

Trends in Global Peace 2014

Chris Austin

Interim Head, Stabilisation Unit, Foreign and Commonwealth Office

Dr Pilar Domingo

Research Fellow, Politics and Governance, ODI

Steve Killelea

Executive Chairman, Institute for Economics and Peace

Chair: James Mates

Europe Editor, ITV News

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James Mates

Ladies and Gentleman, welcome, thank you so much for coming in such numbers. My name is James Mates, I am the Europe Editor of ITV News - a job which when I first took was symptomatic of a peaceful continent, much less so now, and I'm sure Steve will tell us more about that.

Trends in Global Peace in 2014: one might be forgiven for wondering what trends given what's just developing in Iraq at the moment; what's been happening since February at least in Ukraine; as well as the on-going situation in Syria; the total paralysis of the Israel-Palestinian peace process; apparently escalating conflict in the South China Sea. But the Global Peace Index will tell us where we are, now in its eighth year of publication developing a considerable back catalogue from which we can gauge the trends in global peace and peace-making.

I am delighted to welcome Steve Killelea who is the Founder and Chairman of the Institute for Economics and Peace and, of course, the Founder of the Global Peace Index. Steve will be giving the first presentation this evening, to be followed by our other two distinguished guests. Pilar Domingo, Research Fellow at the Overseas and Development Institute, currently researching international support for the rule of law, justice and security sector following a long and distinguished career at the University of London, University of Salamanca, and Queen Mary's University - obviously here in London.

On the far side Chris Austin, who after a long career in government is now heading the Stabilisation Unit which sits in the Foreign Office but is made up of DFID, the FCO, and the MOD, which is a unique cross-government body, he might tell us how well that is going. Formerly the Head of G8 based in the Cabinet Office, and formerly Head of Conflict, Humanitarian and Security at DFID.

The way this will take place is that Steve will start us off, to be followed by Pilar and then Chris, and then hopefully we will leave plenty of time – and I will be timing everyone to keep us on time as we have to stop on the dot at seven - leaving plenty of time, hopefully, for comments and questions from the room.
Steve:

Steve Killelea

Thank you very much it's good to be here. So what we are doing is covering two things today. First is I'll be moving through the trends associated with peace over the last year and also seven year trends, and then I'll move through to a methodology to do country risk analysis. All in all I'll be talking for about fifteen minutes.

The Institute for Economics and Peace it's been set-up to study the intersection between business, peace and economics, placing special emphasis on the metrics to measure peace and also to do analysis to understand the factors which are associated with peaceful societies. Additionally we also do a lot of work around ascribing value to changes in peacefulness and now we are starting to move into doing more work around country risk analysis.

So we'll move straight into the highlights. If we look at the last twelve months there's again been a slight deterioration in peace, this follows now a seven-year trend. If we look at the reasons behind the deterioration in the last twelve months, it's related to - unsurprisingly – terrorist activity, to increases in the number of internal and external conflicts fought, and also increases in the number of deaths from internal conflicts. Syria for example is up to 120,000 now. And also the number of refugees and displaced people, with one third of the people in Syria, for example, being displaced as well.

However, contrary to that there are some good trends: One is that there has been an improvement in the political terror scale, and that is a measure of human rights abuses around the world, and that also is a continuing trend. If we look at the number of armed service personnel that is also decreased and this year there's also been a slight drop in the number of homicides, but we would say that is probably down to an improved numbers than it's a trend. In fact the longer term trends going the other way.

Syria now has become the bottom of the Global Peace Index. It replaces Afghanistan which had been there the two years prior to that, and prior to that it had been Iraq but Iraq may be back there next year. Iceland maintains its position as the most peaceful nation in the world and has done for many many years. Iceland was one of the countries most affected by the global financial crisis and you can see the resilience of highly peaceful societies that it's been able to stay, maintain intact and recover. Georgia - contrary to what a lot of people may think - has shown the biggest improvement in the past twelve months. That's obviously coming out of the back of a conflict with Russia over South Ossetia and the bounce which comes with that; but I would say that recovery is fragile. Southern Sudan had the largest drop this year as it moves into its third civil war since independence. It now has ranked the third least peaceful nation of the world.

