

Investing for Peace (I4P)

A new approach to support lasting peace and security in fragile and conflict-affected regions by strengthening the private sector

Why invest for peace?

Conflicts continue to drive humanitarian crises, destabilize regions, and entrench poverty. The ripple effects - ranging from **insecurity and forced displacement to migration pressures** - extend far beyond national borders, threatening global peace and prosperity.

At the same time, traditional aid models are under strain. Fiscal constraints and growing needs demand new approaches that go beyond short-term relief. In fragile and conflict-affected settings, **local private enterprises offer a powerful but underutilized pathway to long-term stability**. By delivering essential goods and services, including at the height of conflict, creating jobs, and restoring economic activity, these businesses can, under the right conditions, address root causes of conflict and generate tangible peace dividends. In some settings, however, the activities of the private sector can exacerbate the drivers of fragility and increase perceptions of inequitable development. This underscores the centrality of ensuring that the private sector does not aggravate fragility, including through adherence to the Guiding Principles on Business and Human Rights and by subscribing to the United Nations Global Compact.

Development Finance Institutions (DFIs) hold the capital and mandate to support such efforts - but face significant barriers. Their risk appetite, deal structures, and internal constraints often do not align with the realities of fragile markets. As a result, investments tend to cluster in a few large countries, and many fail to deliver sustainable peace impact.

Investing for Peace (I4P) introduces a pioneering approach. Developed over the past five years and grounded in decades of lessons learned¹, I4P is a **purpose-built investment platform that uses catalytic donor funding to unlock a diverse range of capital – such as DFIs and impact investors - for peace-positive investments**. It targets private enterprises that contribute to peace, resilience, and inclusive growth - placing peace impact at the core of every investment decision. **I4P operates with a deep understanding of the interconnected challenges in fragile and conflict-affected settings**. It goes beyond traditional development finance in fragile settings - **it is finance intentionally designed to foster peace**.

Objectives

- **Promote peace-positive investments:** Move beyond investment-led approaches to align with strategic foreign policy priorities and actively prioritize investments that contribute to peace, stability, social cohesion, and conflict prevention.
- **Mobilize non-traditional funding in times of limited ODA:** Use catalytic donor contributions to de-risk capital from DFIs, impact investors and others, and enable them to channel more capital into investments that are either too high risk or otherwise not accessible to them. I4P's investments complement, and build a pipeline, for broader investments.
- **Contribute specialist expertise:** Offer ex-ante peace impact assessment, monitoring and evaluation (M&E) and fragile state investment expertise, enable synergies and foster coordinated efforts by leveraging the networks and capabilities of UN and local and community-based partners.

What kind of businesses would I4P support?

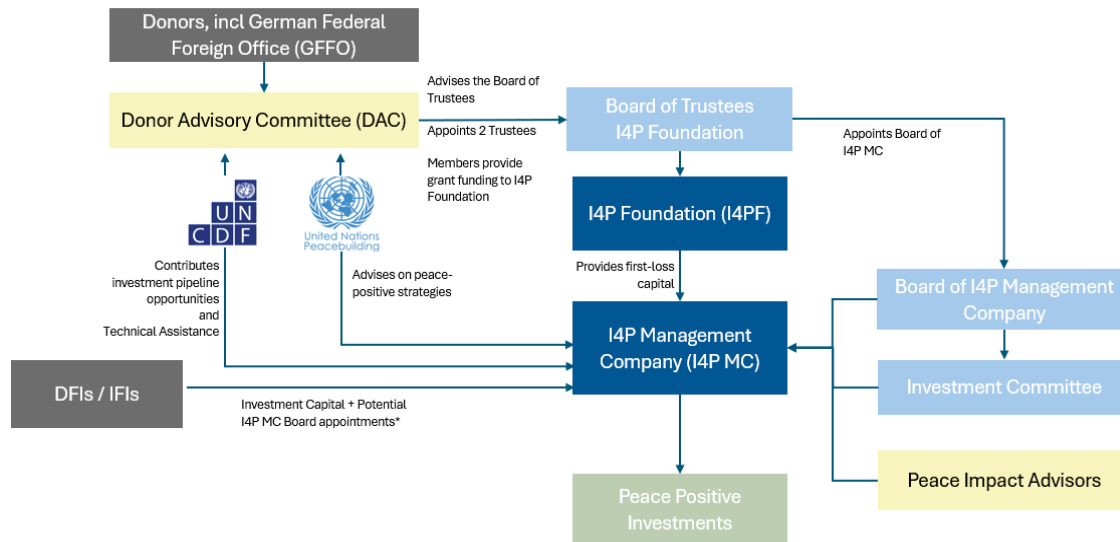
In Somalia, a microfinance company supported a local fishing entrepreneur with a \$8,000 loan in the Bajuni Islands, an area historically reliant on fishing and trade. The investment enabled the business to modernize its operations - the entrepreneur upgraded equipment, improved processing standards, and expanded market access. These improvements increased income and employment opportunities outside of extremist groups or illegitimate endeavors for the local community, contributing to economic resilience in a region affected by conflict and displacement.

