

Peace Bond Standard

The Peace Bond Standard establishes a global benchmark for certifying Peace Bonds, guiding issuers in adopting investment practices that foster peace. It sets out criteria for bond issuers to structure, manage and verify investments to ensure they contribute effectively to peace-building.

Alignment of the Peace Bond Standard with ICMA Principles:

The Peace Bond Standard is modelled on the Climate Bond Standard, a robust framework based on international best practice in green finance. The standard is aligned with the International Capital Markets Association (ICMA) Social Bond Principles¹ and Sustainability Bond Guidelines², integrating peace considerations into financial investments.

Pre-issuance requirements:

In the pre-issuance phase, issuers are tasked with developing a Peace Bond Framework that aligns with the broader objectives of the Peace Finance Impact Framework. This involves a detailed process where the overall investment strategy is designed to align with peace-enhancing objectives.

Issuers are required to engage with **Peace Partners**, experts who are familiar with the local social and investment context. By leveraging their insights and expertise, an investor can ensure that the framework and the associated investment strategies are not only informed by, but also aligned with existing local peace strategies and insights. This collaborative approach ensures that the planned investments are contextually relevant, trusted by local and national actors, and thus adequately de-risked.

Additionally, issuers can align their projects with relevant United Nations Sustainable Development Goals (SDGs) and the Peace Taxonomy, as defined in the Peace Finance Impact Framework developed by Finance for Peace. This helps to demonstrate the bond's clear and measurable contribution to peace objectives, thereby ensuring that the investment's these objectives can be monitored, reported upon and verified.

Key components (pre-issuance):

- > **Use of proceeds:** Issuers must document and maintain a list of projects, ensuring alignment with peace objectives and transparency, using the Peace Taxonomy.
- > **Evaluation and selection:** Investment projects are selected based on a comprehensive peace and conflict analysis, incorporating do-no-harm principles and involving Peace Partners. A peace strategy for the investment must be co-created with or validated by Peace Partners.
- > **Management of proceeds:** Transparent and accountable management of proceeds, ensuring stakeholder engagement and adherence to the peace strategy.
- > **Reporting:** Detailed pre-issuance reporting on the framework, selected projects, and expected peace impacts, demonstrating alignment with peace objectives.

Post-issuance requirements:

Following the issuance of a Peace Bond, the responsibility of issuers extends to continuously aligning their projects with the Peace Bond Standard. This is an ongoing process that requires issuers to remain responsive to the evolving landscape of

1 <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Social-Bond-PrinciplesJune-2020-090620.pdf>
2 <https://www.icmagroup.org/sustainable-finance/the-principles-guidelines-and-handbooks/sustainability-bond-guidelines-sbg/>

their investments and the broader peace and security context. They should adapt their strategies based on the continuous evaluation and feedback, ensuring that the projects remain effective and relevant in contributing to peace. This dynamic approach helps issuers ensure the sustained integrity and peace relevance of their investment. This approach can also help issuers monitor and control risks as they evolve.

Key components (post-issuance):

- > **Use of proceeds:** Ongoing monitoring to ensure that the proceeds are used as intended. Issuers must track the allocation of funds to eligible projects and assess their contribution to peace objectives continuously. This ensures that the projects funded by the bonds continue to align with the initial peace-enhancing goals and the broader Peace Taxonomy.
- > **Evaluation and selection:** Ongoing reassessment of projects to ensure they remain aligned with the peace strategy and continue to contribute to the SDGs.
- > **Management of Proceeds:** Continued transparent and accountable management, engaging stakeholders and monitoring the utilisation of proceeds in line with the peace strategy.
- > **Reporting:** Comprehensive post-issuance reports need to be provided annually, detailing the actual peace impacts, variances from expected outcomes and any adaptations based on the peace strategy's implementation.

Certification process:

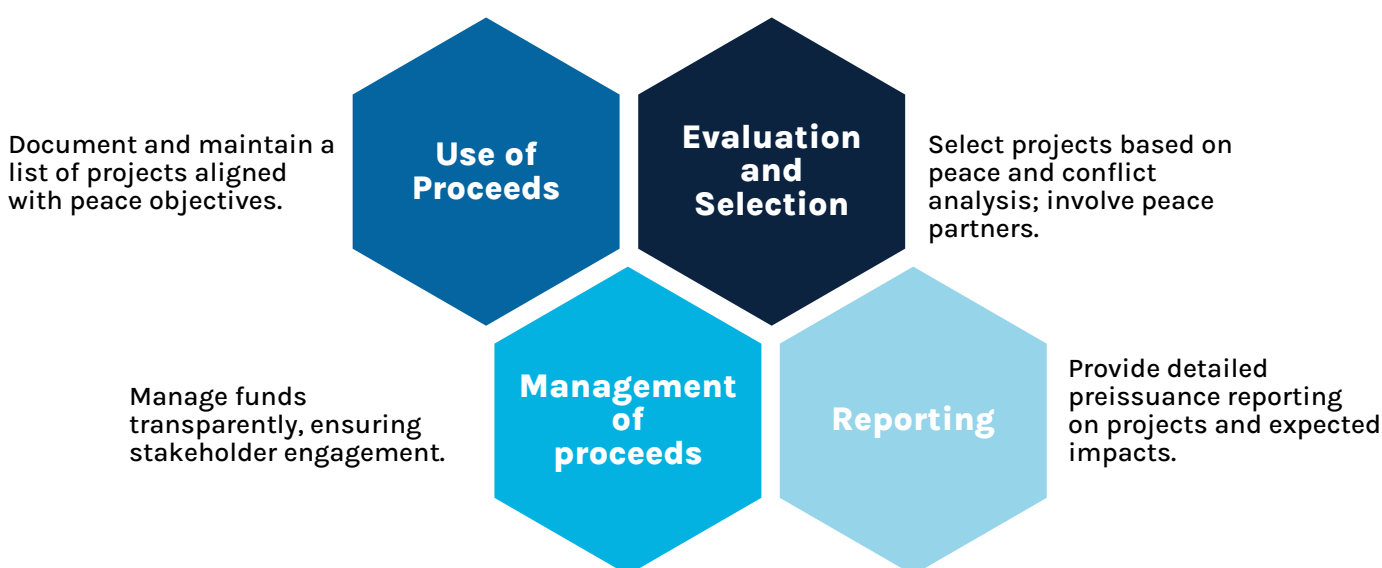
The certification process requires:

- > An initial assessment
- > Third-party evaluation and local confirmation
- > Continuous monitoring
- > Comprehensive reporting

Following this process will ensure the Peace Bond achieves significant peace-positive outcomes alongside financial returns.

Figure 1: Key components of the Peace Bond Standard

Pre-issuance phase:



Post-issuance phase:



Finance for Peace

Initiative of



More information:

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