Now one of the more surprising things is actually Europe: its peace is actually improving – some good news. Twenty-five of the countries improved where nine deteriorated. Most of this improvement is actually out of Eastern Europe which you can see is associated to fairly robust economic conditions compared to the rest of Europe. And if we look at now Europe over the seven years, actually the peace hasn't changed at all. Europe maintains its rank as the most peaceful region of the world as well. South Asia is again the least peaceful nation in the world.

Deteriorations, and the largest deteriorations were in the Middle East and North Africa, as well as Sub-Saharan Africa; Sub-Saharan Africa highlighted by Southern Sudan and the Central African Republic.

So if we look at the seven-year trends, we divide the index up into three different areas and I will hit each of the three major domains. Safety and security has declined by 5.3% over the last seven years, and this is of course the major deterioration in the index overall because of the strong weighing in the number of indicators in that portion. Militarisation didn't actually change over that period of time, a couple of indicators were up, and others down, but it was flat. If we look at the measures of on-going conflict, they declined so they are at 4.7%. So as we can see this isn't falling off a cliff but it's a slow gradual decline each year.

Now the two biggest things driving this are increased terrorist activity and higher homicide rates. So over the period of seven years, 53 countries actually improved, but on the other hand (it says 103, it's actually 111) 111 countries actually deteriorated. Now greatest deteriorations were Middle East, North Africa and Sub-Saharan African region.

Now what I've got here is just a graph from deaths from terrorism. If we go to 2002 there is just basically over about 2,000 deaths from terrorism. The start of the Iraq War that started to tick up, it's another leg as we got more active and engaged in Afghanistan, and then that spilled over into Pakistan. Then with the withdrawal from Iraq period of stability went through with some decrease in the number of terrorist activity, then with the start of the Syrian war it has now taken off again. So in 2002 there were 38 countries which had deaths from terrorism, in 2014 there are now 58 countries. So this is a trend which is continuing and at this stage -I would have to say - a very worrying trend.

Now, if we start to look at the nations which have had the largest increases in terrorist activity they are highlighted here in light blue. You can note that the number of deaths in Iraq – which is the top line – the weights increased over the last three years. So in some way the message was already there. So if we look at the deaths from terrorism in 2013, that's about the same as what there was at the height of the surge in 2006.

If we look at the homicides we can see there is a gradual increase over there. Even though it's fallen off this year, we think it's more through improved record keeping. If we look at the migration to the cities, we would expect this to keep up, there are currently 3.5 billion people living in cities. It is estimated by 2050 there will be 7 billion people living in cities – double the current amount. So this will be a slow gradual turn-up and it probably is a problem, which is manageable over time. Contrasting with this in the West we've got falling crime rates. Britain for example has falling crime rates as does the US and many European cities.

We also do estimates on the cost of violence to the global economy, so in 2013 we estimate it was almost \$10 trillion dollars. That's equivalent to just over 11% of global GDP. Now what's unique about this series of work is we actually put in and we do estimates for 162 different countries around the world. What that means is you can now look at a country and you've got the ability to do a cost-benefit analysis on what any interventions may be.

We measure thirteen different dimensions, they'll be something like military expenditure, cost of homicide, cost of violent crime, cost of refugees and so on and so forth, with the increase of 3.8% from 2012-2013.

Now what I'm going to do now is move on, that was very very quick, but that's ok, and I will move on now to the risk, giving a quick thumbnail sketch of what we're doing now to analyse country risk. So conceptually there are factors which create peaceful societies: we can call these the pillars of peace. So they are things like well-functioning government, strong business environments, low-levels of corruption, equitable distribution of resources, free flow of information, good relationships with neighbours, high-levels of human capital. This comes together in a systemic way. We are not actually looking at causality because in any particular situation the causality could run in either direction and the strength of the causality could be different, so we are taking a systems approach to try and understand what creates peace. So arriving at this we've been through 3,800 different datasets to statistically determine these models. We look at these pillars of peace, if you like, they are also associated with a lot of other things we really like, like higher per capita income, lower inflation, countries which are more ecologically sound, better on gender equality and many more. Now that's the philosophical base, which we call the conceptual base which we are going to work from to understand peace.

There's also a strong relationship between peace and economic growth, so if we look at this graph here, if we look at the 45 countries which are the least peaceful compared to the 45 countries which are the most peaceful, they are the blue on this graph, you get since 1996 there's been 2% GDP higher growth rate - 2% may not sound much but that's a lot particularly when compounded. Similarly if we came back and looked at the positive peace and the factors associated with peaceful societies and we take it back to 1996 we see exactly the same relationship. The countries which are strongest in your pillars of peace have got 2% higher GDP growth rate than countries which are low in it.

