



Peace Impact Lab *part of the Finance for Peace initiative*

The Peace Impact Lab is part of the Finance for Peace Initiative, an independent initiative that seeks systemic change in how peace is financed in the world's developing and fragile contexts. Finance for Peace aims to create market conditions that changes the scale of finance for peace positive private investment. It will start by working on two multistakeholder processes to develop harmonised peace impact frameworks, metrics and standards called the Peace Impact and Peace Standards labs.

Why a Peace Impact Lab

While there are a burgeoning number of sustainability and impact assessment frameworks for environmental and social initiatives, very few of these provide relevant metrics to peace and conflict. Yet, as has been well established in the development and investment literature, peace is critical to sustainable long-term development and to investment risk.

In order to grow the potential market for investment that directly addresses peace in the world's emerging and fragile developing settings, it is necessary to have defined and consistent standards, metrics and frameworks that define what business and investment contributions to peace impact are. Many fragile and developing markets are home to some of the world's fastest growing contexts with significant financial opportunity for investors as well as social impact potential, but common frameworks and credible metrics are key to building trust in the potential investment. For transparency and accountability of investment in fragile places, it is important that communities, investors, businesses and governments clearly understand of the impacts of investments on risks related to peace and conflict.

Learning from the experience of the Green Bond market and other sustainability investment categories, it is critical clear guidance and standards are established to understand whether impacts on peace are real, verified and legitimated. Such metrics and frameworks are key to growing the market and realising the opportunity for these potential new investment categories.

Purpose of the Peace Impact Lab

The Peace Impact Lab is a multistakeholder consultation and engagement platform that seeks to:

- ◆ Identify, understand and collate the latest research on private sector impacts on peace and conflict in fragile and conflict affected settings.
- ◆ With partners, commence development of a framework for conceptualising and measuring private sector impacts on peace that can be iterated upon.
- ◆ Consult and engage with investors, DFIs, Government Donors, impact measurement and verification organisations, peacebuilders and development actors on fit-for-purpose frameworks and metrics to help companies and investors design, monitor and verify peace impacts.
- ◆ Look to feed this knowledge into other larger impact, ESG/SDG frameworks and the Peace Standards lab which is being developed in parallel.
- ◆ Develop a report in Q3 of 2022, detailing a draft Peace Impact Framework on the above issues for further discussion, iteration and feedback.

Who would Peace Impact frameworks and metrics be for?

- ◇ **Institutional investors** deploying capital in fragile, emerging and developing markets where risks related to peace are relevant to the bankability of those investments and who want to achieve peace impacts through their capital deployment.
- ◇ **Enterprises and corporates** conducting business in fragile, emerging and developing markets where risks related to peace are relevant to the bankability of those investments. These include companies who want greater certainty in their investments and who also want to ensure peace impacts through their investments.
- ◇ **Communities** who experience investment from local or international enterprises or business who want to better understand and influence the peace impacts of that investment on their communities.
- ◇ **Researchers, scholars and impact practitioners** working on impact issues who research, advise and review approaches to impact and standard setting for peace impact.
- ◇ **Design, Monitoring, Evaluation and Learning** professionals working in peacebuilding and development organisations looking to better understand how private sector activity near or around their areas of operation can better impact peace.
- ◇ **Consulting firms** in the impact investing sector who are working on ESG, SDG and impact verification looking for ways of certifying impact in new markets.

How a Peace Impact framework will align with other frameworks

A yet-to-be developed harmonised peace impact framework would be applicable to investments in fragile, developing and post-conflict contexts and be used for two reasons (1) when investors are seeking to reduce risks related to fragility, conflict, governance, violence and/or security issues, and (2) when investors want to align their investments to a verifiable positive social impact. Peace impact metrics will be useful for many different impact frameworks and can provide the required level of specificity for other ESG / SDG and Impact frameworks which are currently largely conflict or peace blind.

Working approach of the Peace Impact lab and next steps

The Peace Impact lab will seek to run a coordinated multistakeholder process that consults with investors, verifying entities, peacebuilding and development actors, donors and development finance institutions to co-generate fit-for-purpose metrics and frameworks. It will seek to consult significantly with industry to ensure peace impact frameworks are practical, realistic, credible and relevant. It will develop a report in Q3 of 2022 that will be for wide feedback with industry and the aforementioned actors. This will be for iterative development and refinement over time.

About Peace Standards Lab

The Peace Impact Lab is led by Finance for Peace, an independent initiative of Interpeace. Interpeace is an international peacebuilding organisation that supports local peacebuilding throughout the world, headquartered in Geneva.

For further information contact