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PEACE DIVIDEND INITIATIVE

Peace Supporting Investment Principles

Defining a Framework for Companies and Investors Beyond ESG

Final Report Applied Research Project

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Cover Photo: Peace dove landing on a pile of coins on which a tree is growing, symbolising the peace and ESG finance nexus. The design was created on Canva.com on 2 December 2022. It is copyrighted by the ARP team and may not be reproduced without permission.

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Executive summary

This report explores the potential interlinkage between ESG and other investment frameworks and peace by analysing which of the formers' indicators can be used to assess peace-positive impacts of businesses in conflict-affected areas. However, little is known about concrete business activities that are peace-positive and even less about how to quantify and measure their impact. The report contributes to this underexplored field by addressing two current gaps necessary when considering how to leverage ESG investment frameworks for peace. Namely, how the private sector can support peace and how indicators found in the ESG can be used to capture this support for peace.

Our analysis of current ESG frameworks pointed out that they mainly support a Western concept of peace, usually referred to as Liberal Peace. More concretely, most ESG indicators directly related to peace measure economic empowerment, inclusion and anti-discrimination, justice and human rights, good governance, and anti-corruption. Potential investors must be aware of the underlying concept of peace when utilising such frameworks and bring these in line with their expectations of a given venture.

Tapping into the experience of experts revealed the infancy of the field of peace finance. Investors recognise the high ethical and financial risk of engaging in conflict environments, underlining the need for guidance to do so correctly. Knowing the conflict's context will help mitigate these risks and educate the investment decision. This knowledge is hard to come by and is not replaceable in future peace-supporting principles. The facilitation and guidance provided by PDI and the continuous consultation of peacebuilders will serve the private sector to gain agency to contribute effectively to peace.

ESG indicators addressing conflict drivers, ensuring proper stakeholder management and establishing locally owned value chains have been identified as crucial for a future set of peace supporting principles. Nevertheless, we argue in conclusion that the existing ESG frameworks are not sufficient to invest in peace. Thus, the development of the peace financing sector still needs a lot of research and field-testing so that ESG will be able to fully include the peace dimension and result in ESG+P frameworks. These ESG+P frameworks need to be slightly different from traditional ESG frameworks in the sense that the peace dimension has to be fully adaptable to the specific conflict context. Following from this report are eight recommendations to continue the development of peace-supporting investment principles:

Recommendations

1. Develop explicitly tailored indicators for peacebuilding to address gaps in the ESG.
2. Tailor investment frameworks, including peace indicators, to the different stages of a conflict, e.g., during or after the conflict.
3. Define what peace-positive impact of the businesses is expected and be realistic to what and how much peace businesses can contribute.
4. Ensure that all investment decisions are subordinate to the peace process to mitigate any potential negative influences against the peace process, mainly by using peacebuilders' context-specific knowledge.
5. Centralise expertise and resources to assess companies' peace-positive impact by qualitative and quantitative analyses.
6. Research potential negative effects of ESG on peace or where ESG indicators might contradict peace ones.
7. Continue researching environmental peacebuilding, businesses' role, and how investment indicators may capture this.
8. Conduct field-testing peace-supporting investment principles through applying, scoping, experimenting, and gathering data that will be fed into further research.

1 Introduction

1.1 Background and context

Conflict-affected communities risk getting caught up in the so-called conflict trap, where a lack of opportunities and economic decline increases the likelihood of a return to violence. To avoid falling into the conflict trap, various actors and activities are contributing to peacebuilding. In peace and conflict, as well as in the business ethics and management literature, businesses are increasingly perceived as potential active peacebuilders.[1] Businesses can change social dynamics, which contribute to and, thus, might alter broader conflict or peace structures and dynamics.[2] However, little is known about peace-positive concrete business activities and even less about how to quantify and measure them.[3] Furthermore, resources and funding are often scarce in conflict-affected areas, and international investors are reluctant to invest due to insecurity, weak institutions, and exposure to high risk.

