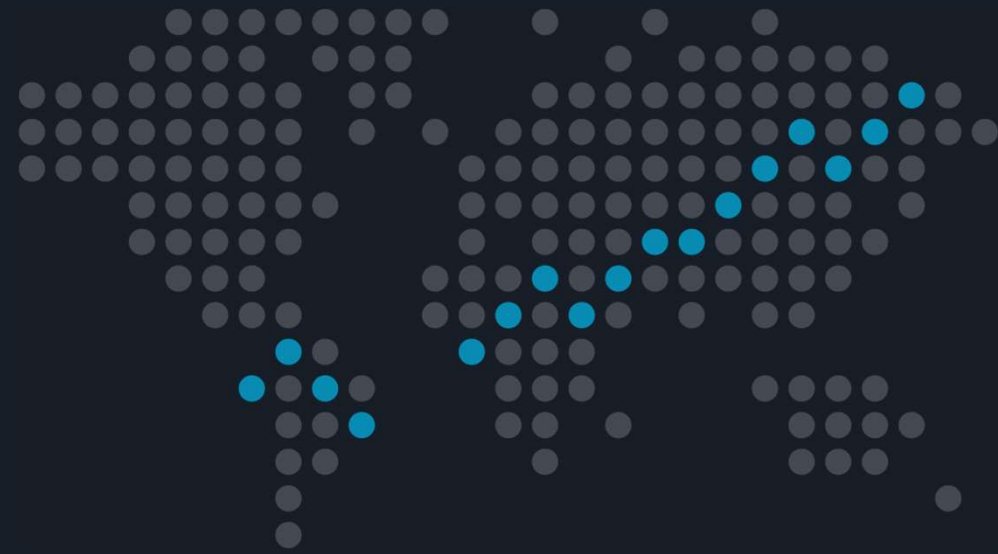


PEACE & ITS ECONOMIC VALUE



PEACE: A PREDICTOR OF ECONOMIC SUCCESS

Serge Stroobants, Director Europe and MENA Region

The Institute for Economics & Peace

10 BN

Global Media Reach

5

International Offices

850M

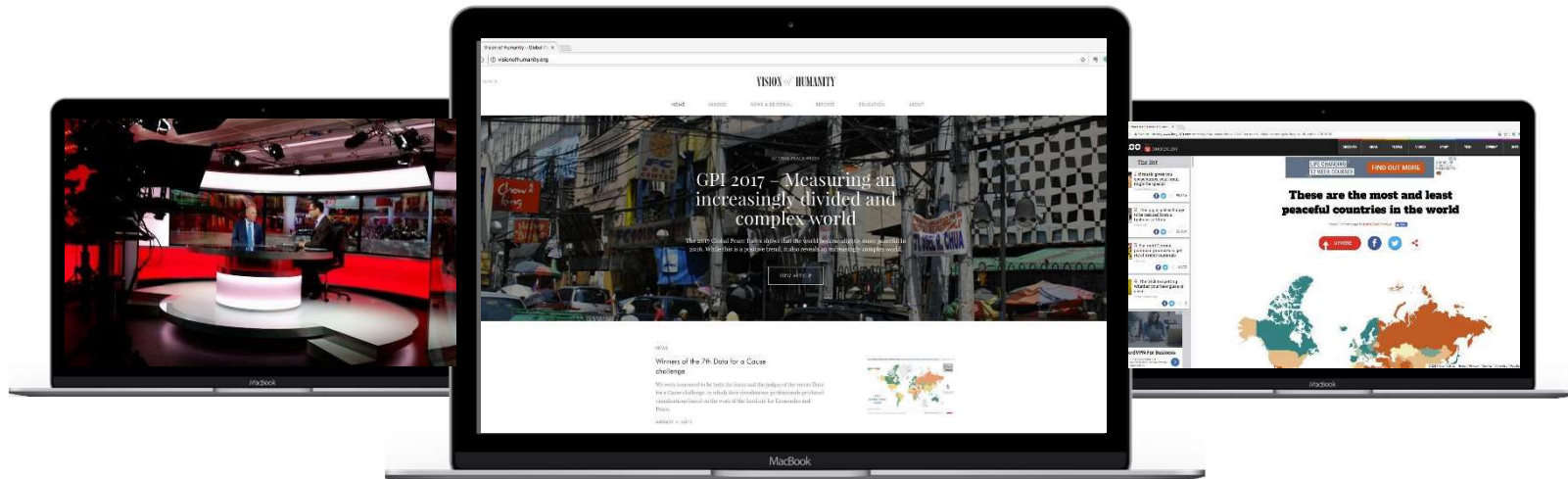
Digital Reach



Research used extensively by organisations including the OECD, Commonwealth Secretariat, World Bank and the United Nations.

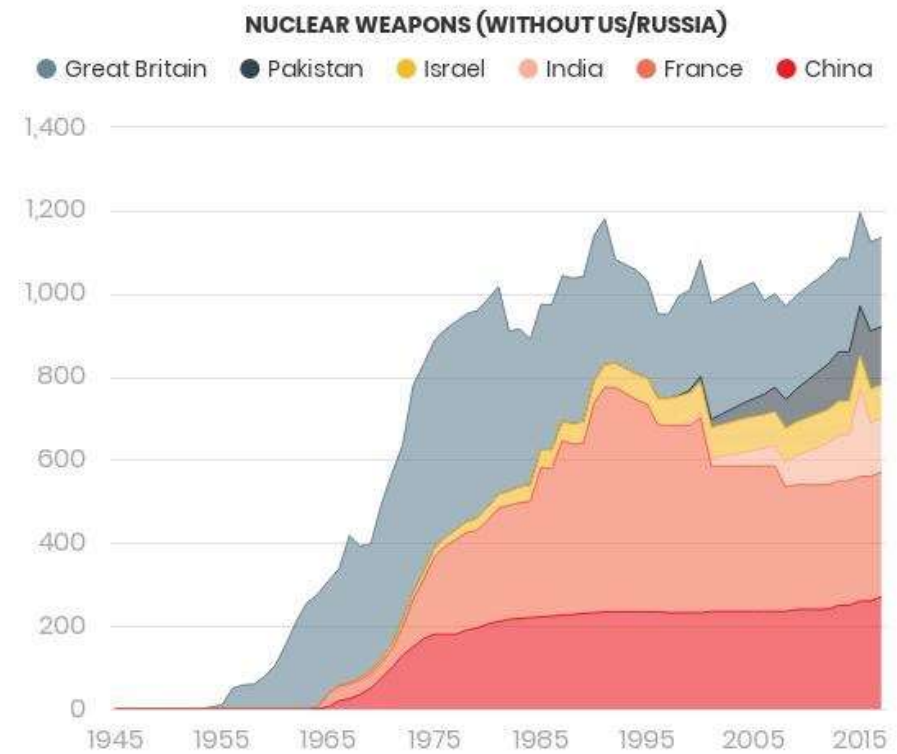
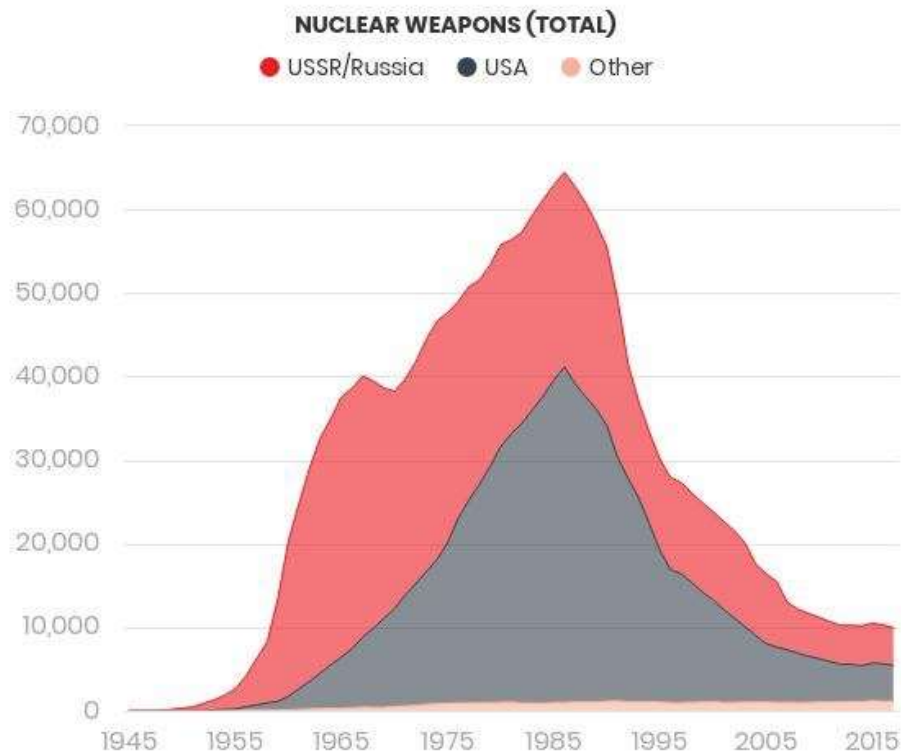