Now just to drive that home even further, let's look at inflation. What we've got here is a chart on the variability of inflation. So we'll know that the most peaceful nations have one third of the rate variability of the least peaceful nations. Now in terms of business investment and being able to understand risk and

being able to plan what your likely return might be on that investment this is highly important. So these are just a couple of many many factors which are associated between peace, particularly positive peace, and economic prosperity and growth.

So let's come back to what we're trying to do. Conceptually, improvements in positive peace lead to higher GDP growth and also to improved human satisfaction. Increases in violence lead to lower GDP growth and less human satisfaction. Conceptually we measure violence, from there we do statistical analysis to understand the factors associated with positive peace, having got that we now introduce another index to measure that, now we can look at the relationship between the two and where there's a differential between the two that's risk, because historically what you find is that the two come back and meet in the middle. So if a country's got higher positive peace factors, then its peace over time usually that peace will improve, if it's got lower positive peace factors than what it's actual peace is then in time it will come back again.

So this is a scatter diagram. You can see that it's lined through the centre, that's the ideal mean and you can see the countries in the 2013 and the way they differ from that. So at one end you've got Laos, which has a deficit so we would expect it to fall in peacefulness, and on the other hand there's potential in Israel for it to improve because its societal factors are actually pretty strong. When we took 2008 and we took the countries with the 30 largest deficits, by 2014 27 of them have actually fallen. Now we're not talking about them falling into cataclysmic conflict, we're talking about just falls in peace, because we are looking at small to medium falls in peace for doing this analysis.

So that is what we call Positive Peace Deficit Model, we have another model which we call the Light Country Model which is really quite complex. So we take the history of a country and see how it compares to where it is currently, we take another basket of countries with similar levels of factors related to positive peace, see what level of peace they are at and then we put that into a fairly sophisticated model to calculate the likelihood of drop. Now, when we take this and we look at the ten countries – we take these two models and combine them and look at the ten countries which had the largest fall between 2008-2014 in peace, 9/10 would have been picked up by the combination of the two models - Mexico wasn't. So now if we look at the World Bank Fragility Index, the Failed State Index, and the State Fragility Index which are the main ones used, they are not trying to do projection, they are measuring fragility but they aren't actually very useful for prediction. They're the main things being used today.

Now let's come back and look at the countries which now take these models and play it forward which have the most likelihood or the highest risk factor of falls of small to medium deteriorations in peace, so what is a small to medium deterioration in peace? – it would be let's say an increase 2 per 100000 in the homicide rate. Now these are the ten countries which are there, note Qatar, now Qatar ended up in the list well before what we saw which is going on at the moment.

In summary, so you can measure and analyse peace that allows you to understand the factors that create peace. Similarly you can measure and analyse peace, which now gives you an idea of the lost opportunity in dollar value of not having peace. Now that gives you something that you can action. That action gives you the ability to make better prediction so you know better where to target your assets and your resources, it also means you can now actually start to do a little bit of cost-benefit analysis through the actions you take, what the benefit might be. And also for better understanding of the factors which actually create, sustain and underpin peace, you got a much better chance of getting better programme outcomes. And that my friends is the end of my talk.

James Mates

Steve, fascinating, thank you very much indeed. Masses of material there for us to ask and talk about later on I'm sure. Pilar:

Pilar Domingo

Thank you very much for the opportunity to be here as we reflect on the findings of the Global Peace Index 2014. I think one of the things that's clearly demonstrated is the tremendous value of capturing change over time and capturing change over time across a different and wide-range of indicators. Including to be able to give us mapping over time of the nature of these very complicated processes of change from conflict to peace and then what accounts for peace becoming the norm rather than the exception and how to capture the risk and return to conflict. But it also enables us to be able to track over time the risks associated with the transformation of conflict, so looking at the change from a negative peace – which is valuable in itself – to what is a positive more resilient form of peace can look like and I think that's where some of my commentaries will mostly be aimed at to disaggregate a little bit more what that positive peace looks like and why that's more difficult to capture than the kind of indicators that Global Peace Index is able to work with.

