, IEP was able to find data on domestic peacebuilding expenditure for 15. Table 2.1 shows the countries included in the analysis.

<table>
<thead>
<tr>
<th>Afghanistan*</th>
<th>Iraq</th>
<th>Palestine</th>
</tr>
</thead>
<tbody>
<tr>
<td>Burundi*</td>
<td>Kosovo[1]*</td>
<td>Papua New Guinea*</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>Kyrgyzstan</td>
<td>Sierra Leone*</td>
</tr>
<tr>
<td>Chad</td>
<td>Lebanon</td>
<td>Somalia</td>
</tr>
<tr>
<td>Comoros</td>
<td>Liberia*</td>
<td>South Sudan*</td>
</tr>
<tr>
<td>Côte d’Ivoire*</td>
<td>Libya</td>
<td>Sudan</td>
</tr>
<tr>
<td>Democratic Republic of the Congo</td>
<td>Madagascar*</td>
<td>Syria</td>
</tr>
<tr>
<td>Guatemala*</td>
<td>Mali*</td>
<td>Uganda*</td>
</tr>
<tr>
<td>Guinea*</td>
<td>Myanmar</td>
<td>Yemen</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>Nepal*</td>
<td>Niger</td>
</tr>
</tbody>
</table>
This section summarises the findings from the coding exercise of the OECD DAC CRS database for the donor side expenditures as well as the findings from a coding exercise of 15 domestic budgets. Debt relief, while performing an important supporting function to development and peacebuilding, is shown as a separate line item as it does not represent programmatic actions of a comparable nature to other development initiatives.

According to the OECD, net disbursements of ODA from DAC members totalled US$135.1 billion in 2013 constant US dollars. This is the commonly reported figure used to summarise the size of ODA flows whereas the numbers presented in this paper are on gross disbursements, which allow for deeper disaggregation of the CRS codes.

The 66 percent increase in ODA in real terms since 2000 demonstrates the notable impact of the Millennium Development Goals (MDGs) in encouraging greater global commitment to development. In highlighting this, it is also important to note that total ODA as a percentage of global national income (GNI) is at 0.29 with the very great majority of developed countries in the world not currently reaching the 0.7 percent of GNI target.

**ANALYSING DONOR PEACEBUILDING EXPENDITURES**

In the 31 conflict-affected countries where peacebuilding expenditures are more critical, several important findings can be noted. Conflict-affected countries do not represent the main beneficiaries of development assistance as in 2013 they received only slightly more than 24 percent of total ODA, or US$41 billion. As shown in figure 2.1, these countries received US$6.8 billion for peacebuilding activities, which represents 16 percent of their total gross ODA allocation.

Figure 2.2 shows the trend of peacebuilding as a proportion of ODA for the 31 conflict-affected countries only. It highlights that peacebuilding related expenditures for conflict-affected countries is slightly increasing. It should be noted debt relief has accounted for a very significant proportion of total ODA in the conflict-affected countries. However, these average numbers do not show the great variation in the yearly size of peacebuilding investments amongst conflict-affected countries.

In 2009, peacebuilding reached 19.2 percent of total ODA. While peacebuilding expenditures appear to have remained fairly constant in relative terms from 2010 to 2012, this does not show the very large skew toward Afghanistan which had its peacebuilding expenditure grow by 230 percent between 2005 and 2013, whereas during the same time period, peacebuilding for the remaining 30 conflict-affected countries experienced three consecutive years of contraction. This is suggestive of Afghanistan’s peacebuilding expenditures in effect hollowing out peacebuilding expenditure on the rest of the world’s 30 conflict-affected countries.
COMPOSITION OF PEACEBUILDING:
DONORS AND RECIPIENTS

Looking at the composition of ODA can reveal donor priorities and how they relate to peacebuilding. Figure 2.3 shows the total ODA given to conflict-affected countries over twelve years from the ten largest donors of the 29 DAC members. In outright terms, the US commits the most resources to peacebuilding followed by the International Development Association (IDA, World Bank) and EU Institutions. In proportional terms, the UK, US and Norway commit the largest sum toward peacebuilding at 24, 23 and 21 percent, respectively. France and Japan conversely spend only three and six percent, respectively, of their development budgets on peacebuilding.

Figure 2.4 shows the ten largest recipients of the 31 conflict-affected countries over the last twelve years. They are representative to the extent that they attracted 71 percent of total ODA disbursements to this grouping of countries over the 2002-2013 period. Iraq and Afghanistan accounted for the majority of peacebuilding expenditure over the 12-year period and that peacebuilding was in fact a notable proportion of their respective total ODA during the period at 18 and 31 percent, respectively.
Furthermore, when looking at the composition of global peacebuilding expenditures, they are also highly uneven within the 16 selected categories (based on the OECD CRS classification). The two largest categories (15130, legal and judicial development; and 15110, public sector policy and administrative management) account for almost half of total peacebuilding to conflict-affected states in 2013. This is true not just for 2013, but to the recent history of ODA, as can be seen in table 2.2. Those two categories account for 48 percent of the total peacebuilding over the 12-year period 2002 to 2013.

It is worth noting category 15220, the only category that explicitly refers to peacebuilding (civilian peacebuilding, conflict prevention and resolution) has received notable funding in some years and is the third largest category at 12.3 percent of the total. In terms of donors, the notable donors for 15220 were the US, Germany, the U.K., Norway, Sweden, Switzerland and Denmark.

**TABLE 2.2 CRS CATEGORIES IDENTIFIED AS PEACEBUILDING**

<table>
<thead>
<tr>
<th>CODE</th>
<th>OECD CRS CATEGORY</th>
<th>TOTAL 2002-2013 (US$ MILLIONS)</th>
<th>PERCENTAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>15110</td>
<td>Public sector policy and administrative management</td>
<td>19,164</td>
<td>31.70</td>
</tr>
<tr>
<td>15130</td>
<td>Legal and judicial development</td>
<td>9,738</td>
<td>16.10</td>
</tr>
<tr>
<td>15220</td>
<td>Civilian peacebuilding, conflict prevention and resolution</td>
<td>7,418</td>
<td>12.30</td>
</tr>
<tr>
<td>15111</td>
<td>Public finance management</td>
<td>4,725</td>
<td>7.80</td>
</tr>
<tr>
<td>15150</td>
<td>Democratic participation and civil society</td>
<td>4,522</td>
<td>7.50</td>
</tr>
<tr>
<td>15210</td>
<td>Security system management and reform</td>
<td>3,755</td>
<td>6.20</td>
</tr>
<tr>
<td>15230</td>
<td>Participation in international peacekeeping operations</td>
<td>2,769</td>
<td>4.60</td>
</tr>
<tr>
<td>15112</td>
<td>Decentralization and support to subnational government</td>
<td>2,652</td>
<td>4.40</td>
</tr>
<tr>
<td>15160</td>
<td>Human rights</td>
<td>1,787</td>
<td>3.00</td>
</tr>
<tr>
<td>15250</td>
<td>Removal of land mines and explosive remnants of war</td>
<td>1,272</td>
<td>2.10</td>
</tr>
<tr>
<td>15170</td>
<td>Women’s equality organisations and institutions</td>
<td>731</td>
<td>1.20</td>
</tr>
<tr>
<td>15240</td>
<td>Reintegration and SALW control</td>
<td>673</td>
<td>1.10</td>
</tr>
<tr>
<td>15153</td>
<td>Media and free flow of information</td>
<td>495</td>
<td>0.80</td>
</tr>
<tr>
<td>15152</td>
<td>Legislatures and political parties</td>
<td>284</td>
<td>0.50</td>
</tr>
<tr>
<td>15113</td>
<td>Anti-corruption organisations and institutions</td>
<td>272</td>
<td>0.50</td>
</tr>
<tr>
<td>15261</td>
<td>Child soldiers (prevention and demobilization)</td>
<td>128</td>
<td>0.20</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>60,384</td>
<td>100</td>
</tr>
</tbody>
</table>
Peacebuilding categories are large when compared to other forms of development assistance within conflict-affected countries, as Figure 2.5 shows. There are three categories, highlighted in green, that are peacebuilding categories making up the top ten types of ODA. This figure takes the 12-year average, ironing out the large year-to-year differences that occur in aid flows.

**FIGURE 2.5** TEN LARGEST ODA CATEGORIES WITHIN THE CONFLICT-AFFECTED COUNTRIES, GROSS DISBURSEMENTS IN 2013 US DOLLARS, 2002–2013

Three peacebuilding categories highlighted in green are amongst the largest categories of development aid.

Comparatively, peacebuilding expenditures of US$6.8 billion were dwarfed by the cost of conflict, which amounted to US$817 billion in 2013, as shown in figure 2.6. Peacebuilding expenditures were equivalent to 0.83 percent of the yearly direct economic losses from conflict in 2013. However, by this calculation, peacebuilding was approximately equivalent to peacekeeping spending for 2013, underlining the need to better itemise and understand the composition of peacebuilding expenditures.

**FIGURE 2.6** WORLDWIDE LOSSES FROM CRIME, INTERPERSONAL VIOLENCE, CONFLICT VS TOTAL ODA AND PEACEBUILDING EXPENDITURES IN BILLIONS US DOLLARS, 2013.

Global peacebuilding expenditure is dwarfed by the direct economic losses from conflict. This suggests the current theoretical spending on prevention is less than one percent of the cost of the consequences of conflict.
ANALYSING DOMESTIC PEACEBUILDING EXPENDITURES

This section presents the results of a coding exercise to assess the domestically funded peacebuilding expenditures that priority countries undertook in the most recent year. As discussed in the methodology section, it covers 15 countries and 16 categories of peacebuilding. These categories were created during the coding process and aggregated by IEP researchers. Numbers presented are at best exclusive of donor peacebuilding in order to avoid double counting and have also been converted from the local currency into 2013 PPP dollars.

Given this is representative of only half of the 31 conflict-affected countries it cannot be taken as a conclusive summary of the propensity for conflict-affected states to fund their own peacebuilding activities. However, 15 country budgets are a good indicative sample, highlighting some interesting variations between countries. The categories for domestic expenditure were selected as they are comparable across the different countries. There are other categories that were not included even though they would be relevant to peacebuilding, such as the rule of law, as comparable numbers could not be determined. The methodology section of this report also highlights other important aspects and constraints of counting these expenditures.

Figure 2.7 shows that peacebuilding averaged around four percent of domestic government budget expenditure for the 15 countries identified; noting that headline domestic budget figures are estimated for Madagascar. Liberia is the clear outlier, spending over 16 percent of its budget on peacebuilding and within that a big portion on the maintenance of parliament, which could simply reflect one-off capital expenditures.

Figure 2.8 shows total domestic peacebuilding expenditure for 11 of the 17 categories for the selected 15 conflict-affected countries. While the results are somewhat skewed by outliers like Liberia, which spent a lot on maintenance of parliament in 2014, a large portion of domestic expenditures in the conflict-affected states goes into maintaining democratic institutions, with the top four categories on maintaining parliament, funding electoral commissions, supporting attorney general and judicial functions and the legislature and political parties. Table 2.3 shows the full results of domestic peacebuilding expenditure counting exercise in 2013 US dollars.

Peacebuilding expenditures of US$6.8 billion were dwarfed by the cost of conflict, which amounted to US$817 billion in 2013.
### TABLE 2.3 DOMESTIC PEACEBUILDING EXPENDITURE IN MILLIONS OF 2013 US PPP AND 2013 CONSTANT US DOLLARS

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>DOMESTIC PEACEBUILDING PPP</th>
<th>TOTAL DOMESTIC BUDGET PPP</th>
<th>DONOR PEACEBUILDING 2013 PPP</th>
<th>DONOR PEACEBUILDING 2013 US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghanistan</td>
<td>408</td>
<td>6,853.50</td>
<td>5,551.60</td>
<td>1,896.40</td>
</tr>
<tr>
<td>Burundi</td>
<td>29</td>
<td>1,188.40</td>
<td>275.6</td>
<td>95.4</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>58.8</td>
<td>723.2</td>
<td>127.8</td>
<td>61</td>
</tr>
<tr>
<td>Democratic Republic of the Congo</td>
<td>696.6</td>
<td>12,300.60</td>
<td>493.4</td>
<td>293.4</td>
</tr>
<tr>
<td>Guatemala</td>
<td>95.6</td>
<td>24,361.00</td>
<td>524.8</td>
<td>250.4</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>18.7</td>
<td>437.3</td>
<td>24.1</td>
<td>9.5</td>
</tr>
<tr>
<td>Kosovo</td>
<td>108.5</td>
<td>3,970.80</td>
<td>814.7</td>
<td>356.2</td>
</tr>
<tr>
<td>Liberia</td>
<td>102.8</td>
<td>625</td>
<td>127.9</td>
<td>68.7</td>
</tr>
<tr>
<td>Mali</td>
<td>41.1</td>
<td>3,977.30</td>
<td>354.2</td>
<td>156.7</td>
</tr>
<tr>
<td>Nepal</td>
<td>163.5</td>
<td>17,267.40</td>
<td>524.8</td>
<td>161.9</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>148.4</td>
<td>7,166.80</td>
<td>197.4</td>
<td>157.3</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>11.9</td>
<td>1,738.40</td>
<td>108.1</td>
<td>45.4</td>
</tr>
<tr>
<td>South Sudan</td>
<td>92.8</td>
<td>4,723.20</td>
<td>473.6</td>
<td>243.8</td>
</tr>
<tr>
<td>Uganda</td>
<td>338</td>
<td>8,172.10</td>
<td>459.9</td>
<td>180.6</td>
</tr>
<tr>
<td>Madagascar</td>
<td>5.9</td>
<td>3,970.40</td>
<td>71.9</td>
<td>23.6</td>
</tr>
</tbody>
</table>

---

**FIGURE 2.8** TOTAL DOMESTIC PEACEBUILDING EXPENDITURE BY CATEGORY FOR 15 CONFLICT-AFFECTED COUNTRIES IN MILLIONS OF 2013 US DOLLARS

A large portion of domestic expenditures in conflict-affected states goes to maintaining democratic institutions.
KEY FINDINGS

- US$18.35 billion dollars was committed to peacebuilding ODA in Rwanda from 1995 to 2014. That means peacebuilding in Rwanda cost the international community at least $27 per capita each year for the past 15 years.\textsuperscript{12}

- Of that US$18.35 billion, only three percent was allocated to programs in the Basic Safety and Security domain with the majority of expenditure going towards building inclusive political processes and strengthening core government functions in the wake of the genocide. It should be noted this figure of course does not include the costs of the peacekeeping mission in the immediate aftermath of the genocide.