Ranked as one of the most impactful think tanks in the world on the Global Go To Think Tank Index.



Global nuclear inventory, 1945-2017

Despite a considerable fall in the total number of stockpiled and active nuclear weapons since the end of the Cold War, more countries than ever before are sustainable nuclear arsenal.



Source: Federation of American Scientists Nuclear Notebook

INSTITUTE FOR ECONOMICS & PEACE



The Global Peace Index



6 measures of ongoing domestic and international conflict
Including: intensity of organised internal conflicts, relations with neighbouring countries and number of deaths from conflict



10 measures of societal safety and security
Including: number of refugees and IDPs, impact of terrorism, homicide and incarceration rates



7 measures of militarization
Including: military expenditure, number of armed service personnel, ease of access to small weapons



Changes in peace, 2008-2017

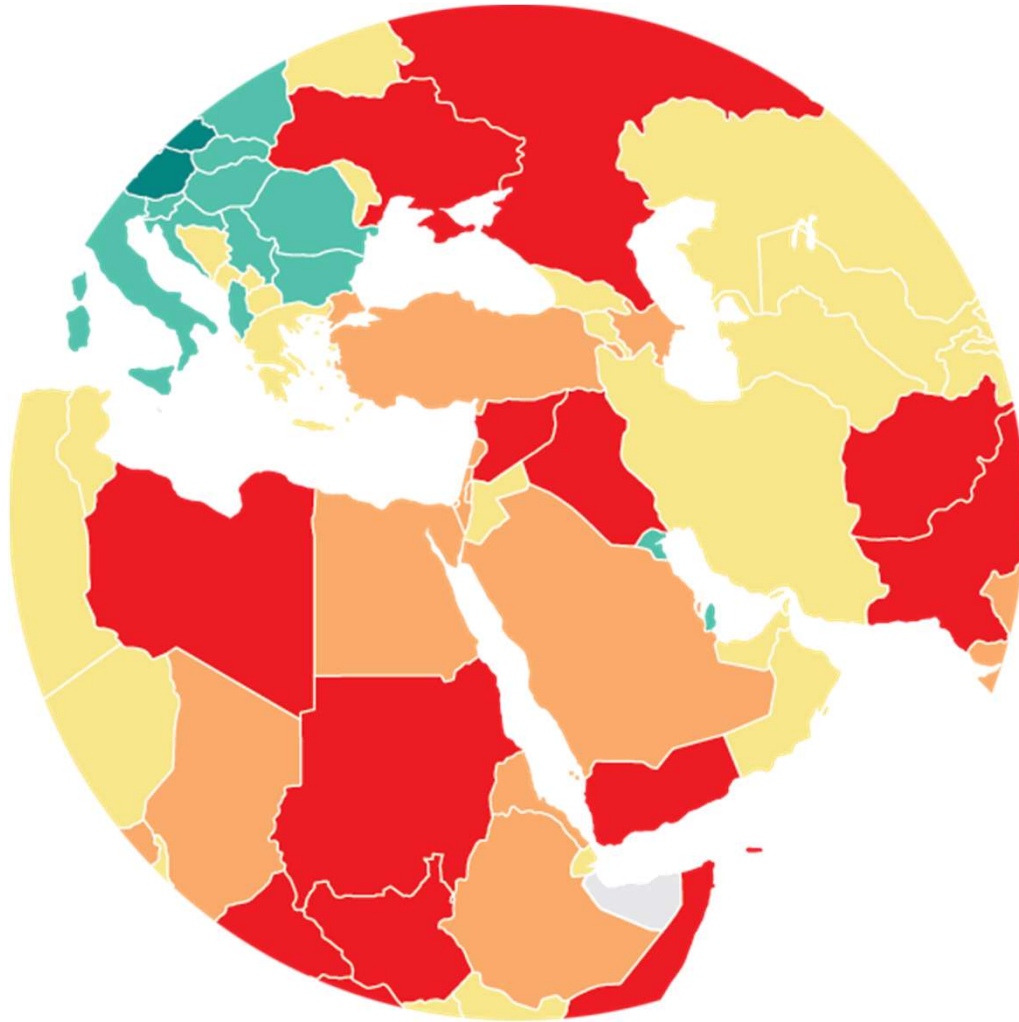


Countries became
more peaceful



Countries became
less peaceful





The last decade's deterioration has been dominated by conflicts in the Middle East.

If the Middle East and North Africa were removed, the world would have become more peaceful.