By increasing access to livelihoods and reducing economic marginalization - key drivers of conflict - the investment helps foster social cohesion and contributes to broader efforts to promote peace and stability in Somalia. When replicated and scaled, such investments have the potential to contribute to stability across the wider Horn of Africa.

¹ GFFO Discussion Papers: "Options for Innovative Funding in Support of United Nations Peacebuilding" (2020); "Investing for Peace Feasibility Study" (2022)

Organizational Structure

I4P is an innovative partnership between donors, DFIs and the United Nations System.



How to support the initiative?

With an initial commitment of €12 million, Germany is helping to launch the initiative in partnership with the Department of Political and Peacebuilding Affairs (DPPA)'s Peacebuilding Support Office (PBSO) and the UN Capital Development Fund (UNCDF). This catalytic funding sets the foundation for gradually scaling up resources, with the long-term aim of mobilizing significant investment into peace-positive solutions that can foster stability, resilience, and sustainable development in fragile settings.

Governments, donors and other partners can contribute through:

- 1. Seed Funding:** Contribute catalytic funding to help lay the groundwork for peace-positive private sector development strategies in priority countries. Contributions will support the design of peace impact metrics, as well as essential operational and fundraising efforts. Early support is critical to building a strong foundation and demonstrating momentum to future investors.
- 2. Funding for direct pilot investment support:** I4P has identified a pipeline of promising investment opportunities that are ready for immediate financing. Supporting these pilot investments will showcase how the initiative can operate at scale, providing proof of concept and generating early impact in fragile and conflict-affected settings.
- 3. Grants to enable the I4P Foundation to provide first-loss capital and technical assistance (TA):** Strategic grant contributions will allow the I4P Foundation to offer first-loss capital, a key de-risking tool to attract DFIs and other investors to fragile markets. This catalytic capital is essential for unlocking larger flows of private and institutional investment where it is needed most. These resources also

support peace-positive TA, conflict-sensitivity tools, and robust monitoring, evaluation, and learning (MEL) frameworks, ensuring that investments are not only financially viable but also aligned with peacebuilding objectives.

- 4. Targeted thematic or geographic funding:** Support targeted initiatives aligned with specific sectors or regions of strategic interest.

Benefits of Participation

- **Demonstrate global leadership in Peace Finance:** Position your government or organization at the forefront of implementing the UN General Assembly Resolution on Financing for Peacebuilding (A/RES/76/305), showcasing a commitment to innovative, impact-driven peace finance.
- **Catalyze impact finance for peace and security:** Shift from short-term donor assistance to long-term peacebuilding and resilience by investing with peace intent. Every dollar contributed to I4P helps unlock additional capital, strengthening local private sector enterprises that contribute to peace and prosperity.
- **Shape a new and innovative global financing mechanism:** By contributing to I4P, gain a seat at the table through the I4P Donor Advisory Committee, help guide strategic priorities, country focus, and investment criteria.
- **Strengthen Multilateral Collaboration:** Join a coalition of like-minded donors, UN entities, DFIs and impact investors working together to bridge the gap between peacebuilding and private sector development.

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