

Peace Impact Framework for Investment

The Peace Impact Framework for Investment defines a pragmatic four-step approach to integrating peace impact into private sector investment strategies in conflict-affected and fragile environments (see Figures). It moves beyond negative 'do no harm' screens to focus on positive peace impact in line with national and UN peacebuilding strategies.

Rationale

Inclusive private sector development is essential to address structural drivers of armed conflict. Yet, due to a challenging investment climate, **most conflict-affected regions receive very little private sector investment or ODA support for private sector instruments.**

Momentum to find models to overcome these challenges is growing, e.g. through the use of grant funding/concessional resources alongside investment capital (blended finance), which **can help mitigate investment constraints and enhance the flow of capital into conflict-affected contexts.**

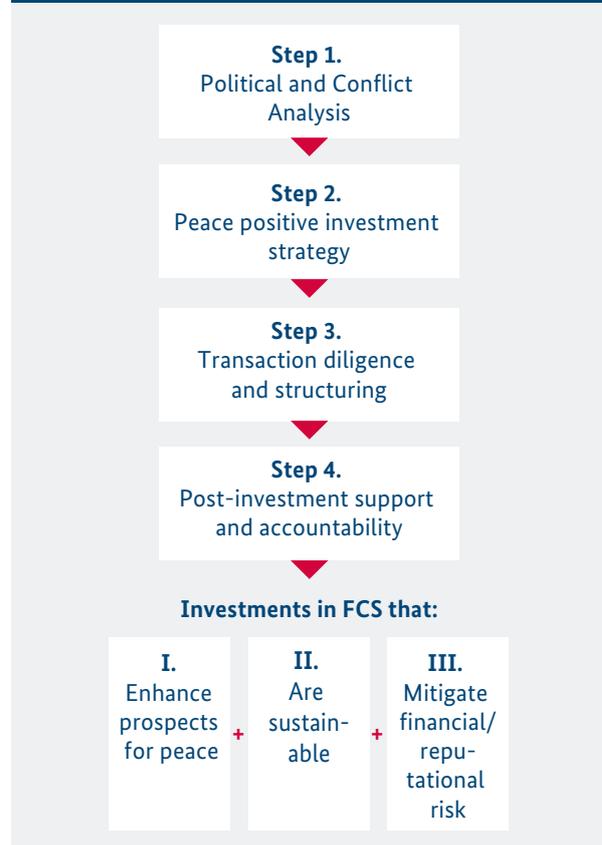
However, one missing piece in this discussion is peace impact. The **Peace Impact Framework, therefore, aims to analyse and maximise the positive impact of private sector investment on prospects for peace.**

Approach

The Peace Impact Framework provides a pragmatic and tailored impact management approach for in-country investment managers and facilitates needed partnerships with civil society, government and the UN system. It aims to identify investments that have the potential for peace impact in a given context and to maximise their contribution through concerted and continuous impact management. The methodology includes four steps. Each step sets out good practices based on the best available evidence on how business can contribute to pathways out of armed conflict:

1. **Context-specific conflict and private sector analysis**, drawing on the best available evidence and supplementary research where needed

Figure: Peace Impact Framework for Investment



2. **Peace-positive investment strategy**, identifying high-potential sectors and regions, explicitly defining the "theory of change" for how private sector development can address known conflict drivers
3. **Transaction diligence and structuring** regarding both commercial viability and peace impact, and identifying appropriate uses of grant funding/blending
4. **Post-investment support and accountability**, including partnerships to reinforce peace-positive business practices, monitoring of business-level key performance indicators, and peace impact evaluation at portfolio level



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Core principles

The point of departure for the Peace Impact Framework is that there is enough available evidence on the links between business and peace for investment institutions to meaningfully assess and manage their impact. At a general level, the Peace Impact Framework is based on three principles:

1. **All investments interact with conflict dynamics.**
These effects may be positive or negative, and there is ample experience with both in the wider investment community
2. **How these interactions play out is highly context specific.** While there are generic “theories of change” for the links between business and peace, these must be situated in concrete political, geographic and demographic circumstances
3. **Process matters.** Whether an investment is peace-positive depends largely on peoples’ perceptions and lived experiences of interacting with a business. It follows that assessing and maximising peace impact is an intentional process of engagement, consensus building and (where necessary) grievance redress