Deterioration of Peace

↗ **692%**

**INCREASE IN DEATHS
FROM INTERNAL CONFLICT**



2007



2016



↗ **247%**

**INCREASE IN DEATHS
FROM TERRORISM**

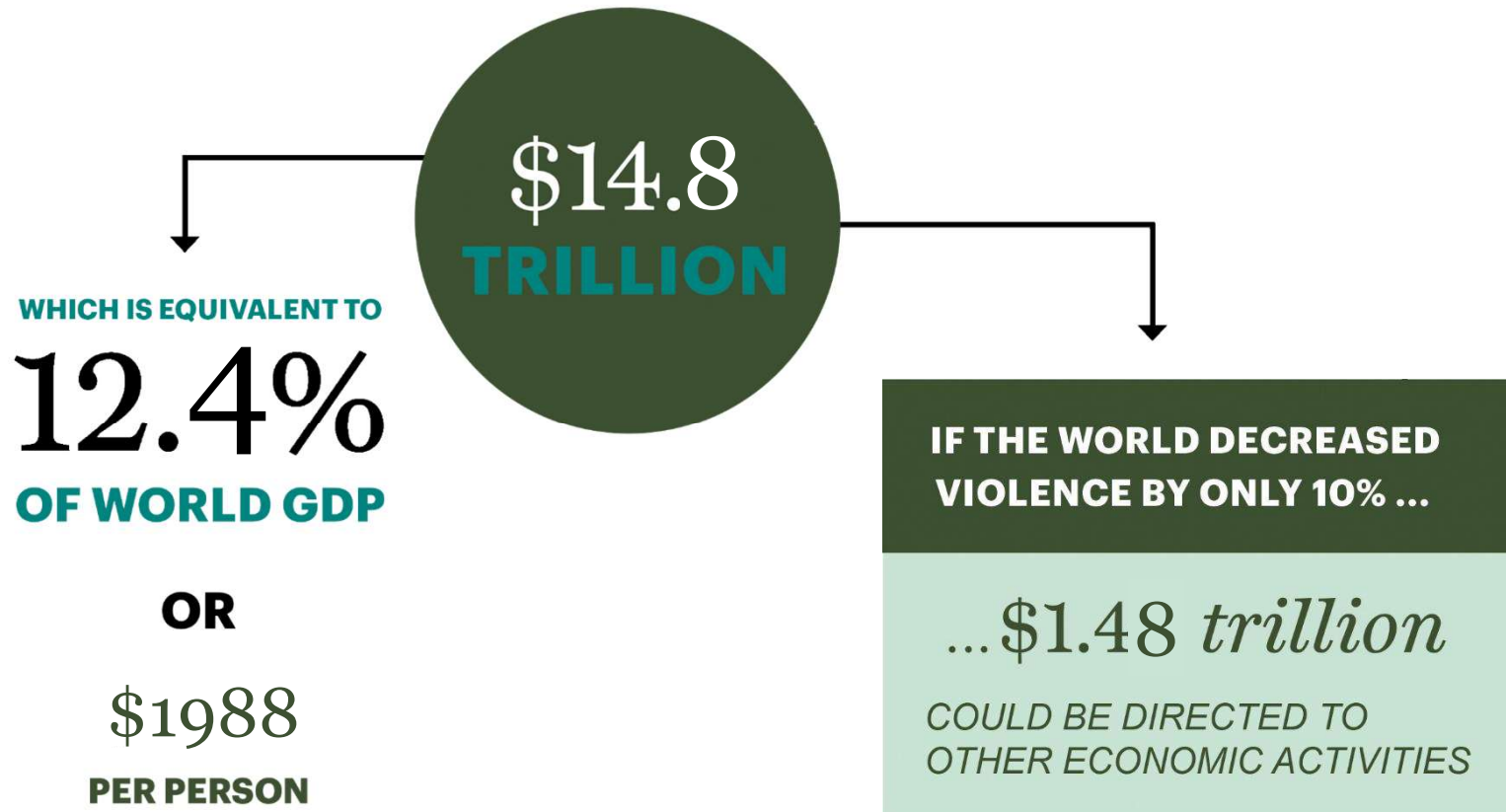


THE NUMBER OF
**DISPLACED
PEOPLE**
HAS *doubled*.

67.75 million in 2017



Global Cost of Violence, 2017



This is a highly conservative estimate.



The Global Cost of Violence, 2017

A 1% reduction in the cost of violence is the equivalent to:

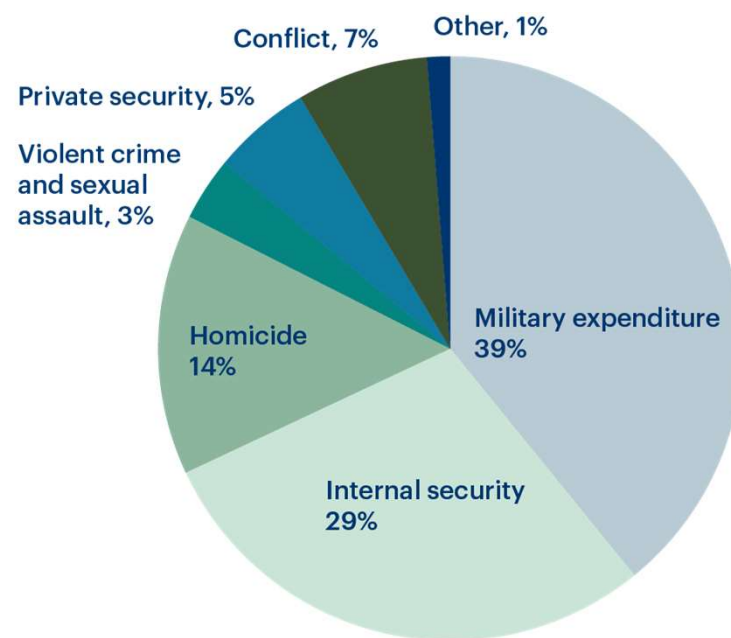
→ The global total Official Development Assistance in 2017

A 10% reduction in the cost of violence is the equivalent to:

→ The global total Foreign Direct Investment in 2017

→ The total economies of Denmark, Switzerland and Belgium

Military expenditure is the single biggest component of the global cost of violence.





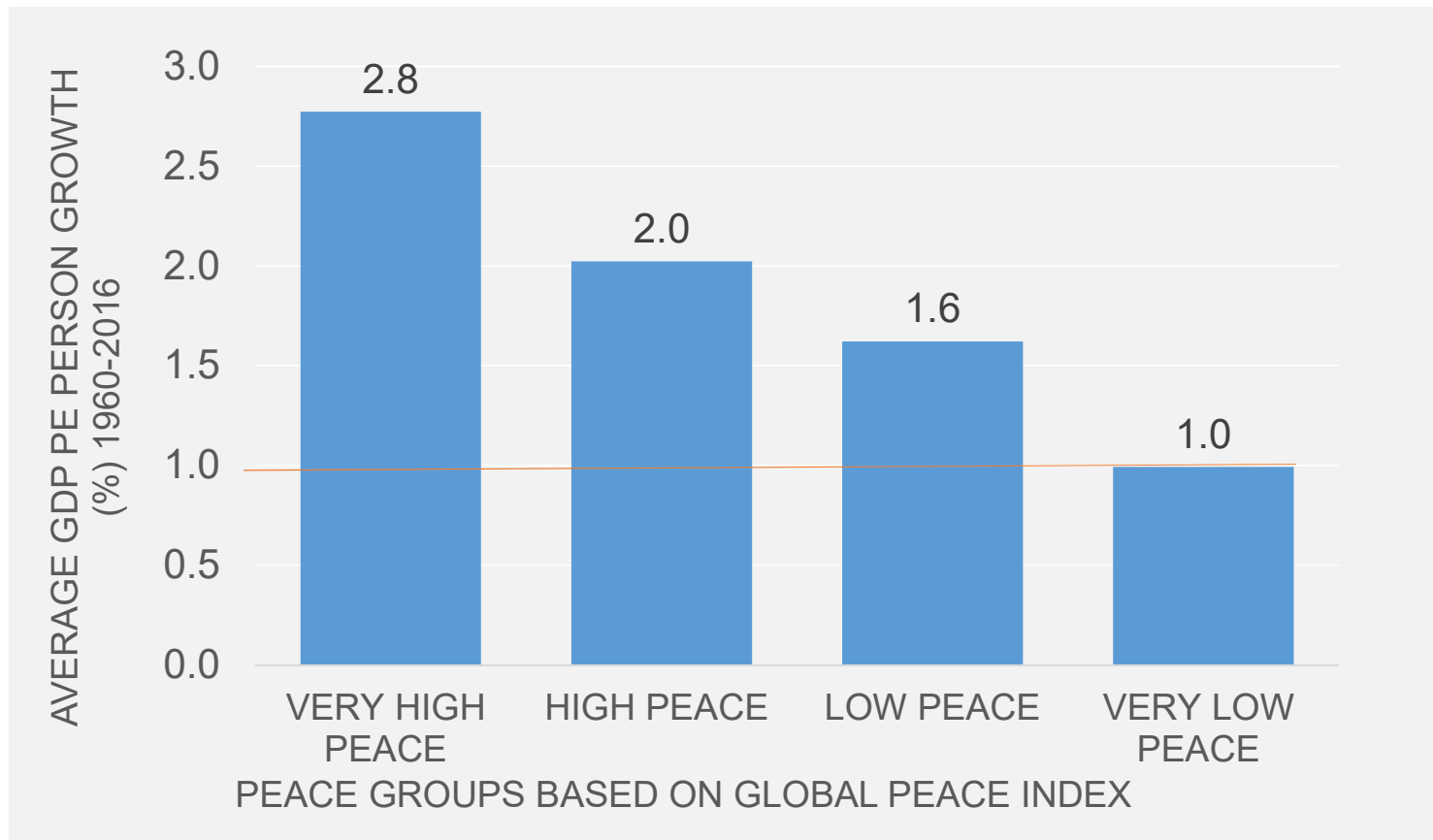
Peace and Economic Performance

- GDP growth
- Median inflation
- Interest rates
- Foreign direct investment inflows are more than 2x higher in countries with higher levels of peace than in less peaceful countries.