Simultaneously, Global Environmental Social Governance (ESG) assets are rising globally and are set to exceed USD 53 trillion by 2025, representing a third of the projected total assets under management.[4] Driven by client demand and motivation to make an impact, ESG assets mobilised incredible amounts of capital. The question arises whether the same logic of ESG could be applied to mobilise funding for peace supporting activities. This report, therefore, explores the potential interlinkage between ESG and other impact investment frameworks and peace by analysing which of the formers' indicators can be used to assess peace-positive impacts of grassroots businesses in conflict-affected areas. The report aims to address two current challenges for leveraging ESG investment frameworks for peace: how grassroots businesses can support peace and how such business activities can be indexed into investment indicators. The ambition is to build on and spot potential deficiencies of an ESG-based approach to peace finance. Thereby, the report contributes as a conceptual input to the work of the Peace Dividend Initiative (PDI), which is the partner for this research project. PDI aims to harness market forces for peace by engaging in three pillars: First, PDI supports peace processes through economic dialogue. Second, PDI incubates peace supporting economic opportunities in conflict-affected areas. Third, PDI invests capital in peace supporting economic opportunities in conflict-affected areas. This research informs PDI's work both in the incubation and investment pillars.

1.2 Research objective and questions

This research aims to bridge the gap between ESG investment frameworks and peace. Therefore, our main research question is: **"Based on existing ESG frameworks, what indicators are applicable to assess the peace-positive impact of economically viable businesses at the grassroots level in conflict-affected communities?"** Hence, our central hypothesis is that local enterprises can and are willing or feel pressure to be peace supporting and that some indicators from existing ESG frameworks may already include references to peace-positiveness. An explicit peace assessment is missing in

[1] See e.g., Ford, 2015; Fort, 2016; Forrer, Fort & Gilpin, 2012; Ganson, 2019; Katsos & Forrer, 2022; Killick, Srikantha & Gündüz, 2005.
[2] Fort, 2016.
[3] See e.g., Forrer & Fort, 2016; Katsos & Forrer, 2022.
[4] Bloomberg Intelligence, 2021.

existing impact investment frameworks, although it is a central dimension which can and should help guide investment decisions. However, the business activities' impact and the potential indicators to assess that impact (dependent variable) depend on the type of peace to be achieved (independent variable). That is why as a first step, understanding different conceptualisations of peace is essential for answering our main research question. This contributes to addressing the key challenge of bridging the measuring gap between the intangible and fluid concept of peace and the thoroughly indexed ESG investment frameworks.

Moreover, we identified the following sub-questions to support us in the pursuit of the leading research question:

- What do we mean by peace, and what are the characteristics of the peace we intend to achieve?
- What investment principles can support peace in conflict-affected areas?
- How can we leverage existing sustainability and impact frameworks to identify peace supporting investment criteria?

1.3 Structure of the report

The report will first introduce the methodology chosen for the present research. It will then provide an overview of the theoretical framework and existing literature, specifically on the meaning of peace, the linkage of business activities with peace and ESG frameworks. This second section establishes the theoretical background for bridging the gap between the intangibility of peace and the thoroughly indexed investment frameworks. Next, the report will illustrate how this research conceptually fits into PDI's work on providing conflict-sensitive investments to contribute to peace-making objectives.[5] In the analysis section, the report will first assess which ESG frameworks' indicators capture which kinds of peace and discuss their peace-positive impact. Secondly, the section supports the analysis of the relationship between peace and ESG approaches through interviews with PDI staff, peace mediation experts and investment professionals. In the synthesis part, the report will critically reflect on the insights gained in the analysis and recommend how to overcome shortcomings of ESG when applied in conflict-affected areas for creating peace and gaps in the present research. The conclusion will round up the report by arguing that although the analysis of ESG frameworks informs peace impact investment, the existing ESG frameworks are insufficient to invest in peace. We advocate especially in the synthesis part for further research and aspects to keep in mind to make ESG investment frameworks more suitable for peace-supporting businesses. This research is the first step on the way towards an eventually effective ESG+P investment framework. By expanding the understanding of how peace and ESG dialogue with each other, this report scrutinises the assumption that ESG frameworks help capture peace-positive investments. It informs how ESG indicators can be applied more strategically to different contexts and what needs to be kept in mind to ensure a peace-positive impact.

[5] PDI Website, accessed 16 October 2022.

2 Methodology

2.1 Research design

To answer our research question, we pursued the grounded theory method[6] as little research has been done on including a peace dimension in ESG frameworks. We used secondary data for our literature review and analysis, namely academic contributions and grey literature. We also collected primary data by conducting interviews, coded these interviews, and then proceeded with some further interviews (Figure 1). We also obtained our theoretical categories inductively from our data and continuously compared these themes. Our report presents a comprehensive analysis of the data collected, especially in section 5.3.