- Peacebuilding assistance immediately after the genocide did not increase for five years and it was only until after the introduction of the Vision 2020 plan that peacebuilding expenditures alongside other development aid significant increase in Rwanda. Since then peacebuilding expenditure has continually increased over the past 15 years.

- The data on peacebuilding on Rwanda illustrates that the categories of assistance associated with peacebuilding are not exhausted in the five or even ten years following a conflict, meaning that the success of peacebuilding cannot be judged on whether there has been a relapse into a conflict after such a short period of time has elapsed.

- If one assumes that peacebuilding ODA leads to a reduction in violence, and if Rwanda is illustrative of the levels of peacebuilding required to reduce violent conflict, then the levels of global peacebuilding expenditure is insufficient to build global peace.
This section of the report focuses on peacebuilding ODA (as defined by IEP’s peacebuilding framework) in Rwanda, from 1995 to 2014. Rwanda serves as an important example of this peacebuilding framework for two reasons: firstly, it provides a real world example over a suitable time frame of how peacebuilding assistance was assigned to different domains and categories. This allows for the exploration of this data, in order to see whether any patterns or clusters of findings emerge that might be classified as a distinct peacebuilding ‘strategy’. Secondly, as Rwanda is perhaps the most prominent example of successful peacebuilding, notwithstanding the nature of its existing fragilities, looking at the cost of peacebuilding in Rwanda can serve as the basis for estimating the cost of future peacebuilding efforts in other post-conflict countries. To that end, this section looks at the overall cost of peacebuilding in Rwanda over the last twenty years, as well as examining specific peacebuilding projects in each peacebuilding domain. One important limitation to this study is the lack of domestic peacebuilding data from the Rwandan budget which means domestically funded peacebuilding activities may not be fully accounted for in the analysis.

PEACEBUILDING IN RWANDA

The nature and depth of ethnic divisions in Rwanda in the wake of the genocide meant that there was significant overlap between state building and peacebuilding. State building efforts by the new government focused heavily on peacebuilding categories, such as civilian peacebuilding and conflict prevention and resolution, situating them in a larger development strategy rather than specifically as peacebuilding. There has been no explicitly articulated national peacebuilding strategy in Rwanda following the genocide in 1994, however peacebuilding processes and objectives have been mainstreamed within development efforts and aid coordination as a whole. Rwandan authorities emphasise strong local ownership and the government is the one that draws up the rules both for cooperation and for different funding initiatives. Peacebuilding efforts have been driven through the Government of Rwanda’s (henceforth GoR) developmental strategy, Vision 2020. The central role the GoR has played in directing peacebuilding is one of the factors that have enabled a successful development trajectory and enabled the government to work alongside donors to achieve development and peacebuilding targets.

Peacebuilding expenditure in Rwanda in the period 1995-2014 totalled US$18.357 billion. Utilising the domains that were established in section one of this report, peacebuilding has been broken down into its three core domains: Basic Safety and Security, Inclusive Political Processes, and Core Government Functions. Figure 3.1 shows total
There has been a 688 percent increase in expenditure from 1995-2014 with spending going from US$337 million in 1995, to US$2,654 million in 2014.

It is interesting to note that peacebuilding assistance was neither front-loaded nor stable over time, and in fact increased more or less consistently over the 20 year period in question. Most notably, peacebuilding assistance in the immediate aftermath of the conflict did not increase for five years.

Peacebuilding expenditure in each domain was unbalanced, as demonstrated in figure 3.2. Only three percent of peacebuilding went into domain one, Basic Safety and Security; 37 percent into domain two, Inclusive Political Processes; and 60 percent going into domain three, Core Government Functions. This perhaps reflects the nature of the violence in Rwanda and the fact programmatic actions toward security system management and reform, reintegration and SALW control, removal of land mines and explosive remnants of war, child soldiers (Prevention and demobilization) were less critical than the peacebuilding activities related to inclusive political processes and building core government functions.

Figure 3.3 highlights the trends in each domain over time. In the period immediately following the genocide spending remained relatively stable. It is in 1999-2000, the same time that Paul Kagame became President and Vision 2020 came into effect, that funding began to increase and fluctuate especially in the categories of peacebuilding related to inclusive political processes and building of core government functions. Figure 3.3 makes clear that the provision of basic safety and security peacebuilding assistance was considerably lower than for the other two domains, even in the immediate post-conflict environment. This may be entirely explainable for a range of reasons such as the fact much of this activity may be inherently less expensive to run, or because the nature of the conflict in Rwanda meant that many programs associated with domain one peacebuilding (demining etc.) were not applicable to the conflict situation.

The peacekeeping mission, UNAMIR was also present in the country up until 1996. Further research from IEP will aim to assess the pattern of peacebuilding expenditures in other post-conflict environments.
Domain one, *Basic Safety and Security* received the least amount of funding between 1995 and 2014, totally only three percent of all peacebuilding expenditure in Rwanda. Of this three percent, 43 percent of total domain one expenditure went into category 1.2: Reintegration and small arms and light weapons control. The objective of disarmament, demobilisation and reintegration (DDR) is to contribute to “security and stability in post-conflict environments so that recovery and development can begin”.17 This was clearly a major focus for the country not just in the immediate post-genocide period, but even more recently in the 2010 to 2014 period. Another 42 percent of domain one spending went into category 1.5: Participation in international peacekeeping operations which reflects programmatic activities related to support for peacekeeping rather than an extant mission in the country itself.

This category of spending would be more prevalent following the end of an armed conflict or civil conflict between different non-state actors. In Rwanda however, in the immediate five years following the genocide, spending was concentrated in two particular categories: 2.1, legal and judicial development and 3.1 public sector policy and administrative management. This reflects the way the Rwandan Patriotic Front (RPF) took control of the country in 1994, and focused efforts on bringing perpetrators of the genocide to justice and establishing institutions to consolidate their government.

**FIGURE 3.4 TREND IN PEACEBUILDING COMMITMENTS BY DOMAIN, RWANDA (1995-2014)**

There has been a significant increase in Core Government Functions peacebuilding ODA since the turn of the century.

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**AN EXAMPLE OF BASIC SAFETY & SECURITY PEACEBUILDING PROGRAM: THE RWANDA DEMOBILISATION & REINTEGRATION COMMISSION (RDRC) — CATEGORY 1.2**

The Rwanda Demobilisation and Reintegration Commission (RDRC) was formed to put the country’s disarmament, demobilisation and reintegration programme, Rwanda Demobilisation and Reintegration Programme (RDRP), into effect.19 The GoR emphasised local ownership of the demobilisation process, as it did across all areas of peacebuilding and development. It focuses on the demobilisation and reintegration of ex-combatants, regardless of previous military affiliation, and has occurred in three stages with various donors and partners, including the International Development Association (IDA).19 There was a large focus on providing ex-combatants with economic prospects and they received vocational training, apprenticeship support, literacy training and support for formal education.

The first stage went from 1997–2000, and 18,692 Ex-Rwanda Defence Force members were demobilised. The first stage was financed by the government in conjunction with various donors, however funding was cut short due to the Rwandan governments involvement in the conflict in the Democratic Republic of the Congo (DRC), and only US$8 million of the US$39 million that was promised was received.20 Figure 3.5 illustrates this, with funding in 1997 and 1998 falling significantly. Based on these numbers the cost of demobilising each soldier in Rwanda was between US$428 to US$2,086 per soldier.
Stage II of the RDRP went from 2001-2008 and demobilised 22,685 ex-combatants. Spikes in figure 3.5 in 2001 and 2004 were caused by the increase in category 1.2 spending. In 2004, spending reached US$81 million, up US$79 million from 2003. RDRP Stage III commenced in 2009 and is ongoing, and has currently demobilised 3,910 ex-combatants. US$53 million went to funding the process in 2009. The main aims for stage III are to maintain capacity and allow for the integration of processes within the Economic and Development and Poverty Reduction Strategy (EDPRS) framework.

Domain two, or *inclusive political processes* accounted for 37 percent of total peacebuilding expenditure in Rwanda over the period. Of that 37 percent, almost half went into the legal and judicial development category. Three categories accounted for over 50 percent of domain two funding: *democratic participation and civil society*, *human rights*, and *civilian peacebuilding*. The distribution of spending within domain two is shown in figure 3.6.
The national court system in Rwanda that was already weak prior to 1994, was left devastated not only physically with the destruction of buildings and infrastructure, but also through the killings of judges and administrative staff. In the period following the conflict, Rwanda faced an overloaded judicial system dealing with a high number of genocide perpetrators, and was confronted with multiple problems with the judiciary system including a lack of qualified staff, loss of archives, and a lack of working materials and equipment. In order to move forward, the GoR realised the necessity of justice in order to provide long-term peace and stability. Trials began in the national court system under the new legislation in December 1996 and continued for over a decade. By mid-2006 the courts had tried approximately 10,000 genocide suspects.

The immense number of those accused of being involved in the genocide and awaiting trial overstretched the domestic justice system. In 2000, the Rwandan government, with partners including AEGIS trust, reintroduced ‘Gacaca’, a traditional dispute resolution system that can be traced back to the 15th Century in Rwanda. The courts were an effort at community-driven peacebuilding and have been seen as laying the groundwork for reconciliation, peace and unity. They provided a means where victims could learn the truth about what happened to loved ones and for perpetrators of the genocide to confess, show remorse and seek forgiveness. There were more than 12,000 community based courts that held approximately 1.2 million cases across Rwanda. The courts closed officially on 4 May 2012. President Kagame stated the cost of the courts was approximately $40 million, in contrast with the International Criminal Tribunal for Rwanda (ICTR) which cost approximately $1.7 billion.

In 2003, President Kagame ordered the provisional release of certain categories of prisoners who, before returning home, would spend some time in solidarity camps called ingando. The camps aimed at re-educating detainees and included teaching about justice and reconciliation processes, and community service tasks such as building homes for survivors of the genocide. Approximately 22,000 prisoners were released at this time; the expenditure in category 2.1 from 2003 to 2004 dropped from US$168 million to US$29 million. Despite this, in 2005 the International Committee of the Red Cross estimated that 89,000 people were still being detained, many of whom had been in prison for the better part of a decade. An unexpected result of the Gacaca process was that it encouraged perpetrators to confess and name accomplices, this increased the number of people tried under Gacaca to an estimated 1,000,000. This can be a reason why funding was erratic until 2012 when the Gacaca process officially came to a close.
Domain three accounted for the majority of peacebuilding ODA in Rwanda from 1995 to 2015. Of total peacebuilding expenditure from 1995-2014, 60 percent went into core government function categories; totalling US$11.33 billion of the overall US$18.35 billion. All three of the categories in domain three are in the top five highest expenditure categories, as shown in table 3.1.

Table 3.1: Peacebuilding ODA Categories with the Highest Total Commitments, Rwanda, 1995-2014

<table>
<thead>
<tr>
<th>RANKING</th>
<th>DOMAIN</th>
<th>CATEGORY</th>
<th>TOTAL SPENT 1995-2014 (US$ MILLION)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3</td>
<td>Public sector policy and administrative management</td>
<td>4,661.9</td>
</tr>
<tr>
<td>2</td>
<td>3</td>
<td>Public finance management</td>
<td>4,190.6</td>
</tr>
<tr>
<td>3</td>
<td>2</td>
<td>Legal and judicial development</td>
<td>2,999.4</td>
</tr>
<tr>
<td>4</td>
<td>3</td>
<td>Decentralisation and support to subnational government</td>
<td>2,180.8</td>
</tr>
<tr>
<td>5</td>
<td>2</td>
<td>Democratic participation and civil society</td>
<td>1,655.9</td>
</tr>
</tbody>
</table>

Figure 3.8 shows the trend in peacebuilding expenditure in domain three, increasing from US$77.4 million in 1995 to US$1798 million in 2014; a 2224 percent increase over 19 years.

There were several large jumps in domain three peacebuilding ODA over this time period, with notable spikes in 2004, 2011, and 2014. The spike in 2004 was a result of an increase in expenditure in category 3.3 due to the introduction of processes of decentralising political, administrative and fiscal areas. The increase in 2011 was caused by increases in spending in categories 3.1, public sector administrative management and 3.2, public finance management, the latter of which increased 274 percent accounting for the final peak in 2014.

When the Rwandan Patriotic Front (RPF) put an end to the genocide and came into power in 1994, both the new government and international assistance prioritised immediate humanitarian and security issues. President Paul Kagame, who was the leader of the RPF in 1995, aimed to ensure the peacebuilding was driven by the Rwandan government and spending was heavily concentrated on building institutional capacity. Meanwhile during this period significant aid was being channelled through multilateral and non-governmental organisations, which suffered from lack of co-ordination.

At least three aid management frameworks were formulated by the government working with international partners during this period: the 2002 Poverty Reduction Strategy Paper (PRSP), the 2006 Rwanda Aid Policy (RAP) and the 2007 Economic Development and Poverty Reduction Strategy (EDPRS) and the 2008 Aid Procedures Manual. Rwanda’s PRSP in 2002 sparked the country’s participation in an aid harmonisation pilot that regrouped donors as ‘Development Partners’ and meant that aid in Rwanda was to be channelled through government institutions and frameworks.27 The establishment of the Aid Coordination, Harmonisation and Alignment project meant that donors now worked in conjunction with the GoR, and the project’s commencement in 2004 coincided with a 115 percent increase in spending in category 3.1, shown in figure 3.8.

This institutionalisation of harmonisation between the Rwandan government and donor countries represented a shift from donor control to the alignment of peacebuilding assistance with the objectives of recipient countries. A 2006 Survey on Monitoring the Paris Declaration, ranked Rwanda ‘ownership’, meaning the ‘ability of a country to exercise effective leadership over its development policies and strategies’, as outstanding.29 This harmonisation and the subsequent framework, combined with the ambitious economic and development objectives outlined by the Rwandan Government in Vision 2020, have greatly contributed to the effectiveness and size of donor funding.
Vision 2020 was the result of an extensive national consultative process between 1997 and 2000, and was further revised in 2012. While it was principally described as “an ambitious plan to raise the people of Rwanda out of poverty and transform the country into a middle-income economy” by 2020, much of the plan involved activities in domain three, building core government functions.