GPI & GDP per capita growth

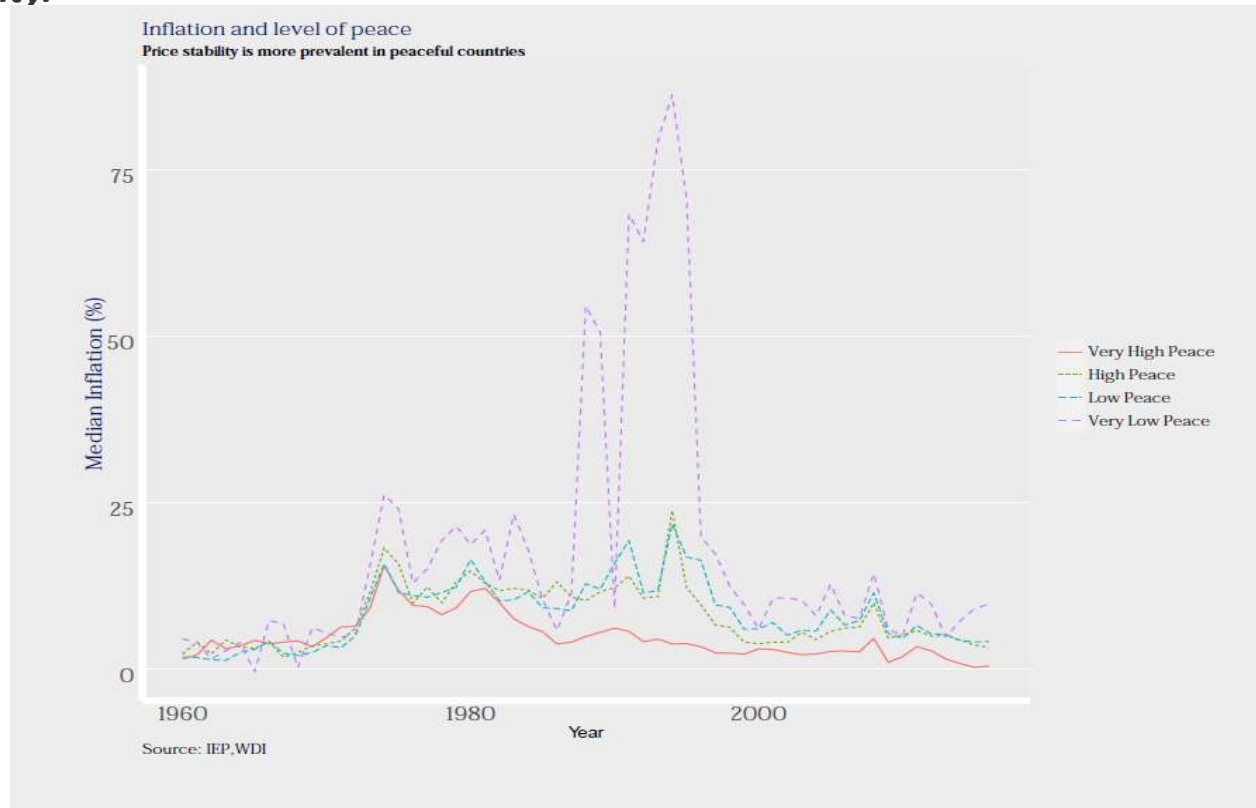
Countries with very high level of peace, on average achieved nearly three times higher GDP per capita growth compared to the least peaceful countries since 1960.





Peace and lower levels of inflation

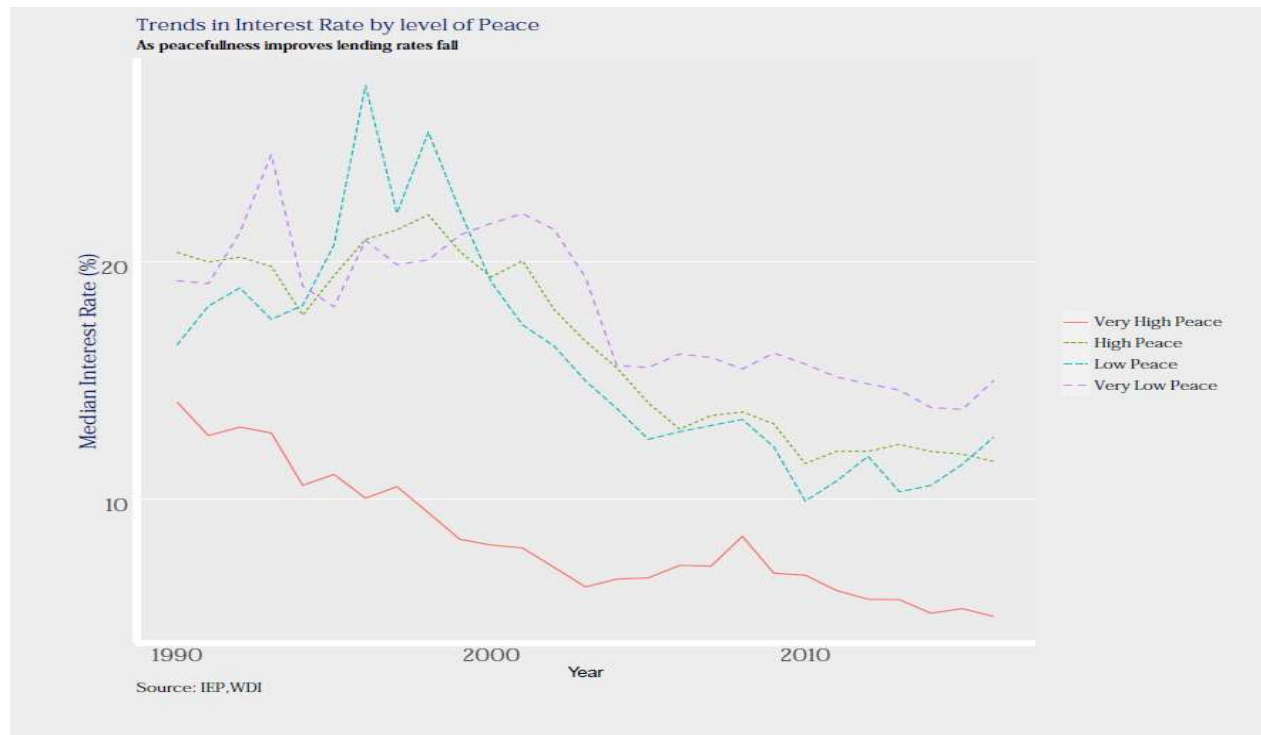
Historically inflation levels for high peace countries tend to remain consistently below low peace countries, having lower volatility.