The purpose of this research lies between applied research and formative evaluation,[7] which differs from other types of research. We aim to contribute to the ESG frameworks' improvement by including peace-supporting indicators. For that, we first tried to understand the source and nature of the human problem, which is peace and conflict. Therefore, we conducted extensive desk research to define peace, understand peacebuilding measures, and look at conflict drivers. Our research results might be taken further in future studies, integrated into existing ESG frameworks, and considered in their application to guide investors and companies better.

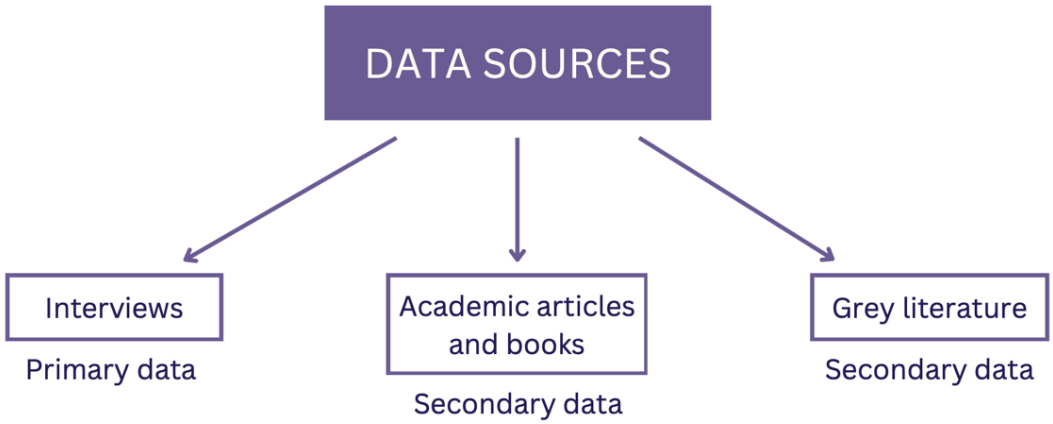

Figure 1: Overview of the sources used [8]

To analyse how ESG frameworks encompass different kinds of peace, we compared every indicator or broader standard from the 10 most commonly used ESG frameworks (including the Future Fit Assessment and B Impact, which are especially suitable for SMEs because of their simplicity) (Appendix 1) with our predefined definitions of the different peace types (Appendix 2). We then discussed and identified which peace type(s) best fit (see 5.1 for more details). This analysis and allocation of indicators allowed us to create the matrix found in Appendix 3.

[6] Flick, 2014, pp. 689-728.
[7] Patton, 2014, p. 381.
[8] Authors.

2.2 Data collection

For the data collection, we pursued, in line with the approach of our partner PDI, the “key informants, key knowledgeable, and reputational sampling strategy”.[9] We interviewed investment professionals, mediators, and PDI staff (Table 1), who have great knowledge of either ESG frameworks and their application or businesses' role in conflict settings. These different insights promised to provide us with a better understanding of the whole process, from ESG frameworks' usage and application by companies, and investors, to their consequences on peace and conflict dynamics. It also helped us find the gaps between actual and desirable practices, which we aimed to identify.

We conducted the interviews primarily online in October and November 2022. The interviews ranged from 30 to 40 minutes and were not recorded for sensitivity reasons. We used a semi-structured interview guide (Appendix 4), which allowed for, on the one hand, high comparability of the answers and, on the other hand, flexibility to adapt questions or ask follow-up questions. This semi-structured approach is why we asked a few additional questions, which are not listed in the Appendix 4 standardised (per profession) interview guides.

Table 1: Interview sample description[10]

	Profession	Scope of work	Region of work
Interviewee 1	Investor	Global	Emerging markets
Interviewee 2	Investor	Global	Mostly emerging markets
Interviewee 3	Mediator	Regional	Ukraine and Moldova
Interviewee 4	Mediator	Local	Eastern Africa
Interviewee 5	Investor & PDI staff	Global	South East Asia, China, US
Interviewee 6	PDI staff	Global	Conflict-affected regions

2.3 Challenges and limitations

Our research has several limitations. Firstly, five interviews and one-time written answers represent a limited amount of data sources. Thus, one of our most significant limitations was the accessibility of interviewees. As we are researching a sensitive topic, reaching experts willing to share their knowledge and information is challenging. Consequently, we could not wholly follow the grounded theory approach of "theoretical saturation."[11] for the sampling process.