The framework outlines six core pillars for Vision 2020: Good governance and a capable state, human resource development and a knowledge-based economy, private sector-led development, infrastructure development, productive high value and market oriented agriculture and finally, regional and international integration. Reaching the targets in these pillars requires spending in domain three, and as Rwanda’s Vision 2020 outlines the country’s development and peacebuilding trajectory, it explains how core government functions received the most funding.

From 1999 to 2000, when Vision 2020 was released, spending in category 3.1 increased from US$107 million to US$409 million.

The Ministry of Finance and Economic Planning (MINECOFIN) was established in March 1997 by joining the Ministry of Finance with the Ministry of Planning, and in 1999 also included the addition of development cooperation from the Ministry of Foreign Affairs.

The creation of MINECOFIN can be seen in the data, once the institution was established in 1997, 1998 funding in category 3.2 reached US$140 million, and then dropped to US$20 million the following year. MINECOFIN’s mission is to ‘raise sustainable growth, economic opportunities, and living standards of all Rwandans’ and plays a central role in aid coordination promoting and ensuring aid effectiveness.

This illustrates a congruency that exists across government institutions and frameworks like MINECOFIN and Vision 2020 that, along with the Government’s strong leadership, have contributed to Rwanda’s peacebuilding success. As to the broader distinction of such activities being defined as peacebuilding, it is clear this peacebuilding framework includes strong state building aspects which are critical to supporting many of the other more immediate and core peacebuilding activities directly related to the security environment.
The spike in 2000 shown in Figure 3.8 was a result of the additional increase in spending to category 3.3 due to the Government embarking on decentralization processes. The process began with the adaptation of the national decentralization policy that outlined the election of local leaders.

Further changes were made in 2006 as the government made successful inroads in decentralization in all three areas: administrative, fiscal and political, despite being traditionally centralized.

Rwanda has redesigned local administration and local governments are now the main implementers of national policies, in 2011-2012 they executed 25 percent of the domestic budget.

Decentralization in Rwanda has seen to foster both service delivery and citizen participation and reconciliation, particularly important in light of the post-1994 context. For example, Districts are financially and legally independent and responsible for economic development and the provision of services including: agriculture, tourism and small and medium sized enterprise (SME), hospitals, water and sanitation and schools.

This is an important part of the country's statebuilding and peacebuilding outcomes.

SUMMARY

The data for peacebuilding ODA in Rwanda shows that contrary to what might be expected in a post-conflict environment, the majority of peacebuilding funding was not allocated towards programs in the Basic Safety and Security domain, but rather in the domains related to inclusive political processes, and the provision of government services and reform of government functions. Furthermore, the level of peacebuilding assistance did not start high and then taper off, nor did it remain consistent over time, but rather actually increased steadily from 1995 to 2014.

This underlines some of the difficulty in trying to distinguish peacebuilding from statebuilding, and from development more generally, as those categories with more conceptual overlap with state building and development tend on average to be more likely to receive higher levels of funding. Finally, there are those issues which are specific to the post-conflict environment in Rwanda; the particular form that the conflict took, potentially making domain one programs less applicable, and given the focus on justice and reconciliation in the wake of the genocide, resulting in domain two programs being more heavily emphasised. There is also the way in which the peacebuilding and development process was spearheaded and directed by the GoR meaning that not only did it take some time for peacebuilding to increase, but that it continued to increase even 20 years after the conflict had ended. This highlights the fact that any taxonomy of peacebuilding cannot be divorced from definitional, contextual, and political concerns.

Regardless of these issues, however, the data on peacebuilding for Rwanda does illustrate that the categories of assistance associated with peacebuilding are not exhausted in the five or even ten years following a conflict, meaning that the success of peacebuilding cannot be judged on whether there has been a relapse into a conflict after such a short period of time has elapsed. It also highlights the fact that, if the assumption that peacebuilding ODA leads to a reduction in violence is true, and if Rwanda is illustrative of the levels of peacebuilding required to reduce violent conflict, then the levels of peacebuilding currently seen around the world are incommensurate with such a goal. This notion is explored in more detail in the next section of this paper.
A GLOBAL MODEL OF THE COST-EFFECTIVENESS OF PEACEBUILDING

KEY FINDINGS

- IEP has constructed a global model of peacebuilding cost-effectiveness that shows increased funding for peacebuilding would be hugely beneficial not only to peacebuilding outcomes but in terms of the potential economic returns to the global economy.

- Using 20 years of peacebuilding expenditure in Rwanda as a guide for establishing a unit cost, IEP estimates the cost-effectiveness ratio of peacebuilding at 1:16.

- This means that if countries currently in conflict increased their levels of peacebuilding funding to appropriate levels estimated by this model, then for every dollar invested now, the cost of conflict would be reduced by 16 dollars over the long run.

- The total peace dividend the international community would reap if it increased peacebuilding commitments over the next ten years from 2016 is US$2.94 trillion. Based on the assumptions in this model, the estimated level of peacebuilding assistance required to achieve this outcome would be more than double what is currently directed toward peacebuilding for the 31 most fragile and conflict-affected nations of the world.

- While every such model may rely on important assumptions, robustness testing illustrates that even if these assumptions are changed and the unit cost of peacebuilding is increased to be made more expensive, peacebuilding is still overwhelmingly cost-effective.
INTRODUCTION

The general purpose of cost-effectiveness analysis is to compare two or more programs, actions, or items to see which brings about the greatest impact per unit of spending. It allows for policymakers to choose the appropriate mix of programs that maximise the benefits of a given policy, while also minimising costs.

Ultimately, measuring the cost-effectiveness of peacebuilding would involve comparing different peacebuilding approaches, strategies, or even individual programs to see which would produce the greatest increase in peacefulness for the least amount of money. However, as outlined in section one, being able to compare specific programs across different countries is a difficult, costly, and time-intensive process. The first step, therefore, is to determine the general cost-effectiveness of peacebuilding as an activity per se, that is, by determining whether increasing peacebuilding funding would lead to increased economic activity.

As the analysis in this section is focused on the global cost-effectiveness of peacebuilding, it does not aim to compare different peacebuilding programs or strategies, but rather to compare the economic impact of greatly increasing peacebuilding funding in conflict-affected areas today, versus keeping peacebuilding funding at currently existing levels. In order to construct such a model, it is necessary to define and estimate a cost of conflict, that is, all economic costs associated with ongoing conflict, such as battle deaths, GDP losses, and so on. It is also necessary to outline a unit cost of peacebuilding, which serves as an estimate of the level of peacebuilding funding needed to reduce the cost of conflict over some specified period of time. If the estimated reduction in the cost of conflict is higher than the unit cost of peacebuilding, then peacebuilding can be considered ‘cost-effective’ over the long run.

Of course, any such model relies on a great deal of assumptions. In this case, the model assumes that a unit cost based on 20 years of peacebuilding data in Rwanda is applicable to all conflict scenarios. It also assumes that peacebuilding is the primary driver of conflict reduction, and thus that increasing peacebuilding aid would necessarily result in a fall in the cost of conflict. However, this paper contends these assumptions are not unreasonable, that they have been explained and defended elsewhere, and furthermore that robustness testing illustrates that even if these assumptions are changed and the unit cost of peacebuilding is increased, peacebuilding is still overwhelmingly cost-effective.

A MODEL OF PEACEBUILDING COST-EFFECTIVENESS

Peacebuilding involves a range of measures targeted to reduce the risk of lapsing or relapsing into violent conflict by strengthening national capacities and institutions at all levels for conflict management, and to lay the foundations for sustainable peace and development. It is distinct from peacekeeping and peace-making activities, which broadly involve the activities aimed at ending violence and establishing security. The immediate cessation of conflict is only the first step in building long-term peace.

The categories measured here and used in the model are taken from the OECD DAC Creditor Reporting System, and are summarised in table 1.1 on page XX, and described in detail in Appendix A on page xx. The global model of peacebuilding cost-effectiveness uses the same set of 31 countries outlined in section 2, table 2.1 on page xx.

The model estimates both a peace and war scenario using an Auto-Regressive Integrated Moving Average (ARIMA) model which forecasts future values using historical values of the cost of conflict for each country. The model provides a range of forecasts for the highest possible to the lowest possible cost of conflict determined by the past data in the time series.
Violent conflict leads to substantial economic costs for a nation. It leads to the destruction of private property and public infrastructure. Armed conflict affects business activities by increasing risk and decreasing demand for their products and services. It also causes the erosion of state institutions in particular law enforcement and judicial institutions. Conflict and fragility are usually associated with lower income, higher poverty and economic stagnation. Although it is not possible to fully account for all the costs of conflict, it is possible to estimate the costs associated with loss of life and infliction of trauma, population displacement, terrorism, and the loss of economic activity.

The cost of conflict estimated in this study includes six variables: costs associated with battle deaths and the impact of terrorism (deaths, injuries, property destruction), population displacement (internally displaced people and refugees), and finally GDP losses from conflict. This model uses a very conservative estimate of GDP losses from conflict of two percent a year for each year of active and high intensity conflict, although in many conflicts, GDP losses are often much higher.

Many of the costs associated with violent conflict are based on estimates from studies carried out in the US, or similar studies carried out in a single country that have not been repeated elsewhere. In order to adjust these estimates for every country in the model, IEP uses a scaling system based on relative GDP per capita (for example, if a country’s GDP per capita is 50 percent of US GDP per capita, the cost per homicide would be 50 percent of the US unit cost for homicide).

The economic costs associated with conflict deaths are based on estimates of lost productivity and output over the life of the person who has died. This cost is applied equally to both battle deaths and victims of terrorism. Similarly, the cost of violent assault is used as a proxy for the cost of injuries caused by terrorism. The cost of population displacement is estimated as the lost production and consumption to the country of origin of each displaced person.

Figure 4.1 shows the trend in the cost of violence for the 31 conflict affected countries included in the model. These 31 countries are identical to those in section two of this report, and can be found in table 2.1. The cost of conflict for these countries has increased by over 2000 percent in constant terms since 1995. The increase in 2011 coincides with the increased violence due to the onset of the Syrian civil war and the aftermath of the Arab spring.
IEP’s model of peacebuilding cost-effectiveness is constructed using a 5 step process:

**Step 1:** IEP estimates the cost of conflict for the period of 1995-2015 using IEP’s cost of violence to the global economy methodology. The cost of conflict includes the cost of battle deaths, impact of terrorism, population displacement, and the adverse economic effects of war on the economy. Each of these components has a different type of cost associated with it: battle deaths lead to lost future economic activity from those killed, terrorist attacks lead to deaths but also property destruction, population displacement leads to reduced economic growth, and so on.

**Step 2:** IEP uses an ARIMA model to construct two scenarios based on the past 20 years of cost of conflict data: a peace scenario and a war scenario, where the war scenario provides an estimate of the cost of conflict if it continues to increase, whilst the peace scenario illustrates the cost of conflict where conflict drops to almost zero. Both scenarios show forecasts for every year up until 2025. The purpose of using an ARIMA model is to provide realistic forecasts of future costs of conflict, based on past levels of conflict.

**Step 3:** The benefits of peacebuilding (i.e. the peace dividend) is calculated as the difference in the cost of conflict between the peace and war scenarios. For example if the war scenario forecast cost of conflict in 2025 was 100, and the peace scenario was 10, then the peace dividend would be 90.

**Step 4:** IEP uses Rwanda as the baseline case to estimate the unit cost of successful peacebuilding. That is, the model assumes that the level of peacebuilding funding per capita required to achieve the peace scenario is the same as for Rwanda over the period 1995-2015. This allows IEP to estimate the current peacebuilding shortfall for each of the 31 conflict-affected countries included in the model.

**Step 5:** The cost-effectiveness ratio for each country is the ratio of the required increase in per capita peacebuilding to reach the same level as Rwanda, divided by the estimated peace dividend for that country. For the 31 conflict-affected countries as whole, the average of this ratio is 1:16, meaning that for every additional dollar spent on peacebuilding to reach the same levels of Rwanda, the future cost of conflict would be reduced by 16 dollars.

Violent deaths (battle deaths and deaths from terrorism) account for the majority of the cost of conflict, amounting to 63 percent of the total cost. Population displacement also has a significant impact at 35.4 percent of the total cost of conflict. Figure 4.2 shows the composition of the cost of conflict.

This paper takes a conservative approach in estimating the cost of conflict. It only includes variables for which reliable data can be sourced. Therefore, a large number conflict related costs are not included. For example, there is no reliable data with good estimates on the number of injuries from conflict (comparable to the injuries from terrorism data) and so the costs associated with conflict casualties are not included. Other categories of cost are inherently difficult to quantify such as diminished financial flows such as ODA where donors pull out in times of conflict, lower remittances and Foreign Direct Investment (FDI) common during conflict. The erosion of trust in formal and informal institutions has a

**FIGURE 4.2** THE COMPOSITION OF THE COST OF CONFLICT (2015)

Battle deaths and population displacement are the two largest categories of cost of conflict.
costly effect that takes years to restore to pre-war levels. War diminishes the level of trust between communities as well as trust in the state and its institutions. There are enormous economic costs associated with these changes, but they cannot be accurately quantified in a way that is comparable between countries, and as such they are excluded from the model.

Furthermore, conflicts often result in regional and even global spill-over effects, leading to significant costs in countries that border on the conflict region. Neighbouring countries host refugees from the conflict which means increased demand for public services. Instability also tends to spread into neighbouring countries. Responding to transnational terrorism at home and abroad also produces significant costs.

THE UNIT COST OF PEACEBUILDING

The literature on peacebuilding shows that many post-conflict societies relapse into violent conflict within a decade. As such, any approach to measuring the cost-effectiveness of peacebuilding must incorporate a longer time frame; an approach that relies on a five-year window is arguably not a realistic model of the true costs associated with successful peacebuilding. Although peacekeeping is usually thought of as occurring only in the immediate post-conflict environment, peacebuilding incorporates much longer term institution building, capacity building, as well as long run conflict de-escalation. IEP’s model of global peacebuilding cost-effectiveness uses peacebuilding data from 1995 to 2015, in order to get a more accurate estimation of the costs of successful peacebuilding.