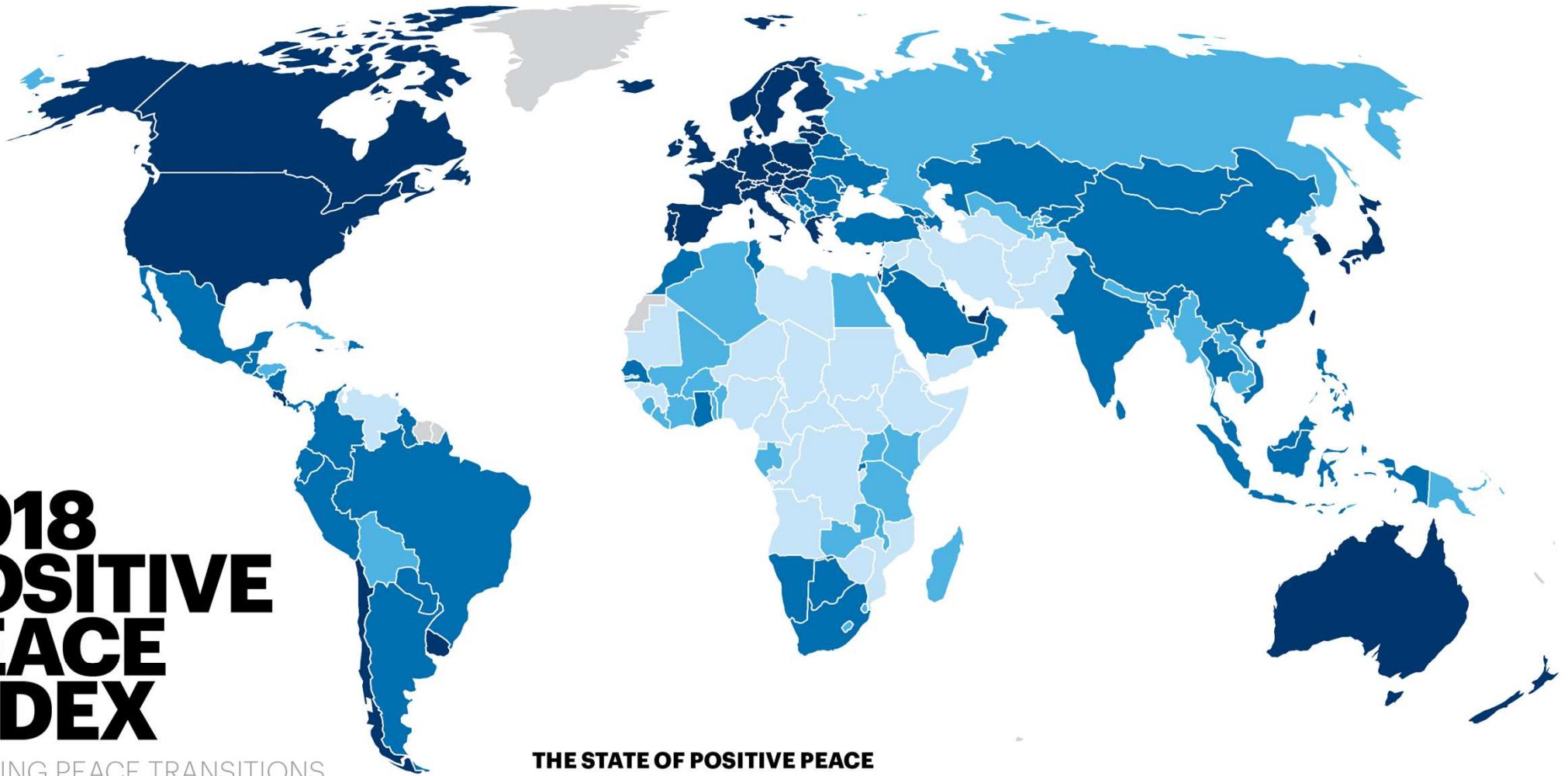
Peace and lower interest rates

The same applies for the interest rates



2018 POSITIVE PEACE INDEX

TRACKING PEACE TRANSITIONS
THROUGH A SYSTEMS THINKING
APPROACH



THE STATE OF POSITIVE PEACE



Positive Peace

Positive Peace creates the optimum environment for human potential to flourish.



High levels of Positive Peace are associated with:

- Higher per capita income
- Resilience
- Better environmental outcomes
- Higher GDP growth per annum
- Better performance on SDGs

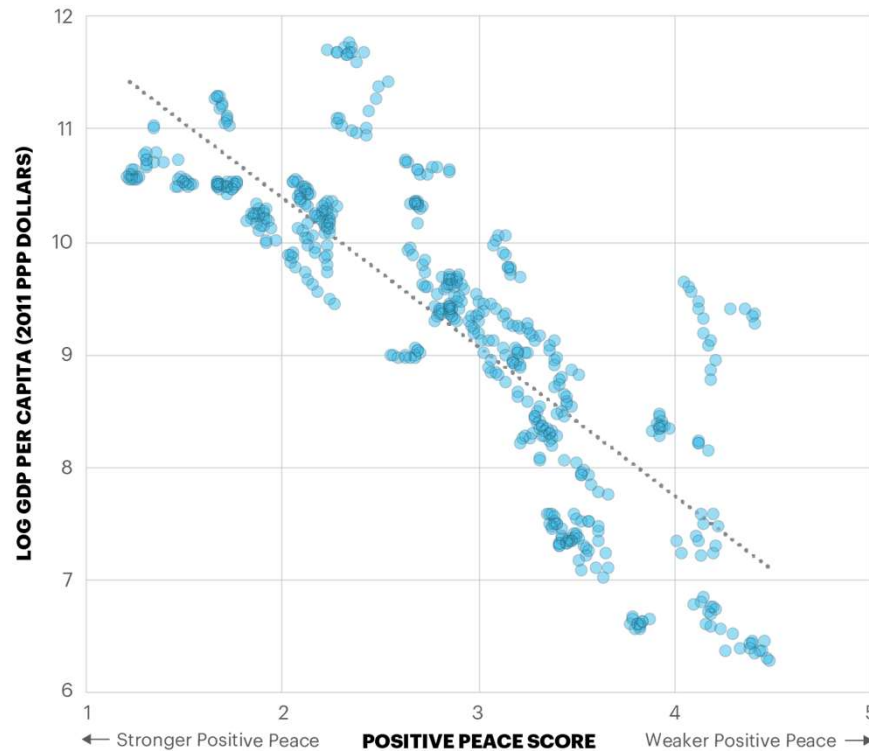


Positive Peace and **Business**

- **There is a high correlation between the 8 Pillars of Positive Peace, and factors critical to business and economic activities.**
- **Positive Peace also contributes to the overall soundness of a country's economic fundamentals, such as strength and stability of currencies and a better credit rating.**
- **Improvements in Positive Peace are linked to stronger domestic currencies.**

Positive Peace & GDP

Every 1% improvement in Positive Peace is associated with a 2.9% growth in GDP per capita.