There are four things that I'm going to mention briefly that I think are important. The qualitative research that we are doing at ODI is fundamental for understanding processes of stabilisation over time and the possibility of moving to more resilient developmental models of progress.

The four things I want to talk about very briefly are political settlements, understanding the resilience of political settlements and the ability of political processes to transform political settlements towards more resilient modes of engagement between state and society and between different private actors and societal actors.

A theme that's come up increasingly in recent research is related to the resilience of institutions and the perceptions that societies have about institutions as institutions that are trustworthy and that are responsive to society's needs. That's the second point I want to discuss very briefly.

The third is related to that and is about how to capture legitimacy, legitimacy in a range of ways that doesn't necessarily correlate with levels of democracy but with levels of questions of resilience in institutions.

Finally, a word on gender and the instrumental value of using gender as a way of capturing some of these more qualitative distinctions of what might amount to a more comprehensive notion of a positive peace.

The example I've been thinking about is Colombia. I was there recently to do a case study on gender inclusiveness and women's empowerment in the last twenty years in Colombia, but the political settlement and the process of renegotiating or not the underlying terms – basically the rules of engagement on social and economic political engagement, of what is at stake in the current peace process and things look really positive. Santos has won again, we're all on a fantastic trajectory including those picked up by the Global Peace Index to move from maybe a negative peace of sorts that was acquired with Uribe to something that could amount to more systemic positive peace that will result from peace negotiation with armed movement

In fact, I think one of my questions would be to what extent could the Peace Index be able to capture what might be more in fact a transformation of violence in the sense that the way in which the peace agreement

has been settled, the peace settlement has been agreed through the peace process, built on the political transformation under Uribe . To what extent are we just seeing a transformation of violence rather than a pacification of the real political settlement in Colombia. In the sense that, what seems not to be captured as much is that much of what is driving, for instance, a deteriorating indicator with relation to displacement is that the cause of displacement is not only the armed guerrilla groups, but in fact the paramilitary forces and their transformation currently into criminal gangs. What's left of them seems to be transformed into criminal gangs, and that would be picked up by a different indicator that's not political conflict but the kind of safety and security indicators that the Peace Index does capture but I think to get to the more qualitative aspects of understanding that transformation is an interesting thing to be able to reflect on in the context of the index.

The second question is in relation to what can we know about the resilience of institutions and to what extent does the index engage with how to capture the resilience of institutions, and I understand that it does so through survey material that captures perceptions and attitudes relating to the trustworthiness of institutions. But there I suppose the key factor has to do with the degree to which peace and positive peace correlates with the legitimacy of the ruling political settlement and the degree to which reigning institutions are resilient because they are able to adapt and transform the political settlement in ways that maximise the legitimacy of institutions to be responsive not only to elite bargains but to those sectors of society to the degree that those important sectors of society remain excluded and perceive themselves to be excluded from the political settlement that is what leads to this heightened risk as we see for example in the current case of Iraq. So the texture and quality of political settlements seen through different lens seems fundamental including in order to capture different perspectives, and we can talk about that later.

But finally a word on gender, I'd be curious to see what place gender plays in the index, including because it seems that gender is a very observable measure of inclusivity and it could respond to these questions of legitimacy and facility and responsiveness that are difficult to capture in that positive peace component. Thank you.

James Mates

Thank you, and Chris:

Chris Austin

Thank you for the opportunity to comment. A caveat first of all about me, I've been in the Stabilisation Unit since January, I know quite a bit about what our bit of government does, I cannot pretend to be an expert on any of the countries that you might be thinking of asking me about or that the rest of the panel have difficult questions on. The second thing to note is that when I was at university I studied history and I very much value learning from experience and I think that's one of the fundamental values of this very comprehensive index drawing on such a mass of data but putting it into a digestible form. It's really valuable, I have to say it's the first time that I and my colleagues have come across it but you've certainly landed with a very receptive audience.

I've got four observations about the report and then some questions or challenges, possibly for you Steve and the Institute, possibly for discussion. First of all this is a really helpful empirical contribution to planning and tracking international community efforts to build stability - and that's very much a cornerstone of UK government policy. It was set out in the National Security Strategy in 2010 underpinned by our Strategic Defence and Security Review and a Building Stability Overseas Strategy - all of which set out in different ways that it's in the UK's interest to intervene or be involved in international

crises and conflict because it's in our national interest, it affects us. How we do that, we are learning as we go along and that's part of what the Stabilisation Unit does.