Estimating a unit cost of peacebuilding is difficult, as there have been very few examples of successful long-term peacebuilding strategies in the last 25 years, the period for which detailed peacebuilding data is available. The IEP model uses Rwanda over the period of 1995 to 2015 as an example of ‘successful’ peacebuilding, and thus as the basis for the unit cost of peacebuilding for all countries in the model. Figure 4.3 highlights the fact that the cost of conflict has in fact fallen significantly in Rwanda over the last twenty years. The spike in 2009 was the result of battle deaths in the Democratic Republic of the Congo, where Rwanda had committed troops.

Using peacebuilding commitment data over the last 20 years for Rwanda, the unit cost of peacebuilding is derived. The estimated unit cost is then used to approximate the level of peacebuilding required in the 31 countries included. The unit cost of conflict is taken to be the minimum per capita commitment from 1995 to 2015, which is using the unit cost. This paper estimates the cost of peacebuilding for the period of 2016 to 2025. On average, an annual peacebuilding outlay of US$18.1 billion is estimated for the 31 countries included in the study.

![Figure 4.3](image-url)

**FIGURE 4.3 THE COST OF CONFLICT IN RWANDA (1995-2015)**

Battle deaths and population displacement are the two largest categories of cost of conflict.
FORECASTING THE COST OF CONFLICT

To estimate the cost of conflict for both peace and war scenarios, the paper uses an ARIMA model to forecast the cost from 2016 to 2025. The ARIMA model provides a range of possible estimates of the cost of conflict using historical conflict data for each country. For the purposes of helping to estimate the cost-effectiveness of conflict, three of these estimates are highlighted in figure 4.4: a ‘war’ scenario which represents the worst possible outcome, essentially a situation in which conflicts in all 31 countries reignite or remain unresolved, a ‘most likely’ scenario which represents the most likely global cost of conflict, assuming no increases in the current level of peacebuilding, and a ‘peace’ scenario, in which the cost of conflict drops to its lowest probable level. For the purposes of this analysis, the peace scenario assumes that increasing peacebuilding expenditure will reduce the cost of conflict over the long run, an assumption based on existing research on the effectiveness of peacebuilding, but also one that will be examined further as part of this research program. Conversely, the war scenario assumes that without an increase in peacebuilding assistance, the level of violent conflict in each of the 31 countries will continue to grow.

PEACE SCENARIO

In the peace scenario the model assumes that over time the cost of conflict will diminish due to peacebuilding activities leading to fewer conflict deaths and a fall in displacement, as countries become more stable and begin to rebuild. However, the decline in the cost of conflict is not achieved immediately after an increase in peacebuilding. Varying levels of residual violence that is directly related to the conflict persist in post-conflict societies. Therefore, the peace scenario includes different levels of deteriorations in peace in post-conflict violence for individual countries. The decline in the cost of conflict also depends on the speed of recovery of government institutions and the economy. It is important to make a distinction here between the cost of conflict and the cost of violence. The cost of conflict only refers to violence and disruption that are caused by a given conflict. However, the cost of violence is a broader term and rises due to intentional violent acts such as violent assault and homicide. As peacebuilding aims to mitigate risk factors such as demobilisation and disarmament as well as aid the development of law enforcement and judicial institutions, the reduction in the cost of conflict is assumed to result from peacebuilding. However, a fall in the cost of conflict may not lead to a fall in the cost of violence. Therefore, this paper uses the decline in the cost of conflict achieved through the implementation of peacebuilding activities as the effectiveness measure in the cost-effectiveness model, rather than a fall in the total cost of violence.
WAR SCENARIO

There is no guarantee that peacebuilding assistance at current levels will lead to fall in violent conflict. Despite peacebuilding and other preventative activities, war and conflicts can persist. The ‘war’ scenario highlighted in figure 4.4 assumes that current levels of peacebuilding efforts will be more or less completely ineffective, leading to an increase in deaths from conflict, terrorism, GDP losses from conflict, and so on.

ESTIMATING THE COST-EFFECTIVENESS OF PEACEBUILDING

Given the assumptions on the effectiveness of peacebuilding outlined above, the model can now be used to estimate a cost-effectiveness ratio for increased peacebuilding aid. Admittedly, at this stage of the research program there are a significant number of caveats attached to any such estimate: that the level of violent conflict will get worse without increased peacebuilding, and that the Rwandan per capita average represents the optimal or even minimal threshold necessary for reducing violent conflict. Therefore, the following estimates should only be considered broadly indicative of the possible benefits of increased peacebuilding assistance.

The cost-effectiveness ratio is estimated using the peace dividend and the estimates of the unit cost of peacebuilding derived from the Rwanda case study. The total peace dividend (the difference between the ‘war’ and ‘peace’ scenarios in figure 4.4) over the ten years from 2016 is $2.94 trillion, while the estimated level of peacebuilding assistance necessary to achieve this peace dividend is $184 billion over ten years. Therefore, each dollar invested in peacebuilding will lead to a $16 decline in the cost of conflict, assuming that the $27 per capita threshold is met for each country. Table 4.1 provides annual cost of conflict for the peace and war scenario for the period of 2016-2025.
TABLE 3.1  ESTIMATES OF THE COST OF CONFLICT, PEACEBUILDING, THE PEACE DIVIDEND AND THE COST-EFFECTIVENESS RATIO FOR 2016-2025

Peace dividend and the cost-effectiveness ratio increases overtime as the cost of conflict falls in the peace scenario.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>COST OF CONFLICT</th>
<th>PEACEBUILDING</th>
<th>PEACE DIVIDEND</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>WAR SCENARIO</td>
<td>PEACE SCENARIO</td>
<td>CURRENT ESTIMATES</td>
</tr>
<tr>
<td>2016</td>
<td>290,480</td>
<td>203,146</td>
<td>5,924</td>
</tr>
<tr>
<td>2017</td>
<td>324,975</td>
<td>148,968</td>
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</tr>
<tr>
<td>2018</td>
<td>351,932</td>
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<td>2019</td>
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<td>2020</td>
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<td>2021</td>
<td>414,602</td>
<td>87,766</td>
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<td>2022</td>
<td>432,242</td>
<td>77,284</td>
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<td>2023</td>
<td>448,871</td>
<td>67,644</td>
<td>6,805</td>
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<tr>
<td>2024</td>
<td>464,684</td>
<td>58,666</td>
<td>6,941</td>
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<tr>
<td>2025</td>
<td>479,816</td>
<td>50,222</td>
<td>7,080</td>
</tr>
<tr>
<td>TOTAL</td>
<td>3,978,301</td>
<td>1,033,951</td>
<td>64,867</td>
</tr>
</tbody>
</table>

Source: IEP

Compare this scenario with a counterfactual in which the level of peacebuilding remains at current levels. In this scenario, the cost of conflict is not reduced down to the ‘peace’ scenario, but rather follows the ‘most likely’ path in figure 4.4. If this were to occur (the ratio of ‘most likely’ to ‘war’ scenarios) the fall in the cost of conflict would be much smaller. In this scenario, the peace dividend would be equivalent to US$91 billion, meaning that each dollar invested in peacebuilding would only yield a return of a fall of $1.60 in the cost of conflict.

The total peace dividend (the difference between the ‘war’ and ‘peace’ scenarios) over the ten years from 2016 is $2.94 trillion, while the estimated level of peacebuilding assistance necessary to achieve this peace dividend is $184 billion over ten years. Therefore, each dollar invested in peacebuilding will lead to a $16 decline in the cost of conflict, assuming that the $27 per capita threshold is met for each country.
At the global level, peacebuilding is overwhelmingly cost-effective. However, this doesn’t reveal anything about which types of peacebuilding which are most effective.

IEP has outlined a research program for the short, medium, and long-term that becomes increasingly granular. Starting from the global level, it would gradually drill down to the project level in order to fully flesh-out the cost-effectiveness of different peacebuilding activities.

The data generated in this first phase of research provides an extensive set of further options to model the statistical link between peacebuilding and conflict onset or lack thereof.

These methodologies can be used to calculate and estimate the future peacebuilding needs that exist in particular countries.
OVERVIEW

Elsewhere in this paper, IEP has tried to demonstrate that peacebuilding activities can be suitably defined and quantified in order to produce research on the cost-effectiveness of peacebuilding. This definition has been tested by looking at its application to the last two decades of peacebuilding in Rwanda, and then applied globally.

This section also draws upon existing impact evaluations in Liberia to demonstrate a basic approach to how the cost-effectiveness of specific peacebuilding interventions could be compared within a specific context. However, this type of approach demonstrates the need for many more impact evaluations that build the baseline data upon which this approach can be tested. Currently there are only approximately 61 impact evaluations on programmes with related peacebuilding outcomes, future research will require many more to advance knowledge of the cost-effectiveness of particular peacebuilding programs.

The findings of this initial research find that peacebuilding is overwhelmingly cost-effective at the global level, with robustness testing suggesting that even if the model vastly underestimated the level of peacebuilding funding required to end conflict, it would still be a cost-effective way of reducing the cost of conflict in the long run. However, such research, while a necessary precursor to more granular analysis, reveals nothing about which types of peacebuilding activity are more cost-effective than others. The ultimate target remains a body of research that can pinpoint the most cost-effective peacebuilding interventions, equally applicable across all countries and contexts.

Whether such a research outcome is possible or even feasible remains to be seen. There has been an increasing focus by the international community on measuring the effectiveness of peacebuilding, however, some critiques suggest that a quantitative, globally applicable model is undesirable and counterproductive. Peacebuilding needs to be tailored to the context and every context is different posing methodological limitations on how generalizable findings in this field can be. For this reason it is likely that a review of peacebuilding effectiveness can only drill down so far before becoming pointless, meaning that peacebuilding can only be assessed at the strategic, rather than programmatic level.

In order to try and take these potential problems into account, IEP has constructed a potential research program that outlines short, medium, and long term research outputs, each of which would become progressively more granular in assessing peacebuilding effectiveness. Starting at the global level, this program would first examine the causal link between peacebuilding assistance and conflict reduction, then look at comparisons between the 17 peacebuilding categories identified by IEP, before ultimately drilling down to the project level, with a focus on impact evaluation. The details of each of these stages are outlined below.

SHORT TERM: STATISTICAL MODELLING AT THE GLOBAL LEVEL

The model of peacebuilding cost-effectiveness at the global level, outlined in section three of this paper, takes as an assumption that peacebuilding assistance is the primary driver of reducing conflict in the long run. However, even if this assumption is conceptually and instinctively sound, it is not detailed enough to allow for discussion of the average scope of conflict decrease, and whether different peacebuilding funding strategies have a greater impact in conflict reduction, and so on. Thus, the research question that needs to be answered at this stage is:

DOES PEACEBUILDING EXPENDITURE REDUCE THE COST OF CONFLICT, AND IF SO, TO WHAT EXTENT?

At a global level we can attempt to answer this question with statistical analysis. IEP has compiled a data set of the cost of conflict and peacebuilding expenditures for 31 conflict affected countries from 2002 to 2014. Figure 5.1 shows the log of the cost of conflict by country over this time period, while figure 5.2 shows the log of peace building expenditures by country.
FIGURE 5.1 COST OF CONFLICT (LOGGED) FOR 31 CONFLICT AFFECTED COUNTRIES, 2002-2014

FIGURE 5.2 PEACEBUILDING RECEIPTS, 2002-2014
The expected relationship would be for peacebuilding expenditure to reduce violence and thus the cost of conflict tomorrow. At the most fundamental level we can test this hypothesis using dynamic panel data regression of the following basic form:

\[ y_{i,t} = \alpha + \gamma y_{i,t-1} + \beta x_{i,t-1} + \epsilon_{i,t} \]

Where \( y \), our dependent variable, is the cost of conflict (logged), and \( x \), our independent variable is peacebuilding receipts (logged). We include a lagged level of the cost of conflict (logged) as an independent variable. In the above equation, \( i \) indexes country and \( t \) indexes time period.

To further this analysis, the literature on determinants of cost of conflict could be assessed to determine relevant control variables to include in the statistical model, and collect data on these to include in the cost of conflict data set. This would aim to incorporate important contextual factors like the state of the political settlement and whether there is a viable peace agreement in place. The model could be further refined by expanding the selection of countries beyond those that are on the UN’s list of 31 conflict affected countries.

The second stage of the short-term research agenda would repeat the structure of the first, but the independent variables would be disaggregated by peacebuilding domain (if not by category, although it is likely a model with so many independent variables would be too unwieldy to produce useful results). This approach would allow for at least some initial analysis of whether some peacebuilding areas or strategies are more influential than others in reducing the cost of conflict.

Another way in which IEP might seek to explore the connection between peacebuilding ODA and conflict would be to examine the lagged relationship between the level of conflict and the level of peacebuilding ODA. The preliminary results shown above in figure 5.3 tentatively suggest a relationship between conflict and peacebuilding: countries with a higher cost of conflict have higher levels of peacebuilding ODA. Of course, such a relationship would be expected inasmuch as countries with high levels of conflict are better candidates for peacebuilding assistance. The better question is whether peacebuilding ODA is effective in reducing the level of violent conflict at some point in the future. This approach could also be extended by attempting to look for ‘thresholds’ of necessary peacebuilding, such that violent conflict begins to recede once a level of assistance is reached, but that there isn’t a linear relationship between peacebuilding ODA and violent conflict reduction below this threshold.

Figure 5.3 shows how cost of conflict and peacebuilding receipts are related (in a log-log relationship to account for outliers). It seems plausible that there is a positive and linear relationship between these two variables.
ADVANTAGES AND DRAWBACKS OF THIS APPROACH

Macro-level statistical analysis enables us to find general patterns in data, and show correlational relationships between variables of interest, in this case, the cost of conflict and peacebuilding expenditure. Regression analysis cannot, however, begin to answer the question of causality — at most it can show a correlational relationship between variables of interest. Moreover, nuances of individual country contexts get lost in a global analysis. Furthermore, there may be so little difference between the structure of peacebuilding aid between countries (in terms of differences in domain expenditure), that disaggregating these domains produces no meaningful differences. The approach outlined above also cannot account for dynamic effects, that is, the idea that there may be a particular order to the structure of peacebuilding that is most effective in reducing the cost of conflict. Finally, there is the issue of the method in which peacebuilding ODA is delivered, for example, whether it is distributed in partnership with the national government, whether the country has the necessary capacity to ensure it is used effectively, and so on. Specifying a model that can take into account these factors would be the most significant challenge at this phase of the research.