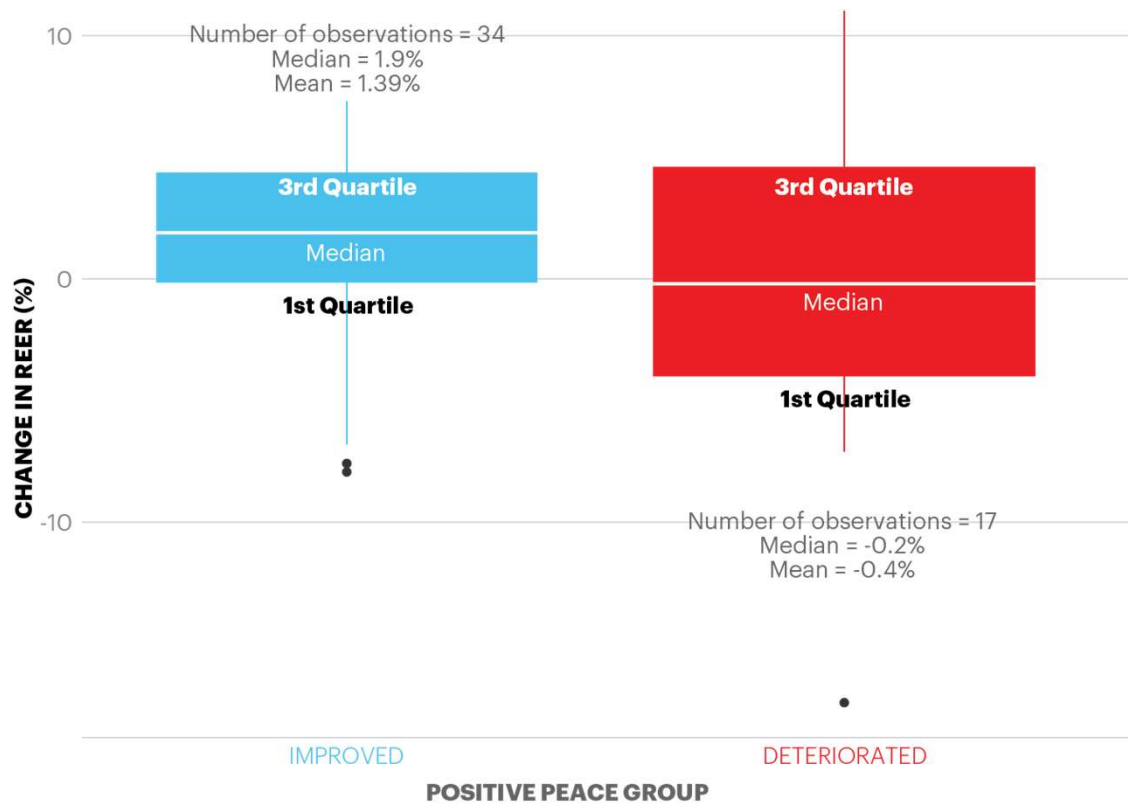


Source: World Bank, IEP

Countries that improve in Positive Peace since 1996 have 2% higher GDP growth than countries that deteriorate in Positive Peace.



Change in Real Effective Exchange Rates by Positive Peace Group, non-OECD countries, 2005 - 2016



Countries that improved in Positive Peace experienced higher rates of appreciation in the value of their currency.

Source: WDI, IEP calculations



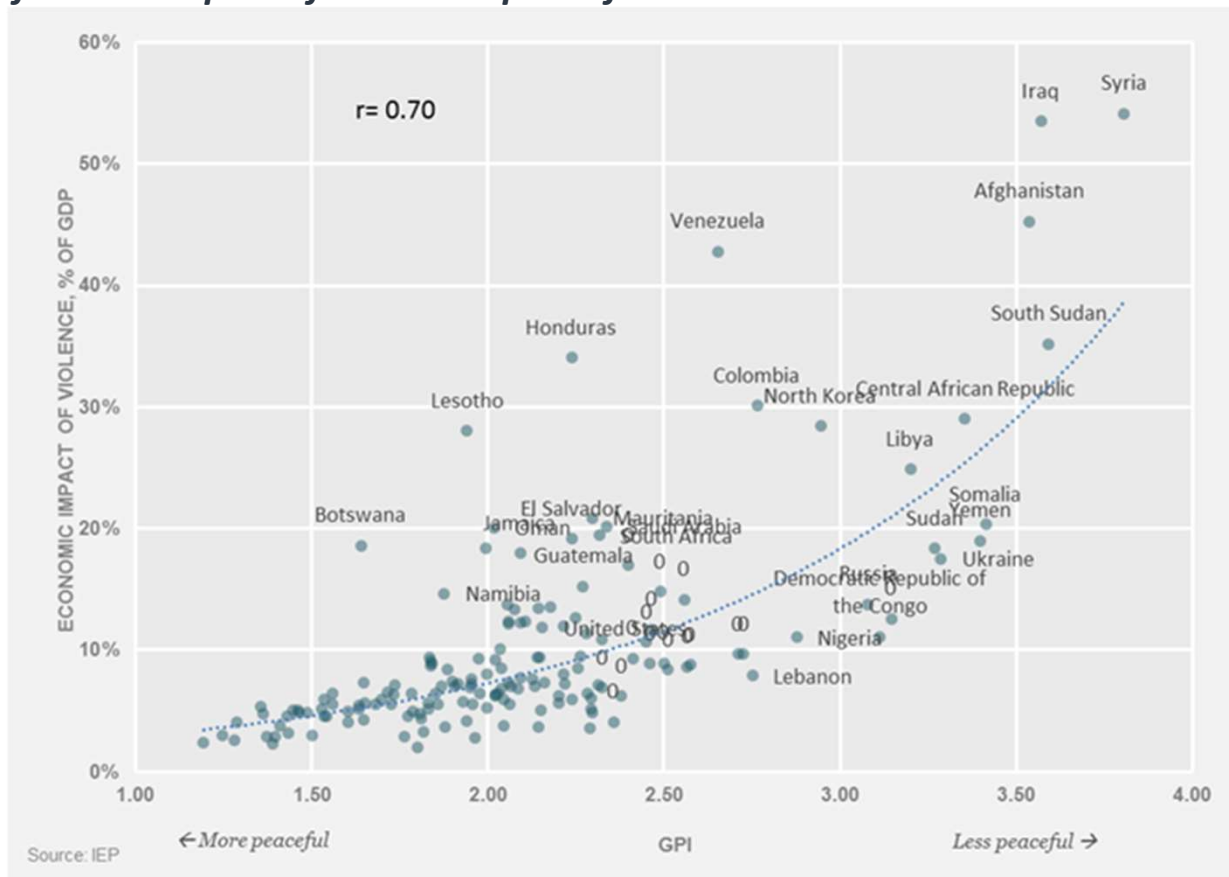
Economics and Peace – Making the Link

- As peace improves, doing business also becomes easier. With some of the low and mid peace countries also offering high quality business environment.
- Countries that improve in Positive Peace experience higher rates of appreciation in the real value of their currency .
- Costs associated with violence expressed as percentage of GDP, increases exponentially as move from most peaceful to least peaceful countries
- Countries that deteriorated significantly in Positive had a fall in their credit rating of 4.5 points on average – Non OECD



