**Data:** I combined the data from Center for Systemic Peace and The World Bank. The data from the Center for Systemic Peace covered major episodes of political violence from1960 through 2012 (<http://www.systemicpeace.org/inscrdata.html)> and included the data on interstate, societal, and communal warfare magnitude scores (independence, interstate, ethnic, and civil; violence and warfare) for all countries. The World Bank data included selected world development indicators (1960-2012) by country, compiled from officially-recognized international sources (GDP per capita, trade, food index, research and development, tax revenue, preparatory school enrollment, primary school enrollment, gender ratio in schools).

**Methodology:** To measure conflict, I combined variables INTIND, INTVIOL, INTWAR, CIVVIOL, CIVWAR, ETHVIOL, and ETHWAR as described in the code book here: <http://www.systemicpeace.org/inscr/MEPVcodebook2016.pdf>

Next, I combined this variable confict with the measures of economy and the other economic indicators below for each country. To measure economy, I used GDP per capita and Trade. I also looked at the economic indicators such Food Index, Research and Development, Tax Revenue, Preparatory School Enrollment, Primary School Enrollment, and Gender Ratio in schools.

The project consists of two parts: 1) Presentation Main Method, 2) Case Studies and Cost of Conflict by Country. Presentation Main Method covers a set visualizations and regressions as well as estimations of cost of conflict for the entire World and for small-, medium-, and large-GDP countries. It also includes a roughly estimated cost of conflict for small-, medium-, and large-GDP countries as point increase in conflict for the economic indicators such as Trade, Food Index, Research and Development, Tax Revenue, Preparatory School Enrollment, Primary School Enrollment, and Gender Ratio in schools while controlling for time. Case Studies and Cost of Conflict by Country covers a set of visualization and very rough estimations of past cost of conflict for selected countries like Burundi, Liberia, Angola, China, Thailand and future cost of conflict for selected countries like Rwanda, Cambodia, Uganda, Mozambique, and Vietnam, Nigeria.

**Part 1. Presentation Main Method.**

In this part of the project, first, I looked at and visualized the effect of conflict on GPD per capita across entire globe. I ran a regression with conflict predicting GDP per capita for all countries while controlling for years. I also visualized scatter plot, trend line, and regression line of conflict predicting GDP for all countries.

Next, I divided my sample on small-, medium-, and large-GDP countries using tertiles and produced a set of visualizations (specifically time series plots) to see the differences in conflict and GDP per capita between small-, medium-, and large-GDP countries throughout the time.

Finally, I produced a series of scatter plots and roughly estimated the cost of conflict for small-, medium-, and large-GDP countries as point increase in conflict for the economic indicators such as Trade, Food Index, Research and Development, Tax Revenue, Preparatory School Enrollment, Primary School Enrollment, and Gender Ratio in schools while controlling. For each point increase in conflict, there was either increase or decrease in the included economic indicators depending on the countries’ GDP size. I also controlled for time.

**Part 2. Case Studies and Cost of Conflict by Countries**

**Part 1.** In this part, several time series plots were generated for selected countries (such as Burundi, Liberia, Angola, China, Thailand) to show past changes in conflict, GDP per capita, and other selected economic indicators for each country throughout time. The past cost of conflict for these countries were estimated taking the difference between lowest and highest points of GDP per capita or the other economic indicators throughout time while conflict being at its highest vs. lowest point, respectively and dividing the difference by the value of the highest point. Because I had a shortage of time, the estimations of cost of conflict for these countries are very rough and might change significantly when a more thorough estimation is done. The estimations were done to show the effect of conflict on economy for selected countries in the past. The next section estimates the future (or predicted) cost of conflict for selected countries.

**Part 2.** Future cost of conflict per day was also estimated for the countries such as Rwanda, Cambodia, Uganda, Mozambique, Vietnam, Nigeria. In this case, a different strategy was used to make the estimations. The assumption was made that future conflict in each country would last for at least one year. Then a series of regressions were performed to predict future cost of conflict using GDP per capita and Trade of each aforementioned country. Specially, regression coefficients of conflict predicting GDP per capita and Trade were divided by mean GDP per capita or Trade, respectively, to obtain percentage change in GDP per capita and Trade per one point increase in conflict. In case of GDP per capita, the percentage change in GDP per capita was multiplied by mean GDP and divided by 365 days to estimate the cost of conflict per day. To estimate the cost of conflict for 2 points increase in conflict, the estimated number was multiplied by two. In case of Trade, the percentage change in Trade was multiplied by mean GDP and mean Trade divided by 100 and then divided by 365. Again, to make estimations for 2-point increase in conflict, the estimated number was multiplied by two.

Due lack of sufficient time, very rough estimations were done to predict the future cost of conflict. To properly estimate the cost of conflict, one has to create a predictive model, train the model, and estimate prediction score for test vs. train samples. In addition, one variable measuring cost of conflict is not enough to make estimations. Other variables should be explored and added to the model.