MEDIUM TERM:
COST-EFFECTIVENESS ANALYSIS
AT A MICRO-LEVEL

The second stage of the proposed research program, which would take place over the medium term, would aim to take the results of the first stage and further disaggregate them, drilling down to the micro-level in order to compare the effectiveness of specific peacebuilding programs. An example of similar research is given below.

Peacebuilding activities come in many forms targeted at many kinds of outcomes. A recent stocktaking exercise conducted by 3ie in collaboration with Innovations for Poverty Action has described the current state of impact evaluations of peacebuilding activities aimed at one of five broad areas: legislative politics, security, justice, economic foundations, and revenues and social services. These evaluations have targeted different outcomes classified as targeting either the individual level (for example, attitudes and knowledge), the societal level (for example participation or social inclusion), and the peacebuilding level (for example, interpersonal conflict and violence).

Although the stocktake is not comprehensive, it provides a structured way of thinking about impacts of peacebuilding, and an avenue for trying to assess cost-effectiveness at a more micro-level. See figure 5.XX for the stocktaking map.

One research avenue would focus on a similar stock-taking exercise of the cost-effectiveness of these completed impact evaluations, in particular, programs that were aimed at affecting peacebuilding outcomes (as opposed to individual or societal level outcomes). For example, comparing the impact on the cost of violence of a program on dispute resolution versus a program on peace education and dialogue, both of which are aimed at affecting violence outcomes. A close collaboration with 3ie and/or IPA would be required to access as much detail of each impact evaluation as possible, including cost estimates for programs. Supposing cost of programming data is available for the impact evaluations carried out, IEP could compare the cost of implementation per capita to the changes in cost of violence per capita between baseline and end-line of evaluation.

IEP has a measure of cost of violence per country per year, which can easily be broken down to a per capita basis. This is an imperfect measure of the cost-effectiveness of program outcomes which specify intergroup conflict, interpersonal conflict and violence and crime and gang violence as specific programmatic outcomes (it is difficult to disentangle the IEP cost measure into these sub-components), nonetheless the IEP measure would give an overall sense of the cost of all violence.
# 3IE/IPA Stocktaking Map of Peacebuilding Impact Evaluations

## Peacebuilding Outcomes

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<tr>
<td>LEGITIMATE POLITICS</td>
<td>LP1: Demand-side governance and civil society</td>
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<td></td>
<td>LP2: Support to peace processes and negotiation</td>
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<tr>
<td></td>
<td>LP3: Peace education or dialogue</td>
<td>1</td>
<td>3</td>
<td></td>
<td>2</td>
<td></td>
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<tr>
<td></td>
<td>LP4: Peace messaging and media-based interventions</td>
<td>1</td>
<td>3</td>
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<td>1</td>
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<td></td>
<td>LP5: Support for elections</td>
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<td>SECURITY</td>
<td>SS1: Security sector reform</td>
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<td></td>
<td>SS2: Disarmament and demobilisation</td>
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<td></td>
<td>SS3: Gender-based violence programmes</td>
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<td></td>
<td>SS4: Community security and policing</td>
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<td></td>
<td>SS5: Civilian police reform</td>
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<td></td>
<td>SS6: Demining</td>
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<td>JUSTICE</td>
<td>J1: Capacity building and reform of justice institutions</td>
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<td>1</td>
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<td></td>
<td>J2: Dispute resolution</td>
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<td>J3: Transitional justice</td>
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<td>J4: Reconciliation and services to victims</td>
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<td></td>
<td>J5: Human rights awareness and legal frameworks</td>
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<td>ECONOMIC FOUNDATIONS</td>
<td>EF1: Life skills and employment training</td>
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<td></td>
<td>EF2: Jobs, cash-for-work, cash and in-kind transfers</td>
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<td>4</td>
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<td>EF3: Land reform</td>
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<td>EF4: Natural resource management</td>
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<tr>
<td></td>
<td>EF5: Ex-combatant reintegration</td>
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<tr>
<td>REVENUES AND SOCIAL SERVICES</td>
<td>RSS1: Public sector governance capacity building and reform</td>
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<td></td>
<td>RSS2: Provision of public services</td>
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<tr>
<td></td>
<td>RSS3: Community-driven development and reconstruction</td>
<td>2</td>
<td>1</td>
<td>1</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>RSS4: Urban design for prevention of violence</td>
<td></td>
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</tbody>
</table>

**Note:** The table above shows the mapping of peacebuilding outcomes to different domains and areas, indicating the level of impact on various evaluations.
CASE STUDY: PEACEBUILDING IN LIBERIA

Liberia is a conflict affected country which has undergone a slow but steady transition from a situation of civil war to a situation of relative stability with democratic institutions. Between 1989-96 and 1999-2003, two civil wars wracked the country. After the last round of fighting ended in 2003, a lot of money was poured into the country from international donors in support of peacekeeping and peacebuilding. Figure 5.4 shows the cost of conflict per capita and the peacebuilding expenditures per capita since 2002. The cost of conflict peaked in 2003, the year that the second civil war officially ended, while the peacebuilding expenditure peaked in 2007, four years after the end of the conflict.

Liberia provided fertile ground for experimenting with different kinds of peacebuilding activities, and the academic community took an interest in trying to assess the impact of particular activities on a range of individual, social and peacebuilding outcomes including violence.

Two such peacebuilding projects are compared in terms of their cost-effectiveness — as measured by the outcomes related to violence, both programs were evaluated by randomized control trial, and in both cases, by Professor Chris Blattman from the University of Chicago.40

PEACEBUILDING PROGRAM ONE: AN EMPLOYMENT PROGRAM TO REDUCE LAWLESSNESS AND REBELLION

One of the priorities for the Liberian government after fighting ended was to ensure that ‘high-risk’ men would not have incentives to re-engage in conflict or rebellion. By 2008, the government estimated that about 9000 of these high-risk men were living in remote hotspots which made them susceptible to resource theft and rebellion. One of the highest priorities for the government was thus to create economic opportunity by creating stable jobs for high risk men.

In response to this situation, the non-profit Action on Armed Violence (AOAV), in coordination with the government of Liberia designed a four step program which included: residential coursework and practical training in farming, counselling and life-skills class, transport to the community of their choice after graduation with access to farmland, and, a two-stage package of tools tailored to the trainees interests. The program was run in two counties — Bong County and Sinoe County.

Limited funding available for the program meant that a decision needed to be made as to the beneficiaries — an ideal setting for a randomized control trial since assignment to treatment could be randomized. The AOAV, in collaboration with the team of researchers used this opportunity to test the impact of such a program. Full details can be found in Blattman and Annan 2015. The study sample included 1123 men, of which 1025 had end-line data available. The program was run at an estimated cost of $1275 per person in 2009. Baseline data was collected in 2009 prior to the beginning of the program, and end-line data was collected in 2011 — 14 months after training.41 Between 2009 and 2011, the cost of conflict in Liberia decreased from $9.82 per capita to $9.33 per capita, a reduction of five percent.

The economic impact of the intervention resulted in an $11.82 increase in monthly wages for the treated men, which is 11 percent of the program cost. The violence impact of the program is measured by recruitment effects, which is measured as the extent to which treated men were engaged in any recruitment activity related to engaging in conflict in neighbouring Cote d’Ivoire. The treatment effect here was 24 percent — i.e. treated men were 24 percent less likely to be re-engaged in violent conflict.

If we assume propensity to re-engage in conflict is directly proportional to the cost of conflict (a very crude assumption), then in the absence of the peacebuilding program, the cost of violence would be 24 percent higher in 2011 than the actual level in 2011, that is, the 2011 cost of conflict per capita would be $11.57. Using the most crude measure of cost-effectiveness, cost/effectiveness, the cost-effectiveness ratio of this program would then be $1275/ ($11.57-$9.82) = 726. Of course this is a particularly crude estimate since the program, rolled out to scale, would almost certainly benefit from economies of scale making the per capita costs significantly less.
PEACEBUILDING PROGRAM TWO: COGNITIVE BEHAVIOURAL THERAPY TO REDUCE CRIME AND VIOLENCE

Men at high risk of anti-social behaviour, defined as violence and drug use, were recruited in Monrovia, Liberia and randomly assigned to take part in an intervention designed around non-cognitive skill acquisition to reduce the likelihood of such anti-social behaviour.

The intervention was three pronged — an 8 week cognitive behavioural therapy program, a $200 cash transfer, or a combination of both therapy and the cash transfer. 999 men most aged between 18 and 35 were recruited into the program. The study period was 2009 to 2012.

The cost of delivering both interventions was $530 per head: $189 for the cognitive behavioural therapy, $216 for the cash grant, and $125 for registration and administration. The cost of conflict in Liberia fell from $9.82 per capita in 2009 to $7.32 in 2012 — a reduction of 25 percent. The treatment effect for reduction in anti-social behaviour was estimated to be between 40 and 50 percent depending on the particular antisocial behaviour in question.

Taking the lower bound as a conservative estimate, we assume that the effect of the program was to reduce the likelihood of violent conflict by 40 percent. If we assume propensity to re-engage in conflict is directly proportional to the cost of conflict (a very crude assumption), then in the absence of the peacebuilding program, the cost of violence would be 40 percent higher in 2012 than the actual level in 2012, that is, the 2012 cost of conflict per capita would be $10.25. Using the most crude measure of cost-effectiveness, cost/effectiveness, the cost-effectiveness ratio of this program would then be 530/($10.25-$9.82) = 1215.

Taking the upper bound as an estimate, we assume that the effect of the program was to reduce the likelihood of violent conflict by 50 percent. Thus in the absence of the program, the cost of conflict per capita in 2012 would be $10.98. The cost-effectiveness ratio of the program with this level of impact is then 453.

COST-EFFECTIVENESS COMPARISON OF PROGRAM ONE AND PROGRAM TWO

This example shows one method by which to compare the cost-effectiveness of two different kinds of peace-building activity. A crude measure, the cost-effectiveness ratio compares the cost of program per capita to the reduction of cost of conflict per capita, and the results are summarised in table 5.2.

A more refined version of the methodology shown in this Liberia example, could be used to assess the cost-effectiveness of a range of peacebuilding programs that have already been evaluated for impact.

ADVANTAGES AND DRAWBACKS OF THIS APPROACH

This method would provide a novel way of thinking about impact of peacebuilding which may be comparable across different country contexts, since cost-effectiveness is measured in relation to the particular costs of a country. It will allow one to compare, at a glance, the cost-effectiveness of different kinds of peacebuilding activity in one country, but also, similar kinds of peacebuilding activity in different countries. Furthermore, since the impact evaluations under consideration have been completed, the data needed for the research should all be available, thus becoming a question of collecting and analysing.

Because the cost of violence is hard to quantify, however, and because assumptions need to be made generalizing the impact from relatively small scale experiments to talk about effects at a country level, the measures that are derived will only ever be rough estimates of cost-effectiveness. The key challenge remains making the jump from measuring the outcome of a particular intervention, to the impact of that outcome on the level of violent conflict in a country, particularly when the intervention takes place at the local level and involves a relatively small number of people.

<table>
<thead>
<tr>
<th>PEACEBUILDING INTERVENTION</th>
<th>OPTIMISTIC Cost-effectiveness ratio</th>
<th>CONSERVATIVE Cost-effectiveness ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment program</td>
<td></td>
<td>726</td>
</tr>
<tr>
<td>Cognitive behavioural therapy</td>
<td>435</td>
<td>1215</td>
</tr>
</tbody>
</table>

TABLE 5.2 COST-EFFECTIVENESS COMPARISONS OF PEACEBUILDING INTERVENTIONS
One serious issue facing the peacebuilding community is estimating the appropriate level of peacebuilding when responding to outbreaks of conflict. Section four of this report estimated the cost-effectiveness of peacebuilding at the global level, using peacebuilding in Rwanda as the model for the appropriate level of peacebuilding spending. However, this is a very general approach, and the actual level of appropriate peacebuilding for each country is likely to vary considerably, taken into account the level of conflict in a country, its economic situation, the number of parties involved in a conflict, and any other number of pertinent factors.

Furthermore, the model only used the cost of conflict in previous years, as well as the OECD DAC database, as the basis for estimating the cost-effectiveness of peacebuilding. This data does provide some information, and can serve as the basis for realistically estimating future ODA from donor countries. It is also useful in that it highlights discrepancies in the allocation of peacebuilding funding, with some countries receiving disproportionate levels of peacebuilding funding, given the size of the conflict within a country. However, it is not accurate enough to use as the sole basis for predicting future peacebuilding needs. It does not provide any information about the ability of a recipient country to absorb and properly distribute peacebuilding funding, for example.

If the research outlined above for the short and medium term proves successful, IEP could look at building a model that provides estimates of peacebuilding needs in response to future conflicts. The model would build upon the results in stage two and three of the research, and then look to add other pertinent variables, for example looking at the intensity of a conflict, the existence of a peace treaty, the social and political complexities of a given post-conflict society, and so on.

It is essential to build on the country’s development plans, peacebuilding needs assessment and other risk and fragility assessment that might be available. Additionally, consultation and coordination with local and international organisations involved would ensure country ownership and efficiency in allocation of funding to required activities.

Moreover, it might be required to allocate peacebuilding funds to new areas to mitigate new risks or build on new opportunities for peace. As peacebuilding activities progresses the priority areas for funding might change. For instance, immediately after the conflict areas such as demobilization and disarmament might need more attention as compared to the decentralisation and anti-corruption institutions.

**CONCLUSION**

The results of the analysis in this paper point to a few very clear goals that IEP’s research program on peacebuilding cost-effectiveness will aim to achieve. Firstly, the program will aim to build awareness and consensus around the suggested definition of peacebuilding, as this provides the best framework for quantitative analysis of peacebuilding at the national level. This in turn allows for broad estimates of the cost-effectiveness of peacebuilding as a whole to be constructed, and possibly for the development of country specific funding targets for future peacebuilding interventions in post-conflict societies.