Violence imposes massive cost on economy

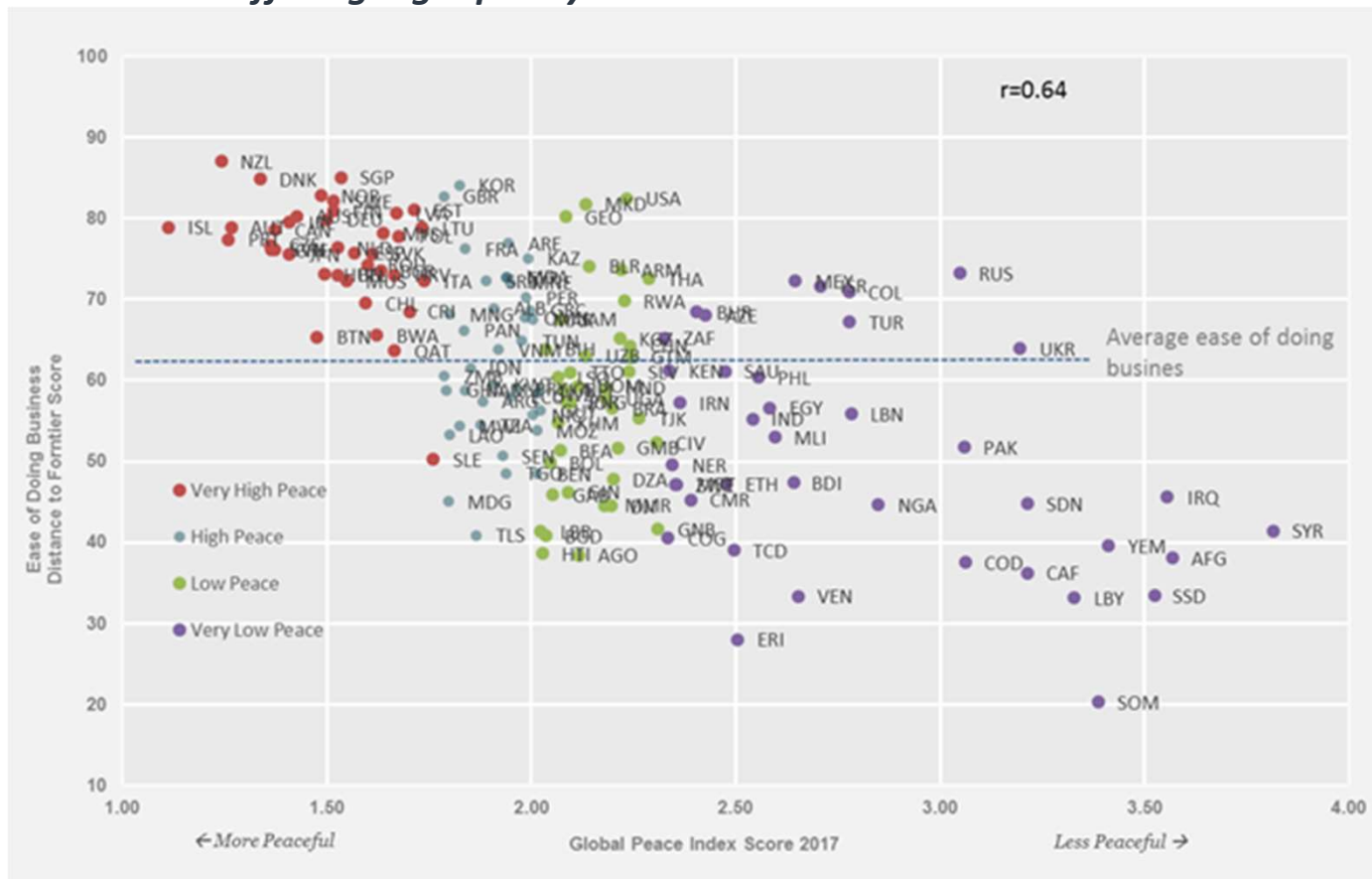
Costs associated with violence expressed as percentage of GDP, increases exponentially as move from most peaceful to least peaceful countries





Peacefulness and ease of doing business

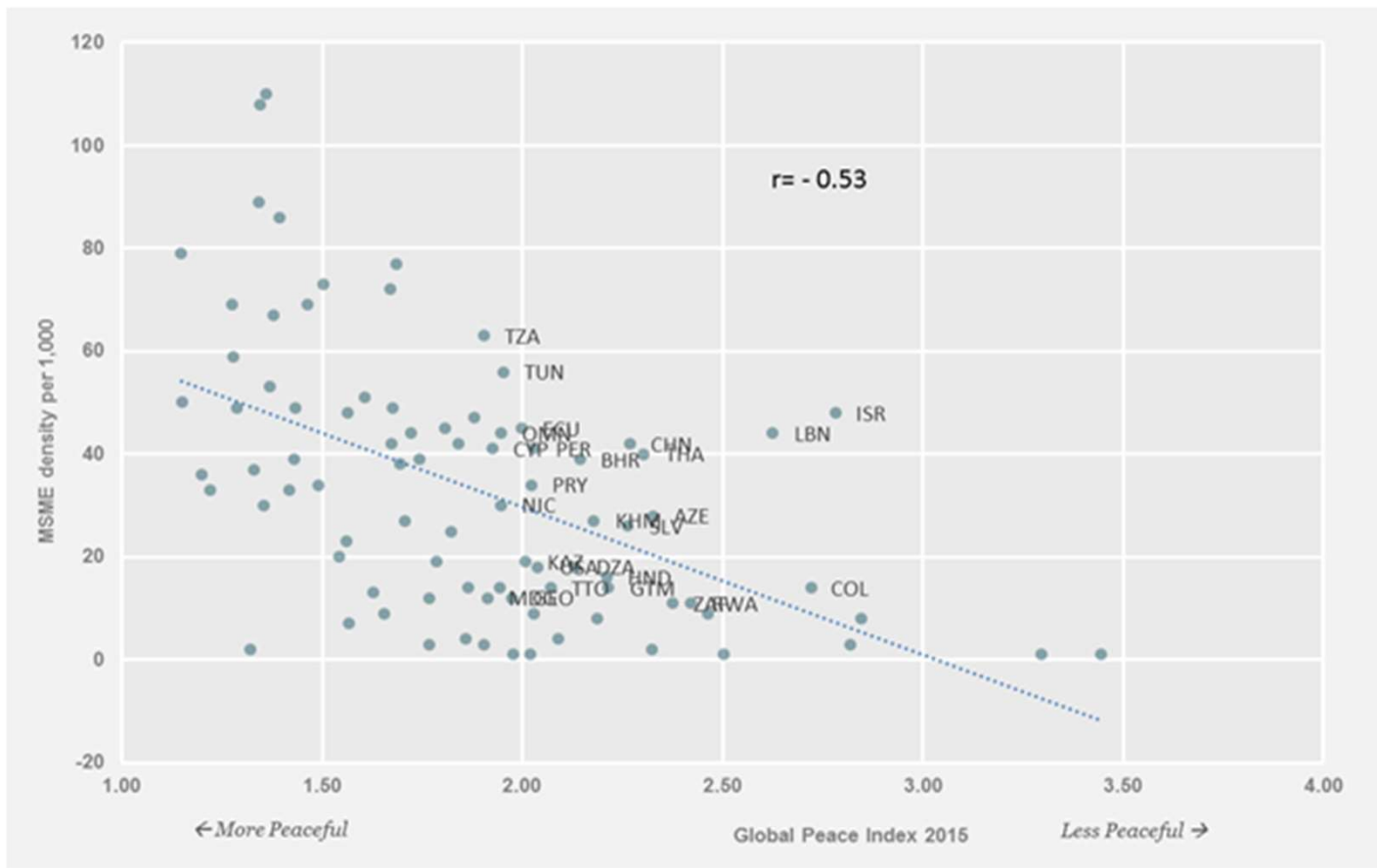
As peace improves, doing business also becomes easier. With some of the low and mid peace countries also offering high quality business environment.