Equally importantly from me with a DFID background is that the Global Peace Index, I think, reinforces the rationale that our government and our Prime Minister has for having an aid budget at 0.7% of GNI, and he said, and has invited officials to be boring about this so I shall be boring, it's right that the UK keeps its promises to the world's poor. It's the right thing for a rich country to have a significant aid programme. It's a tiny fraction of your tax revenues as I'm sure you'll know. And then thirdly, most importantly, it's in our own interest. I think what this report does it help illustrate and demonstrate hard financial economic facts, how it is in our interest. That cost of conflict at over 11% of global GNI is quite staggering, and the counterfactual of that, the benefits of peace in any individual country can be quite strong and I would be really keen to draw on the data in the report to inform our own cost-benefit analyses of intervening and not intervening and thinking about what the specific measures might be.

Second observation or question is: do we need to worry about the downwards trends of peace? As I read the report, the sixty years where generally things have been getting better and more peaceful but over the last seven years while you've been doing this index, mainly because you've been doing this index and your modelling is very clever, you're finding that things are getting worse. I would say that depends where you live. If you live in any of the countries that are on the IEP watchlist which includes Georgia that you mentioned recovery has been fragile, then I think you should be very worried because the report's also quite clear that your predictability is pretty good at where things might go bad. But of course the conflict drivers as well as the sources of positive peace will be very much context specific and that will be in time and place and maybe ethnic area and so on. So drilling into the detail is really important.

I think the country risk analysis is very valuable, when it comes to the suggestions I wonder whether you might expand that little bit. So having said that it gives us cause for worry and it will certainly contribute to the thinking that we do in the UK government about which countries we should be worrying about because they're at risk of falling into conflict and is there anything that we can do about it or that we ought to track. It also bears noting that no modelling, however sophisticated can be a perfect crystal ball and it's slightly odd to see that Libya is in the top five of countries where there's been an improvement on a peace indicator because that seems counter intuitive. You explained early Steve that the reasons for that is there is a bounce out of the process that Libya went through before, I guess the obvious conclusion to make is that what happens in countries affected by conflict will be followed by a non-linear bumpy process but what this index does is give us a very rich source of information to think what might be the drivers of change over time.

Third observation, what have we learned in government and how is it reinforced by the GPI report? This really strong correlation between effective democratic institutions and peace very much echoes our Prime Ministers 'Golden Thread' theory with which I'm sure many of you are familiar. But if you have an absence of conflict you have rule of law and a strong democratic political settlement, then you've got the enabling framework for economic growth and prosperity and security.

It was interesting that high population features as a major correlation with potential conflict or actual conflict, I wonder whether that's also population density and there seems to me to be a link to non-political drivers of conflict, certainly the scramble for water, food and power, and potentially the risk of epidemics in densely populated areas.

Fourth observation, what is the government doing to promote peace, build stability? I mentioned 0.7 that's a key part of it, within the development budget the UK's focusing very much on fragile and conflict-

affected states. We'd broadly agree with your definition of fragility, which I won't go into. A large part of that effort is to try and build resilience - economic, political and social - in those countries. The unit that I work in now is a very strong cross-government mechanism for operating the National Security Council's priorities to help contribute to responding to conflict, or helping reduce the risk of conflicts emerging. In particular we are the advocates of what in the UK we call the integrated approach to stabilisation which comprises both civil and military components.

I very much agree with Pilar that I think gender ought to be a dimension in the index, it's very much a feature of the UK's approach. We had the Summit last week focusing on preventing sexual violence in conflict but it's a subset of a wider effort that the UK Government's got in its policies to try and tackle inequality generally and I think it would be interesting to add that in.

Final set of questions or challenges: can we prove the counterfactual or are there other things that the GPI might do? So terrorist incidents have gone up, but have they gone up less than they might have done without actions to combat terrorism, that's a cost-benefit challenge that my colleagues in the Home Office have got. Military shift from having large armies to more on planes, and equipment and material, does that mean we've got better institutes of enforcing law and order or not? Is there a way of tracking the impact of the Arms Trade Treaty so that where military material is owned and where it is being traded is in better places than before?

Finally, although it's useful to have competing and contrasting indices I wonder whether there's a sub-project just to map the Global Peace Index alongside the Human Development Index, maybe alongside some Human Rights index and put them all together. Thank you.