Secondly, the program will aim to show that peacebuilding funding in the form of ODA is effective at reducing violent conflict at the national level. This will hopefully lead to a series of more granular models that disaggregate peacebuilding ODA by domain type, conflict context, and possibly even specific peacebuilding categories, although whether such research will prove to be fruitful or even desirable remains to be seen. Analysis at this level would also try to identify clusters of peacebuilding assistance that could be defined as distinct strategies (for example, funding for categories in a certain order, different ratios of category funding, reviewing appropriate documents to see if an explicit peacebuilding strategy has been outlined etc.), in order to conduct research on which strategies are more successful in reducing violent conflict.
Thirdly, and at this stage, the most difficult and speculative goal, IEP’s program will aim to bridge two gaps in existing attempts at measuring the cost-effectiveness of peacebuilding. There is a clear gap between measuring outcomes and impact with regards to peacebuilding, as the unit of account usually differs (with outcomes generally measured at the project level, and impact more appropriately measured at the national level). The proliferation of impact evaluations related to peacebuilding may allow this gap to be bridged over the longer run. There is also a parallel gap between measuring impact and cost-effectiveness. The root of the problem is essentially identical, albeit slightly more complicated: without a way to effectively measure the impact of a given project on violent conflict, there is no way to put a price the cost per unit of increased peacefulness.

One serious issue facing the peacebuilding community is estimating the appropriate level of peacebuilding when responding to outbreaks of conflict.
1. SECURITY SYSTEM MANAGEMENT AND REFORM

Technical cooperation provided to parliament, government ministries, law enforcement agencies and the judiciary to assist review and reform of the security system to improve democratic governance and civilian control; technical cooperation provided to government to improve civilian oversight and democratic control of budgeting, management, accountability and auditing of security expenditure, including military budgets, as part of a public expenditure management programme; assistance to civil society to enhance its competence and capacity to scrutinise the security system so that it is managed in accordance with democratic norms and principles of accountability, transparency and good governance.

1.2 REINTEGRATION AND SMALL ARMS AND LIGHT WEAPONS CONTROL

Reintegration of demobilized military personnel into the economy; conversion of production facilities from military to civilian outputs; technical cooperation to control, prevent and/or reduce the proliferation of small arms and light weapons (SALW).

1.3 REMOVAL OF LAND MINES AND EXPLOSIVE REMNANTS OF WAR

All activities related to land mines and explosive remnants of war which have benefits to developing countries as their main objective, including removal of land mines and explosive remnants of war, and stockpile destruction for developmental purposes; risk education and awareness raising; rehabilitation, reintegration and assistance to victims, and research and development on demining and clearance. Only activities for civilian purposes are ODA-eligible.

1.4 CHILD SOLDIERS (PREVENTION AND DEMOBILIZATION)

Technical cooperation provided to government — and assistance to civil society organisations — to support and apply legislation designed to prevent the recruitment of child soldiers, and to demobilize, disarm, reintegrate, repatriate and resettle (DDR) child soldiers.

1.5 PARTICIPATION IN INTERNATIONAL PEACEKEEPING OPERATIONS

Bilateral participation in peacekeeping operations mandated or authorized by the United Nations (UN) through Security Council resolutions, and conducted by international organisations, e.g. UN, NATO, the European Union (Security and Defence Policy security-related operations), or regional groupings of developing countries.

— OTHER SPECIFIC PEACE-RELATED EXPENSES

This category represents peace related (domestically financed) programmes that do not strictly fit into other identified categories.

2.8 CIVILIAN PEACEBUILDING, CONFLICT PREVENTION AND RESOLUTION

Support for civilian activities related to peacebuilding, conflict prevention and resolution, including capacity building, monitoring, dialogue and information exchange. This category incorporates the majority of local level peacebuilding programs. Bilateral participation in international civilian peace missions such as those conducted by the UN Department of Political Affairs (UNDPA) or the European Union (European Security and Defence Policy), and contributions to civilian peace funds or commissions (e.g. Peacebuilding Commission, peacebuilding thematic window of the MDG achievement fund etc.). The contributions can take the form of financing or provision of equipment or civilian or military personnel (e.g. for training civilians).
2. INCLUSIVE POLITICAL PROCESSES

2.1 LEGAL AND JUDICIAL DEVELOPMENT
Support to institutions, systems and procedures of the justice sector, both formal and informal; support to ministries of justice, the interior and home affairs; judges and courts; legal drafting services; bar and lawyers associations; professional legal education; maintenance of law and order and public safety; border management; law enforcement agencies, police, prisons and their supervision; ombudsmen; alternative dispute resolution, arbitration and mediation; legal aid and counsel; traditional, indigenous and paralegal practices that fall outside the formal legal system. Measures that support the improvement of legal frameworks, constitutions, laws and regulations; legislative and constitutional drafting and review; legal reform; integration of formal and informal systems of law. Public legal education; dissemination of information on entitlements and remedies for injustice; awareness campaigns.

2.2 LEGISLATURES AND POLITICAL PARTIES
Assistance to strengthen key functions of legislatures/parliaments including subnational assemblies and councils (representation; oversight; legislation), such as improving the capacity of legislative bodies, improving legislatures’ committees and administrative procedures; research and information management systems; providing training programmes for legislators and support personnel. Assistance to political parties and strengthening of party systems.

2.3 ANTI-CORRUPTION ORGANISATIONS AND INSTITUTIONS
Specialized organisations, institutions and frameworks for the prevention of and combat against corruption, bribery, money-laundering and other aspects of organized crime, with or without law enforcement powers, e.g. anti-corruption commissions and monitoring bodies, special investigation services, institutions and initiatives of integrity and ethics oversight, specialized NGOs, other civil society and citizens’ organisations directly concerned with corruption.

2.4 DEMOCRATIC PARTICIPATION AND CIVIL SOCIETY
Support to the exercise of democracy and diverse forms of participation of citizens beyond elections; direct democracy instruments such as referenda and citizens’ initiatives; support to organisations to represent and advocate for their members, to monitor, engage and hold governments to account, and to help citizens learn to act in the public sphere; curricula and teaching for civic education at various levels.

2.5 MEDIA AND FREE FLOW OF INFORMATION
Activities that support free and uncensored flow of information on public issues; activities that increase the editorial and technical skills and the integrity of the print and broadcast media, e.g. training of journalists.

2.6 HUMAN RIGHTS
Measures to support specialized official human rights institutions and mechanisms at universal, regional, national and local levels in their statutory roles to promote and protect civil and political, economic, social and cultural rights as defined in international conventions and covenants; translation of international human rights commitments into national legislation; reporting and follow-up; human rights dialogue. Human rights defenders and human rights NGOs; human rights advocacy, activism, mobilization; awareness raising and public human rights education. Human rights programming targeting specific groups, e.g. children, persons with disabilities, migrants, ethnic, religious, linguistic and sexual minorities, indigenous people and those suffering from caste discrimination, victims of trafficking, victims of torture.

2.7 WOMEN’S EQUALITY ORGANISATIONS AND INSTITUTIONS
Support for institutions and organisations (governmental and non-governmental) working for gender equality and women’s empowerment.
3. PUBLIC SECTOR POLICY AND ADMINISTRATIVE MANAGEMENT

Institution-building assistance to strengthen core public sector management systems and capacities. This includes macro-economic and other policy management, coordination, planning and reform; human resource management; organizational development; civil service reform; e-government; development planning, monitoring and evaluation; support to ministries involved in aid coordination; other ministries and government departments when sector cannot be specified.

3.2 PUBLIC FINANCE MANAGEMENT

Fiscal policy and planning; support to ministries of finance; strengthening financial and managerial accountability; public expenditure management; improving financial management systems; tax policy and administration; budget drafting; intergovernmental fiscal relations, public audit, public debt.

3.3 DECENTRALISATION AND SUPPORT TO SUBNATIONAL GOVERNMENT

Decentralisation processes (including political, administrative and fiscal dimensions); intergovernmental relations and federalism; strengthening departments of regional and local government, regional and local authorities and their national associations.
Better understanding of the different types of impact evaluation is a prerequisite for improved peacebuilding practices. The objective of the paper is to understand ways to measure the impact of peacebuilding interventions on the rule of law and security institutions. It aims to identify impact evaluation methodologies that can be applied in complex, multi-layered post-conflict interventions.

**TABLE B.1 OVERVIEW OF APPROACHES EXAMINED**

<table>
<thead>
<tr>
<th>TYPE</th>
<th>APPROACH</th>
<th>APPLICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ATTRIBUTION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scientific-experimental</td>
<td>Claims attribution through use of counterfactual analysis</td>
<td></td>
</tr>
<tr>
<td><strong>CONTRIBUTION</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theory-based</td>
<td>Supports contribution by testing assumptions at each level of the theory of change</td>
<td></td>
</tr>
<tr>
<td>Participatory</td>
<td>Supports contribution by listening to perceptions of the beneficiaries of what initiatives have made a difference in their lives</td>
<td></td>
</tr>
<tr>
<td><strong>NON-CAUSAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Action evaluation</td>
<td>Supports the collective definition of goals — therefore helps to identify jointly what impact should be measured. Does not support attribution or contribution</td>
<td></td>
</tr>
<tr>
<td>Goal-free evaluation</td>
<td>Examines the ‘actual’ impacts of an intervention by deliberately avoiding knowledge of the intended goals and objectives of the project team. Does not support attribution or contribution</td>
<td></td>
</tr>
<tr>
<td>Results-based evaluation</td>
<td>Seeks to measure impact to the extent that it focuses on that level of the results chain (i.e. with the use of indicators)</td>
<td></td>
</tr>
<tr>
<td>Utilisation-focused</td>
<td>Can address impact depending on methods and the designated use of the evaluation</td>
<td></td>
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</tbody>
</table>
Table B.2 summaries the methodologies for measuring impact examined in the paper.

<table>
<thead>
<tr>
<th>TYPE</th>
<th>METHODS</th>
<th>RELEVANCE</th>
<th>DRAWBACKS</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMPACT EVALUATION (IE)</td>
<td>Quantitative methods such as control groups (e.g. randomised control trials) and before/after comparisons</td>
<td>Enables attribution by undertaking a ‘counterfactual’ analysis to compare what actually happened with what would have happened in the absence of the intervention — quantifies impact</td>
<td>A drawback of impact evaluation is that it cannot highlight why events evolved the way they did because it focuses more on quantifying impact.</td>
</tr>
<tr>
<td>THEORY-BASED IMPACT EVALUATION (TBIE)</td>
<td>Quantitative and qualitative methods — Control groups and before/after comparisons combined with theory of change approaches</td>
<td>Strengthens traditional impact evaluation by using theory of change to understand what worked, what did not, and why</td>
<td>Significant costs in time and resources associated with implementing the methodology, given the need to combine both rigorous scientific methods and detailed analysis of theory of change.</td>
</tr>
<tr>
<td>CONTRIBUTION ANALYSIS</td>
<td>Qualitative methods such as case studies, MSC stories, focus group discussions</td>
<td>Seeks to show plausible evidence of effect of an intervention by testing programme logic and theory of change. Consideration is also given to assessing the assumptions of the theory of change and the influence of external factors and actors.</td>
<td>Requires additional information in the logical framework from the outset to support the subsequent testing of a clear theory of change for each level, the assumptions of the theory of change and potential influencing factors.</td>
</tr>
<tr>
<td>OUTCOME MAPPING (OM)</td>
<td>Qualitative methods such as focus group discussion, workshops and use of ‘progress markers’</td>
<td>Focuses on measuring change based on the premise that changes in behaviour of key stakeholders will ultimately contribute to impact.</td>
<td>Outcome mapping alone is unlikely to be sufficient for conducting evaluations at the impact level.</td>
</tr>
<tr>
<td>RAPID OUTCOME ASSESSMENT (ROA)</td>
<td>Draws on outcome mapping methodology, MSC technique and episode studies to enable triangulation of data</td>
<td>Seeks to assess and map the contribution of a project’s actions to a particular change in policy or the policy environment.</td>
<td>The information gathered for the assessment is of a qualitative nature.</td>
</tr>
<tr>
<td>MOST SIGNIFICANT CHANGE (MSC)</td>
<td>Qualitative methods such as group discussions, interviews and workshops to support systematic selection of MSC story</td>
<td>Collection of ‘significant change stories’ that are perceived as being the most significant in contributing to impact on people’s lives: illustrates change rather than measuring impact per se.</td>
<td>Requires an organizational culture where it is acceptable to discuss things that go wrong as well as success, and a willingness to try something different.</td>
</tr>
</tbody>
</table>
Table B.3 summaries the different approaches taken by multilateral organisations with regards to impact evaluation.

<table>
<thead>
<tr>
<th>TABLE B.3 EXAMPLES OF MULTILATERAL ACTORS’ APPROACHES TO MEASURING IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ORGANISATION</strong></td>
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<tr>
<td>------------------</td>
</tr>
<tr>
<td><strong>UN ORGANISATIONS</strong></td>
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<tr>
<td>DPKO</td>
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<tr>
<td>OHCHR</td>
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<td>PBSO</td>
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<td>UNDP</td>
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<tr>
<td>OHCHR</td>
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<td>UNHCR</td>
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<td>UNICEF</td>
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<tr>
<td>UNFPA</td>
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<tr>
<td>UNHCR</td>
</tr>
<tr>
<td>UNICEF</td>
</tr>
<tr>
<td>UNODC</td>
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<tr>
<td>UN WOMEN</td>
</tr>
</tbody>
</table>

| **OTHER MULTILATERAL ORGANISATIONS** | | |
|-----------------------------------|----------|
| AFRICAN DEVELOPMENT BANK | Focus on impact evaluations is emerging | Several impact assessments carried out in areas of poverty alleviation, energy sector and water supply although they do not all use quantitative methods |
| EUROPEAID | Guidelines mention impact | There appear to be no reports or sections of reports addressing impact in isolation |
| OECD | Impact evaluation | Evaluations conducted by the aid agencies of member states |
| WORLD BANK | Overall evaluation approach is objective-based but also undertakes scientific-experimental evaluations | Multiple impact evaluations available online including quasi-experimental and non-experimental |
WHAT TO MEASURE AND WHEN?
Impact should be measured in terms of behaviour and attitudinal change as well as institutional change. Assessments at the impact level should be undertaken when the intervention has taken place for enough time to show visible effects, the scale of the intervention in terms of numbers and cost is sufficient to justify a detailed evaluation, and/or the evaluation can contribute to ‘new knowledge’ on what works and what does not work.