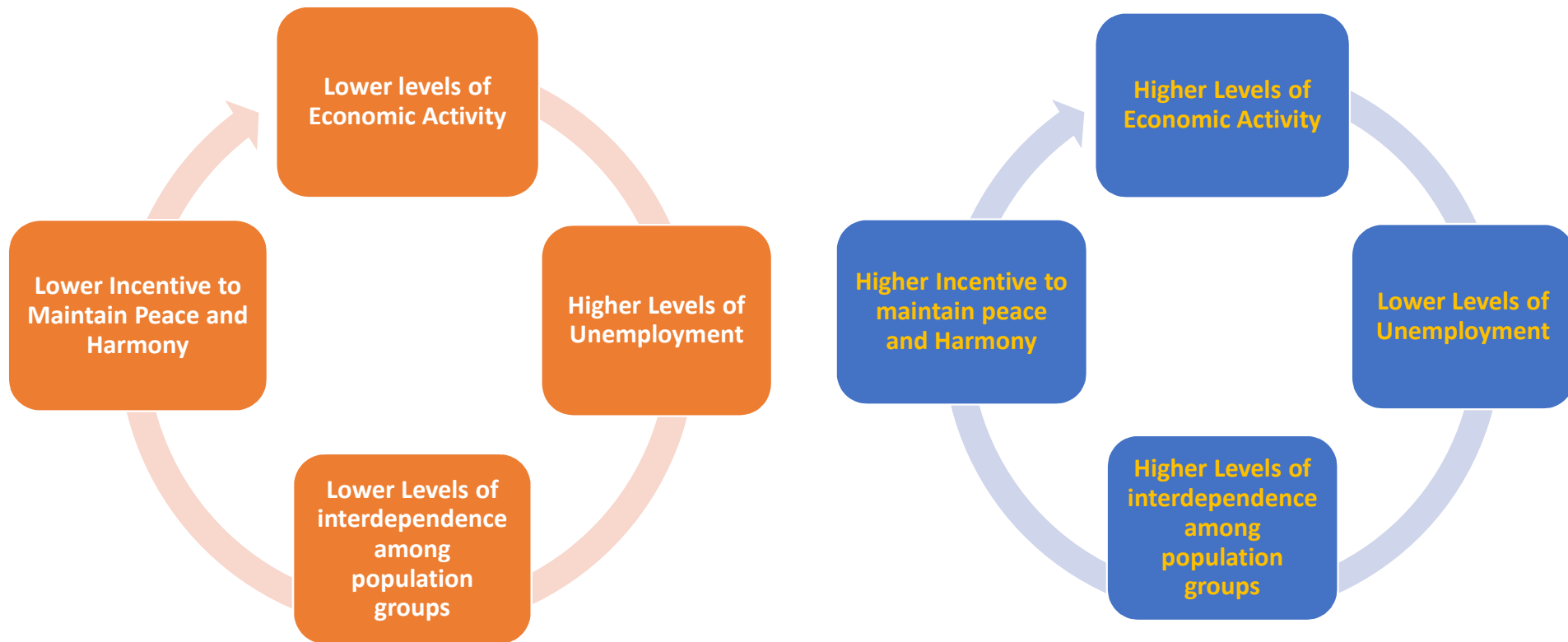


Peacefulness and density of businesses

As the level of peace improves, the number of formal businesses per 1,000 people also increases.



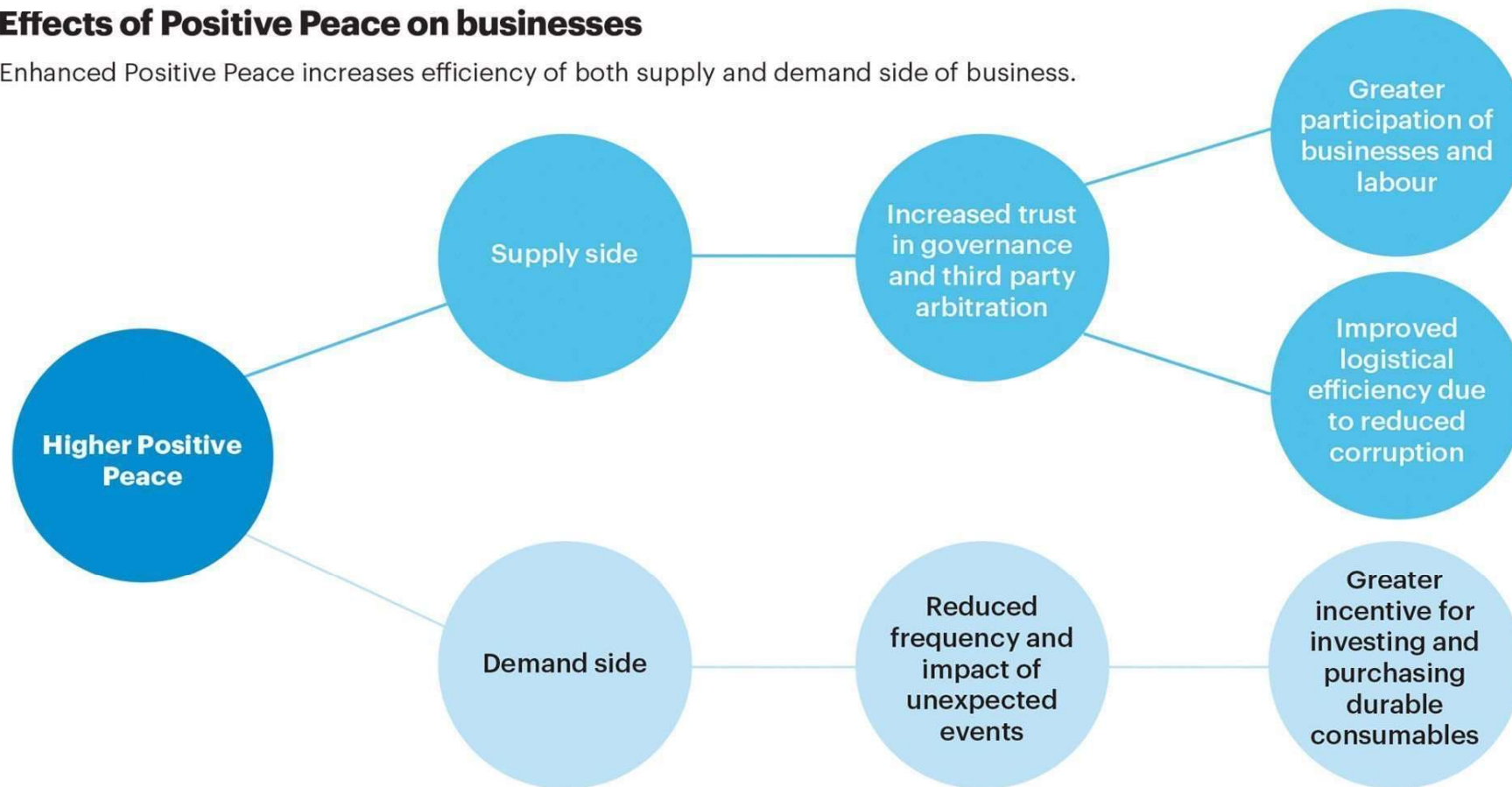
Economics and Peace – Vicious & Virtuous Cycle



Positive Peace and Supply & Demand Sides of Business

Effects of Positive Peace on businesses

Enhanced Positive Peace increases efficiency of both supply and demand side of business.

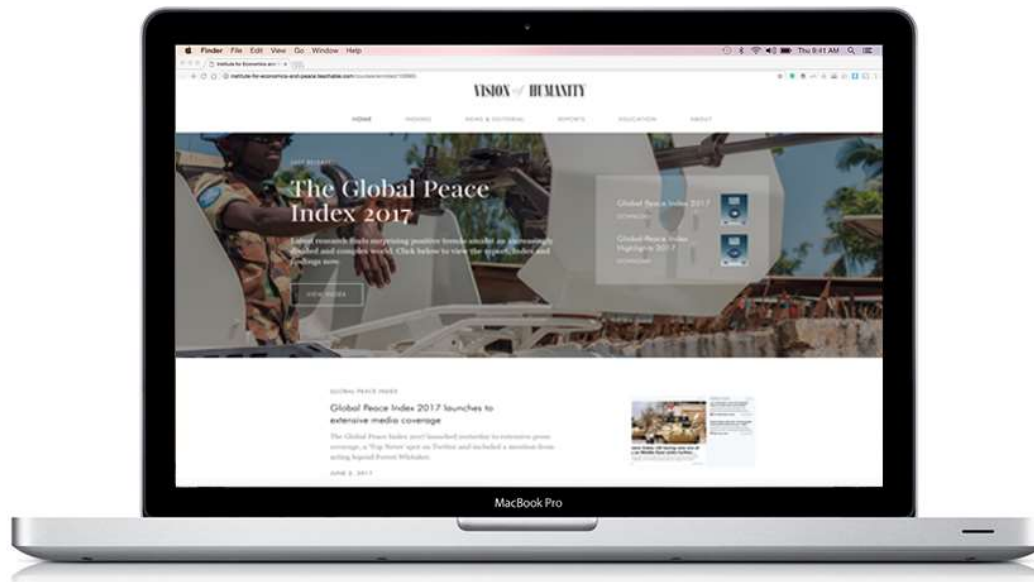


Source: IEP

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