Application and intended uses

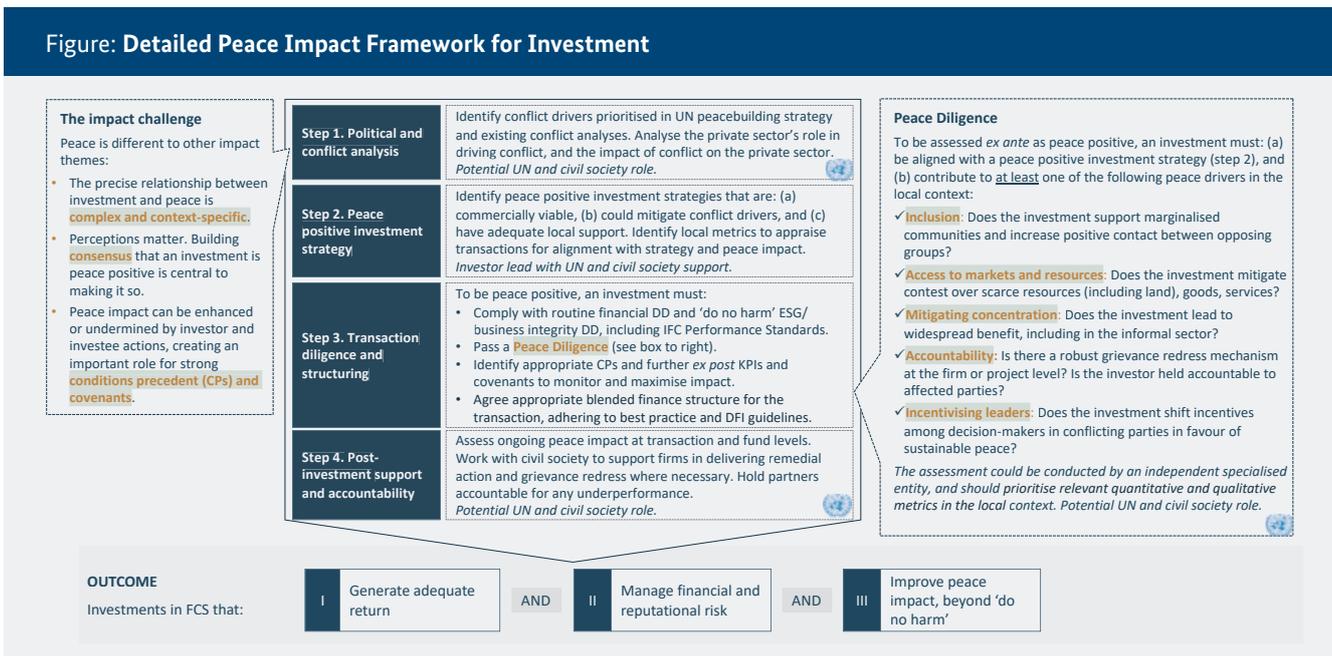
As a public resource, the Peace Impact Framework is intended to be further optimised through lessons learned from its practical application and to contribute to the rapidly growing body of research and policy work in this space.

The Peace Impact Framework was developed as part of the Investing for Peace (I4P) initiative within a broader feasibility study for mechanisms to increase peace-positive investment. It is the result of an interdisciplinary collaboration between investment managers, development finance institutions and peacebuilding experts. The practitioners and experts also recommended launching a specialised peace-positive investment facility that responds to the specific operating challenges of conflict-affected contexts, with the Peace Impact Framework guiding its investment operations.

The I4P initiative was launched in 2020 by the German Federal Foreign Office and its Stabilisation Platform (SPF) in partnership with the UN Peacebuilding Support Office (PBSO) to generate non-traditional funding for peace-building in conflict affected and fragile contexts.

For further details, please refer to the ‘Investing for Peace – Feasibility Study’ or visit the I4P website: <https://investingforpeace.org/>

Figure: Detailed Peace Impact Framework for Investment



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