MEASURING IMPACT: KEY ISSUES FOR PEACEBUILDING SUPPORT

HOW TO MEASURE IMPACT IN PRACTICE?

| TABLE B.4 ADVANTAGES AND DISADVANTAGES OF DIFFERENT METHODOLOGICAL APPROACHES |
|---------------------------------|-------------------------------|
| **APPROACH** | **ADVANTAGES** | **DISADVANTAGES** |
| SCIENTIFIC-EXPERIMENTAL | Enables attribution | Costly  
Requires very specialised skill-sets  
Ethical challenges  
Difficulties in identifying a counterfactual |
| THEORY-BASED | Supports contribution analysis  
Supports identification of unintended side-effects  
Supports understanding of whether implementation was poor or if the theory of change was flawed | Medium cost  
Can be complex to use in large-scale programmes with multiple theories |
| PARTICIPATORY | Supports contribution  
Supports national capacity building  
Supports broader ownership of evaluation and encourages follow-up action  
Uncovers unintended and indirect impacts  
Relatively inexpensive (depending on extent of participation) | Subjective (although can be made more rigorous by combining different methods)  
Risk of bias and conflict of interest among national stakeholders |
| ACTION-ORIENTATED | Enables consensus on goals to be measured  
Of relevance if broad goals found in project documents need to be broken down into smaller goals that can be monitored and evaluated | Does not enable either attribution or contribution  
Requires a significant change in mindset to enable a deviation from original goals  
Less useful as a data collection method, more as a tool for collectively identifying criteria of success |
| GOAL-FREE | Uncovers unintended and indirect impacts, minimises bias  
Minimises bias | Quite costly  
Time-intensive |
| RESULTS-BASED | Easy to use, part of most international approaches to evaluation | Does not support either attribution or contribution  
Medium cost (depending on number of indicators defined)  
Can be difficult to adapt to changing circumstances (static) |
| UTILISATION-BASED | Offers the most leeway for compatibility with international actors as the methodologies selected depend on the purpose of the evaluation | Depends on the methodologies selected. |
### Table B.5 Advantages and Disadvantages of Impact Assessment Methodologies

<table>
<thead>
<tr>
<th>Methodology</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Impact Evaluation</strong></td>
<td>Enables attribution</td>
<td>Establishing control groups may be challenging</td>
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<tr>
<td></td>
<td>Enables quantification of impact and provides statements for donors</td>
<td>Sufficient baseline data may be missing</td>
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<tr>
<td></td>
<td></td>
<td>Cost can be ‘significant’</td>
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<td></td>
<td></td>
<td>Requires sophisticated skill-sets (limits availability of consultants)</td>
</tr>
<tr>
<td><strong>Theory-Based Impact Evaluation</strong></td>
<td>Combines quantitative methods with qualitative methods that enable</td>
<td>The same challenges as faced by impact evaluation</td>
</tr>
<tr>
<td></td>
<td>understanding of why impact has or has not occurred in addition to</td>
<td></td>
</tr>
<tr>
<td></td>
<td>supporting attribution</td>
<td></td>
</tr>
<tr>
<td><strong>Contribution Analysis</strong></td>
<td>Enables contribution</td>
<td>Does not support attribution</td>
</tr>
<tr>
<td></td>
<td>Enables identification of unintended and negative impacts</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Provides opportunity to learn</td>
<td></td>
</tr>
<tr>
<td><strong>Outcome Mapping (OM)</strong></td>
<td>Supports contribution</td>
<td>If used as originally intended, can be time-consuming and</td>
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<td></td>
<td></td>
<td>relies on an open organisational culture, but can be adapted for</td>
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<tr>
<td></td>
<td></td>
<td>use in a less ‘invasive’ manner as a tool for external consultants</td>
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<tr>
<td></td>
<td>Useful in situations where outcomes are unpredictable</td>
<td>Can be used to evaluate projects or programmes, but these</td>
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<tr>
<td></td>
<td></td>
<td>must be specific enough to enable the identification of groups</td>
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<tr>
<td></td>
<td></td>
<td>that will change</td>
</tr>
<tr>
<td></td>
<td>Flexible and adaptable</td>
<td></td>
</tr>
<tr>
<td><strong>Rapid Outcome Assessment (ROA)</strong></td>
<td>Useful in assessing contribution to policy changes (through use of episode studies)</td>
<td>Can be time-consuming and relies on an open organisational culture.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Most Significant Change (MSC)</strong></td>
<td>Useful in situations where outcomes are unpredictable</td>
<td>Does not measure attribution but can support contribution</td>
</tr>
<tr>
<td></td>
<td>Identifies how change has come about and what change has been the most</td>
<td>Requires an open organisational culture</td>
</tr>
<tr>
<td></td>
<td>important</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Supports participatory identification of impact and provides capacity</td>
<td>Less useful when there are well-defined and measurable outcomes</td>
</tr>
<tr>
<td></td>
<td>building</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Can be used to supplement other techniques in order to highlight change</td>
<td>Time-consuming when used as originally intended</td>
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<tr>
<td></td>
<td></td>
<td>Requires combination with other methodologies/approaches</td>
</tr>
</tbody>
</table>

### What Is the Role of Indicators in Measuring Impact?

It must be emphasised that indicators are not adequate tools for measuring impact on their own. The impact of indicators depend on what level we are evaluating; for example, local, regional, or global impact; or short, medium, long term impact. Indirect or proxy indicators are used when the variable being measured is abstract. For example, a DDR programme measures impact (“security situation improved”) by using four proxy indicators (violence, confiscated ammunition, confiscated weapons, suspects detained). One of the essential considerations in peacebuilding is the need to capture behavioural change, which can be difficult to measure.

### Conclusion

#### The Key Findings of This Paper Are:

1) There is no common agreement among international actors on the best approach to measuring impact.

2) The scientific-experimental approach to evaluations, has been promoted in the development field as the only ‘rigorous’ approach to measuring impact because it is based on counterfactual analysis.

3) There are small steps that can be taken to strengthen traditional evaluation approaches to focus more on impact.

4) Measuring impact can be a significantly political undertaking. There is a risk that an evaluation may shed light on the failings of an intervention to achieve its desired impact, and in that case there needs to be clarity on whether all actors are willing to confront this reality and what they can do with this information.

5) Finally, and against this background, attempting to measure impact is — or ought to be — more expensive and time-consuming than an evaluation at a lower level of the results chain. It should be clear that there is no need to measure impact on a yearly basis.
LESSON 1: ARTICULATE THE COMPLEX INITIATIVE’S THEORY

The theory can be used to serve as framework for interpreting initiative, most commonly used by creating logic model/tree. The model can be used to identify initiative activities and how they relate to short, intermediate, and long-term outcomes. Began by developing a broad conceptual model, illustrating goals and relationships. Advantages of creating model include: 1) socialization tool allowing stakeholders to understand what initiative is trying to achieve; 2) how individual activities fit within the initiative’s broader context; 3) outcome identification; 4) sustainability: model becomes organizing structure for evaluation’s design and management.

LESSON 2: USE THE INITIATIVE’S THEORY AS A FRAMEWORK FOR DESIGNING THE EVALUATION

Identify benchmarks or indicators connected to outcomes and methods needed to track them. Make sure that if you focus on the theory’s parts (boxes in the logic model), you don’t lose sight of their connections (arrows in the logic model). In addition, you want to develop a design that is easy to manage and keeps data collection and reporting focused on what is being learned about the initiative’s theory as a whole and not only on its parts.
TIP: DEVELOP EVALUATION OBJECTIVES LINKED DIRECTLY TO THE MODEL

Break down the model into evaluation objectives in order to make evaluation more manageable. Objectives focus on distinct pieces of the model and their relationships to one another, example below. Objectives become the essential managing structure for the evaluation.

COST-BENEFIT ANALYSIS AND COST-EFFECTIVENESS ANALYSIS IN PROGRAM EVALUATION

Cost-benefit analysis attempts to assess service program by determining whether total societal welfare has increased because of a given project or program. It consists of three steps:
1) determine the benefits of a proposed or existing program and place a dollar value on those benefits
2) calculate the total costs of the program
3) compare the benefits and the costs

Cost-effectiveness analysis relates the cost of a given alternative to specific measures of the program objectives. Cost-effectiveness analysis does not produce a “net benefit”; instead, it show how many units of outputs are created with x amount of dollars and the cost of each percent increase/decrease in unit of output.

CHALLENGES IN CONDUCTING COST-BENEFIT AND COST-EFFECTIVENESS ANALYSIS

IDENTIFYING AND MEASURING COSTS
When identifying and benefit or cost, it is important to state its nature clearly, to state how it is being measured, and to list any assumptions make in the calculation of the dollars involved.

IDENTIFYING AND MEASURING BENEFITS
As with costs, there are direct, indirect, and intangible benefits. Attaching a dollar value is hard because you don’t always know whether to use market value or a proxy measure such as willingness to pay. Who benefits as well as the amount of benefits is important. Where quantifying benefits is difficult, costly, or viewed as inappropriate, cost-effectiveness analysis can be used, for example 'lives saved'. When conducting a cost-effectiveness analysis comparing programs with multiple benefits, evaluator might need to place weights on relative benefits. Keep in mind spill over effects when determining geographic scope and be sure to include details of analysis to decision makers.

DECIDING BETWEEN COST-EFFECTIVENESS AND COST-BENEFIT ANALYSIS

The more intangible the benefit, the more likely that a CE analysis will be of greater use to decision makers. Ask these questions:

HOW WILL YOU USE THE RESULTS?
Cost-benefit analysis enables you to compare strategies that do not have same outcomes, or to compare strategies across different areas. Cost-effectiveness analysis is useful for comparing strategies that are trying to achieve the same objective.

WHAT RESOURCES DO YOU HAVE?
Cost-benefit analyses typically require more resources, because they take more time for analysis and involve significant methodological expertise.

HOW DIFFICULT ARE COSTS AND BENEFITS TO VALUE?
You must weight the value of the increased accuracy gained from the accumulation of new data against the costs associated with the data collection. Thus, any analysis should begin by assimilating existing data to determine whether it is sufficient.
The paper finds that conflict prevention is (or would have been) a cost effective investment for the international community in all the case studies chosen, even allowing for large margins of error in the estimation of costs and benefits:

- A spend of £1 on conflict prevention will, on average, generate savings of £4.1 to the international community (with a range of 1.2 to 7.1)
- Some of the most cost-effective ‘packages’ take place in the gestation phase of conflict. But estimates of impact depend critically on the willingness of local political authorities to allow implementation
- The cost-effectiveness of preventive military action is greater when the potential for resistance is small and the scale of deployments is limited
- The balance of CP components, the timing of their use, and the availability of entry points are all critical to cost-effective intervention

The paper finds that the cost of inaction considerably outweighed the cost of hypothetical conflict prevention. Yet the results of such analysis can be misleading, since the results of inaction can never be known in advance and so the estimated costs are likely to be very different from the actual costs. Conversely the benefits of prevention are also unknown. Preventative actions may be unsuccessful or may simply delay the onset of violence. Alternatively, even without preventative action, conflict may not have taken place. Such an approach needs to take into account the predicted probabilities of conflict onset (both in the absence and presence of proposed CP measures), together with estimates of the expected costs of war and of preventative actions.

KEY FEATURES OF METHODOLOGY

What mix of CP measures and instruments adopted by the international community would be most cost-effective in preventing conflict if adopted now? And how do these compare with the possible costs of conflict?

Breakeven probability is the reduction in probability of conflict which a given CP Package has to achieve in order for its additional cost to be equivalent to the likely savings to the international community.

Packages include: deployment of troops and provision of a level of ODA and promote longer-term processes of institutional and normative change that can reduce the future resort to political violence, reflecting the assessment that large-scale conflict is primarily a medium-term, rather than short-term, risk.

KEY FINDINGS: COST-EFFECTIVENESS OF CONFLICT PREVENTION PACKAGES TO THE INTERNATIONAL COMMUNITY

The estimates of conflict probability reduction used by the paper depend critically, in both cases, on the willingness of local political authorities to allow their implementation.

Perhaps the most obviously effective conflict prevention package amongst those studied, therefore, is the second Rwanda package. The proposed military action was clearly feasible, did not depend on host government approval, and would almost certainly have achieved its defined objective of stopping the genocide, with all the other consequences that followed.
SUMMARY

At current levels of humanitarian and political engagement from the international community, the paper assesses that the probability of a relapse into conflict by 2018 is 80%.

The first Package consists of significant financial assistance in support of new forms of equitable and sustainable governance: large scale DDRR, security sector reform, judicial reform and development, a supportive environment for investment and creation of a free press. The second Package includes, in addition, the deployment of a robust peace-keeping or peace-enforcement operation.

In order to 'break even' for the international community, the study estimates that Package 1 would need to reduce the probability of conflict by only 7%, while Package 2 would need to reduce it by 29%. In addition, the benefits of conflict prevention for the people of Sudan would be substantial, totalling more than four times the benefits to the international community. If these benefits are also included in the calculation, the success probabilities at which CP becomes cost-effective fall to only 1% and 6%.

INTRODUCTION

The current civil war in Sudan began in 1983 over issues of semi-autonomous governance for the south, and over equal access to resources (in particular water, land, and oil). Identity (religious and ethnic) underlies the fighting, which is loosely organised around a Khartoum/periphery dichotomy (the centre being occupied by the Nile valley Arabs). This divide has been exacerbated because it overlaps with the division between a predominantly Moslem north and the mostly Christian/Animist south.

PEACE AND CONFLICT SCENARIOS

The probability of a return to large-scale violent conflict during 2004-2005 is very low (outside the Darfur region). The reason can partly be found in the intense pressure and scrutiny already being applied by North American and European countries on both parties, as well as in the comprehensive nature of the peace agreement already reached, including the provisions on wealth sharing and security arrangements during the pre-interim and interim periods. The offensives of late 2002, when both sides attempted to seize maximum advantage for the negotiations, have showed both main parties that a military stalemate had been reached, and that negotiations (at least in the next couple of years) offer the best chances of obtaining further gains.

