



### Peace Standards Lab part of the Finance for Peace initiative

The Peace Standards 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 Lab** and the **Peace Standards lab**.

## Why a Peace Standards Lab Purpose of the Peace Standards Lab

Current ESG, SDG and Impact and other frameworks for environmental and social initiatives are not sufficiently sensitised to the risks related to peace and conflict in fragile, post-conflict emerging contexts. Yet, as has been well established in the development and investment literature, peace is foundational to sustainable long-term development and to investment risk. Standards related to new categories of sustainable investment, such as peace bonds can redress this significant gap and catalyse finance in some of the largest emerging markets today.

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 for bond issuers, enterprises and equity funds related to peace. This will help them better mitigate risks, improve the bankability, certainty and trust related to their investments. It will also be foundational for achieving impact in other areas of ESG or SDG alignment.

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. Relevant metrics, frameworks and standards are key to growing the market, realising the opportunity for these potential new investment categories and ensuring peaceful outcomes for communities.

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

- ◆ Consult and engage with investors, DFIs, Government Donors, standard settings organisations, peacebuilders and development actors on fit-for-purpose standards to help companies and investors align to trusted and recognised standards that help realise peace.
- ◆ Develop draft standards for new categories of peace related investment, such as peace bonds, peace equity and for enterprises seeking peace impact. Define basic exclusionary criteria for aforementioned categories of peace finance.
- ◆ Where possible, work with partners to seed the Peace Standards into other larger impact, ESG/SDG frameworks as well as Green, Social and Sustainable Bond frameworks that already exist.
- ◆ Develop a report in Q3 of 2022 detailing a draft standards framework for further discussion, iteration and feedback.

## Who would Peace Standards be for?

- ◇ **Institutional investors** deploying debt or equity 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.
- ◇ **Bond issuers, arrangers and investors** looking to capture the additionality from new Peace Bond structures and align with existing ESG / SDG and impact frameworks.
- ◇ **Equity investors in fragile, post-conflict emerging markets** looking to capture the additionality from new Peace Equity approaches and align with existing ESG / SDG and impact frameworks.
- ◇ **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 Standards 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 standards for peace bonds, equity and enterprises. It will seek to consult significantly with industry to ensure peace standards are practical, realistic, credible and relevant. It will develop a report in Q3 of 2022 on draft standards 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 Standards 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

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