Oil looms large as one of the factors in the strategic calculations of the two sides. The oil industry has considerably developed since 1999 and is the main reason for high economic growth (6 to 8% GDP growth in 2000-2003). Its potential for further development is stymied by the war, however, and some western companies (OMV, Lundin and Talisman) have even sold their stakes to avoid the negative publicity tied to operating in a conflict environment. To capitalise on this wealth and respond to the growing demand for oil, therefore, both parties now believe they need to encourage stability. Their joint interest in accessing this wealth outweighs the temptation to improve their share in that wealth through the renewed use of military power.
ADDIONAL ANNUAL COSTS OF THE CONFLICT SCENARIO

In the case of a situation of renewed conflict, the cost of conflict can be obtained by subtracting what is lost national income or GNI (Gross National Income) from the evolution of national income in a peace scenario.

Forecasting cost of conflict through loss of GNI and increased military expenditures. GNI stagnates in Sudan in 2012 as source of revenue decreases and opportunities of investments disappears. The diversion of financial resources into military expenditure, and the disruption created by conflict, would also have a negative effect on provision of social services, including health and education. Also cost on neighbouring countries and IC.

Third, the net costs of refugee inflows, once adjusted both for international community contributions and the economic benefits that refugees can bring, for example in new skills, increased international investment in transport infrastructure.

PROBABILITY OF THE CONFLICT WITHOUT CONFLICT PREVENTION PACKAGES

Because the peace process has only laid out the framework of a lasting peace, it has not resolved older and more structural tensions. The baseline measures are not sufficient to achieve that type of change. Should there be a wavering of international attention, as is frequently the case in international resolution efforts, or should US pressure in Sudan shift (for example because a new administration takes over the White House), the fragile momentum which prevailed at the talks could disappear rapidly.

CONFLICT PREVENTION PACKAGES

CONFLICT PREVENTION PACKAGE 1:
Governance Assistance. This package seeks to address these and other concerns by the provision of significant external financial assistance in support of the development of new forms of equitable and sustainable governance. This is achieved through support for large scale DDRR, security sector reform, judicial reform and development, a supportive environment for investment and the creation of a free press.

CONFLICT PREVENTION PACKAGE 2:
Peace Enforcement. This package consists of all the measures under Package 1, but in addition foresees the deployment of a robust peacekeeping or peace-enforcement operation.

PROBABILITY OF CONFLICT WITH CONFLICT PREVENTION PACKAGES

The probability of conflict over the 15 year period is estimated at 15% if CP Package 2 is applied. If Package 1 is applied, that is only the governance measures outlined above, the probability of conflict is still quite low, at 30%.

NET PRESENT VALUE AND ASSESSMENT

Both the packages discussed here are of relatively modest monetary cost, compared with the potential benefits to the international community. CP Package 1 breaks even if it reduces the probability of large-scale conflict by 7% and CP Package 2 has a breakeven probability of 29%. In both cases, it is estimated, the reduction in conflict probability exceeds these levels by a substantial margin. In addition, the benefits of conflict prevention for the people of Sudan would be substantial, totalling more than four times the benefits to the international community. If these benefits are also included in the calculation, the success probabilities at which CP becomes cost-effective fall to only 1% and 6%.
DEFINING IMPACT EVALUATIONS

DEFINITION Evaluations that draw from a set of methods designed to establish a counterfactual or valid comparison, to the intervention in question. Objective is to measure net impact of intervention, which is difference in outcome with and without intervention.

METHODOLOGY Create experiments of randomly controlled trials that receive version of intervention (aka. treatment) and quasi-experiments. Difference between experiment and quasi-experiments is the use of random assignment of the target population to treatment or control in experiments.

ARE IMPACT EVALUATIONS OF INTERVENTIONS IN CONFLICT PREVENTION AND PEACEBUILDING FEASIBLE?

Samii, Brown, and Kulma (2012) have concluded that impact evaluations of peacebuilding interventions in conflict-affected settings are possible in a number of circumstances, often regarded as stabilization interventions. Source explores (i) evaluation design issues in conflict-affected situations; (ii) evaluations as interventions, and the implications for the risks and reliability of results; (iii) the importance and value-added of IEs; and (iv) ethical concerns about impact evaluations in conflict prevention and peacebuilding.

WHY ARE IMPACT EVALUATIONS IMPORTANT?

TESTING THEORIES OF CHANGE OF CONFLICT PREVENTION AND PEACEBUILDING INTERVENTIONS

Large n impact evaluations allow us to measure net impact and thus attribute the effects of the intervention. Counterfactual is necessary to see the variance in improvements without external factors and attributing improvement to program’s activities. Key tenets of impact evaluation: accounting for other possible confounding factors and focusing on results rather than implicit intentions in the process. Limitation of impact evaluations is that large n impact evaluations can only be applied in large n situations, therefore limiting the questions that can be addressed. Source continues to provide examples of how impact evaluations have been used to test commonly held assumptions about development interventions affect change.

SMALL n IMPACT EVALUATIONS

Small n impact evaluations are when a treatment and comparison group of sufficient size cannot be identified, thus tests of statistical significance are not possible. When large n impact evaluation is not possible, evaluators use process evaluations or impact assessments.

CONCLUSION: HIGH RISK, HIGH RETURN?

The effectiveness of impact evaluations is still in question, but nonetheless important to carry out impact evaluations to better design and implement conflict prevention and peacebuilding programs.


SUMMARY

Important to understand the impacts and effectiveness of development interventions operating in contexts of conflict and fragility. It is possible to carry out IEs in violent conflicts. Source examines practices of impact evaluators in addressing evaluation design, data collection, and conflict analysis. Source argues that said evaluations are crucial for understanding how development interventions affect change which help understand results on the ground.

INTRODUCTION

Levels of resources increase in fragile state but see no sustainable results — “no fragile state has yet to reach any of the MDGs”. But is IE feasible? Four major concerns: (i) unethical to identify comparison group in situation of conflict and fragility; (ii) operationally difficult; (iii) IEs don’t address most important evaluation questions; (iv) too costly.

MEASURING PEACEBUILDING COST-EFFECTIVENESS
Recently, there has been more focus in accurately measuring impact of peacebuilding projects because of the rise in systematic approaches to project monitoring and evaluation. This trend is driven by donor demand for greater accountability and cost-effectiveness and desire to capture lessons learned in a manner that fosters knowledge. The 1990’s also witnessed dramatic increase in conflicts — showed that conventional development approaches were insufficient. This led to new post-conflict approaches that address root causes, integrating peacebuilding, conflict prevention, and conflict management into reconstruction and development.

Initial efforts to integrate peacebuilding were rejected because they challenged standard operating procedures of foreign aid and donors sometimes had their own political motives. Early years of peacebuilding mainly contributed of advocacy, and when accepted, focused on project design and implementation. Two types of peacebuilding projects emerged: (1) “indirect peacebuilding,” in which peacebuilding objectives are integrated into sectoral aid projects, and (2) “direct peacebuilding,” projects devoted exclusively to the promotion of dialogue, consolidation of peace, building of local capacity to manage conflicts, and prevention of recurrence of conflict. Unfortunately conventional measurements tools for evaluating peacebuilding project impacts fall short because the borrowed models do not correspond to the unique circumstances found in conflict situations.

**METHODOLOGICAL CHALLENGES TO IMPACT ASSESSMENT**

**PROBLEMS OF MEASUREMENT**
Indicators to measure peace are hard to justify because peace, communal trust, and good governance are intangibles; they are process-oriented objectives, not products. It is also impossible to predict what would have happened in the absence of a peacebuilding intervention. Organisations and donor agencies have tried to draw up basic criteria for evaluations but general consensus is that peacebuilding is not amenable to fixed templates of indicators.

**CAUSALITY OR ATTRIBUTION**
Virtually impossible to attribute a causal link between a change in social or political environment and a single or bundle of projects. Other problems include correlations without causal links, delayed causality, mutual causality, and interactive causality. The Peacebuilding project can do everything right but not see any positive impact due to force majeure — unforeseeable circumstances that prevent someone from fulfilling a contract. Limitations to social science methodologies — cannot show causality but only inferences to causality. The real challenge is to be thoughtful, rigorous, and pragmatic to project evaluations.

**PROJECT STAFF “BUY-IN.”**
Project staff can feel uneasy about IEs because they often attribute impact evaluations to mechanisms of oversight, control, and accountability. Project teams may not feel like stakeholders in evaluations. Evaluations are resisted because they have the potential to reveal that the peacebuilding work is not succeeding.

**TEACHING TO THE TEST**
One danger of establishing indicators and benchmarks come when reward systems for personnel are linked to meeting fixed benchmarks, instead of the objective itself. This incentivizes personnel to achieve results within the indicator alone and ignore the overall objective of the peacebuilding project.
Peacebuilding studies highlight difficulties and dilemmas of assessment and have made less progress developing new approaches and tools of measurement for assessment of actual project impact. Summary of the most significant advances is as follows:

1) There is a strong consensus that post-conflict situations vary too much to permit a pre-determined, fixed “template for evaluation.”
2) Locally determined criteria matter. Best to have an approach that accommodates different audiences and stakeholders.
3) To find significant indicators that accurately measure broader concepts of trends, expert evaluators with extensive knowledge of the society in which the peacebuilding is undertaken.
4) Reality of multi-causality means results are always tentative and modest, not definitive.
5) The ideal evaluation process is one that draws creatively and effectively on both qualitative and quantitative techniques and evidence.
6) Local stakeholders can be biased for short-sighted goals, but they are the most valuable source of insight.
7) Distinction between theories and implementation of peacebuilding projects help clarify what is and is not to be evaluated in impact assessments. The objective of peacebuilding is to have an impact in education, economic opportunity, misperceptions, or shared interests while other things being equal.
8) Peacebuilding projects must have clear goals and objectives they are to achieve and use measureable indicators to do so.
9) Bush’s “A Measure of Peace” (1998) lists five types of potential impact with indicators and examples for each: (1) institutional capacity to manage/resolve violent conflict and to promote tolerance and build peace; (2) military and human security; (3) political structure and processes; (4) economic structures and processes; and (5) social reconstruction and empowerment.
10) Project design must be informed by accurate analysis of the conflict and post-conflict environment.
11) Impact evaluations must be able to recognize and reward flexible response and unforeseen impact.
12) There needs to be greater flexibility by implementing an “action evaluation” model that embeds both goal-setting and periodic review or real-time evaluation into the project, making it a fundamentally internal, iterative, self-reflective, self-renewing, and participatory project.
13) External evaluators are good because they are impartial but bad because they are equally distant and out of context of the project. Alternative models include external evaluators who are detached but not uninvolved, to a learning facilitator approach, to mixed evaluation teams of internal and external representatives, to self-evaluation processes.

An Agenda for Peace (1992) Preventive diplomacy, peacemaking and peace-keeping, A/47/277 — S/24111


Department for International Development (2011), ‘DFID’s Approach to Value for Money (VfM)’


Research Report on the Gacaca, Report VI: From camp to hill, the reintegration of released prisoners, PRI with the support of the Department for International Development (DfID), May 2014.

Rwanda Demobilisation and Reintegration Commission (RDRC), http://www.demobrwanda.org.rw/81.0.html


Samset, Ingrid ‘Building a Repressive Peace: The Case of Post-Genocide Rwanda’ Journal of Intervention and Statebuilding, Volume 5, Number 3 (2011)


END NOTES


2. Walter, B "Conflict Relapse and the Sustainability of Post-Conflict Peace", World Development Report 2011, Background Paper: "civil wars have a surprisingly high recidivism rate. Of the 103 countries that experienced some form of civil war between 1945 (and) 2009 [...], only 44 avoided a subsequent return to civil war".

3. All reference to "Kosovo", whether to the territory, institutions or population, should be understood in full compliance with Security Council resolution 1244 (1999) and without prejudice to the status of Kosovo.


5. World Bank, Breaking the Conflict Trap (2003) — On figure 3.10 p. 83 (2002): the risk of civil war is nearly twice higher at the dawn of peace (43.6 per cent) than at the eve of civil war (24.8 per cent) — https://openknowledge.worldbank.org/bitstream/handle/10986/13938/567930PUBLbre40Box339739B01PUBLIC1.pdf?sequence=1

6. 3ie 'The current state of peacebuilding programming and evidence', April 2015, joint initiative of IPA and World Bank


8. Ibid.

9. Gross ODA is on average 20 to 25 percent higher than net ODA. Gross becomes net once repayments of the principal on loans made in prior years (but not interest) are taken into account, as well as offsetting entries for forgiven debt and any recoveries made on grants. OECD does not provide net ODA figures along CRS codes.


11. Categories for which a figure could be found in the domestic budgets

12. Note this is calculated by the minimum of commitments over the period of analysis from 1995-2014. This number is in fact double the disbursements allocated to Rwanda from 2005 to 2015. Disbursement data was not used as it was not available from 1995 to 2005.


14. Ibid.

15. Wilen, Nina (2012) 'A Hybrid Peace through Locally Owned and Externally Financed SSR-DDR in Rwanda?' Third World Quarterly, Volume 33, Number 7, 1323-1336

16. Commitment Data only, as disbursement data was only available from 2005 to 2014.

17. Edmonds, Mills & McNamee, 2009

18. Ibid

19. Wilen, 2012

20. Edmonds, Mills & McNamee, 2009


22. Ibid

23. UN, 2012

24. DFID, 2014

25. Schabas, 2005


29. Ibid


34. Department for International Development (2011), ‘DFID’s Approach to Value for Money (VfM)’

35. Ibid

36. Ibid

37. Ibid

38. Auto-Regressive Integrated Moving Average: ARIMA models combine autoregressive models with moving average models to predict future values of the time series, in this case the cost of conflict. Using a unit root test a suitable order for auto-regression and moving average as well as the degree of differencing was determined. Different models were used for each country determined by the time series of the cost of conflict for that country.


40. See Chris Blattman’s website for all his research and data: http://chrisblattman.com/


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Institute for Economics and Peace, Aug 2016
This report investigates the eight domains of Positive Peace, why they are important, and how they work together to reduce levels of violence and improve resilience.

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A statistical analysis of the state of peace in 163 countries outlining trends in peace and conflict, the economic cost of violence, and an assessment of SDG 16.

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Institute for Economics and Peace, Mar 2015
The Mexico Peace Index measures the state of peace in all 32 Mexican states analysing trends and drivers of peace over the last decade.

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