Another limitation of our research is the heterogeneity of experts regarding their different backgrounds, areas of expertise, region and scope of work (Table 1). As their experiences might vary significantly

[9] Patton, 2014, p. 406 & pp. 430-431.
[10] Authors.
[11] Flick, 2014, p. 690.

because of the topic's context dependence, the low number of interviewees with similar "characteristics" decreases the results' strength.

Lastly, another limitation of our research and the report as its outcome is the selection bias that follows from our partner's choice of interviewees. Our interviewees were either PDI staff or people that PDI already knew and worked with. Consequently, this suggests a considerable confirmation bias as the NGO's views might have been mainly reproduced and other, more divergent opinions underrepresented.

3 Theoretical framework and existing literature on peace, businesses, and impact investing

The topic of peace-positive investment is highly multidisciplinary as it touches upon several academic fields. The most central field is peace and conflict studies, but it also draws from literature on sustainable finance and business ethics. This nexus has become a strongly emerging field of inquiry with increasing contributions from scholars, governments, NGOs, and business associations.[12]

More concretely, four main aspects of these literature fields are relevant to this research's theoretical framework. Firstly, we will examine different kinds of peace to make peace more tangible. Secondly, we will identify and discuss relevant dimensions of peacebuilding: businesses as peacebuilders, environmental peacebuilding as specific peacebuilding activities, and evaluation methods for peacebuilding outcomes. Thirdly, we examine the current state of expertise regarding the peace and business nexus. Fourthly, we will introduce ESG investment frameworks.

3.1 Conceptualising peace

Stemming from the Latin word “pax”, englobing in its meaning peace, agreement, absence of hostility, tranquillity, and harmony,[13] peace is a complex, multidimensional, and diffuse concept. It is constituted by various aspects, for instance, social and economic factors, education, and religion. It has different dimensions, namely, inner and outer peace, individual, societal, and international peace, and negative and positive peace. The multiplicities, contradictions, and ambiguities in normative dynamics worldwide lead to different perspectives on peace, especially regarding the role of international actors and the nature and interplay of dimensions such as sovereignty, governance, and human rights. Further, peace and its different understandings are inherently normative. Thus, no universally accepted definition exists in academia or practice. Therefore, defining peace is very difficult, especially when endeavouring a more holistic definition beyond the antonymous characterisation of peace as the absence of conflict.[14]

Adopting an extensive and vague definition of peace is counterproductive because it would lead us to an equally broad and unspecific set of peace-positive investment indicators. Although still mirroring some peace-positiveness, this set of indicators would hardly capture the essence of peace. Considering limited resources and the complexity of measuring the impact of business activities on peace, one should focus on concrete, specific indicators that capture peace. Therefore, to identify indicators for peace, a better understanding of what constitutes peace is primordial for this research.

Seeking a comprehensive conceptualisation, we used a three-layered approach and reviewed philosophical, academic, and operational literature and sources (see Appendix 2 for an extensive peace conceptualisation). Figure 1 maps the concepts of peace analysed in Appendix 2 according to different levels in terms of actors, namely if the peace focuses on individual, societal, or international levels.

[12] Fort, 2016.
[13] Herath, 2016, p. 104.
[14] Werly, 2002, p. 483.

Some of the most relevant dimensions around which peace has been conceptualised are summarised in Table 2. All the different aspects of peace, as reviewed in Appendix 2, will also form the basis of one final output, a matrix linking existing ESG indicators with the particular dimensions and aspects of peace they seem to support (Appendix 3).

In sum, peace is a diffuse, multidimensional, multi-level, and relational state of an entity (in relation to another one or several), which is more than just the absence of war and is never absolute in practice. It generally refers to tranquillity, hospitality, and the absence of a difference or conflict. Given the vagueness and multidimensionality, peace is not universal but culturally, temporarily, and geographically bound. This results in identifying and pursuing different instruments and characteristics as proxies to achieve peace. These normatively different conceptions of peace have been illustrated with the local and illiberal critiques above. They can also lead to challenges and tensions when actively building peace and involving various actors. Any identified peace-supporting business activities need to consider and decide what kind of peace or aspects they (can) support.

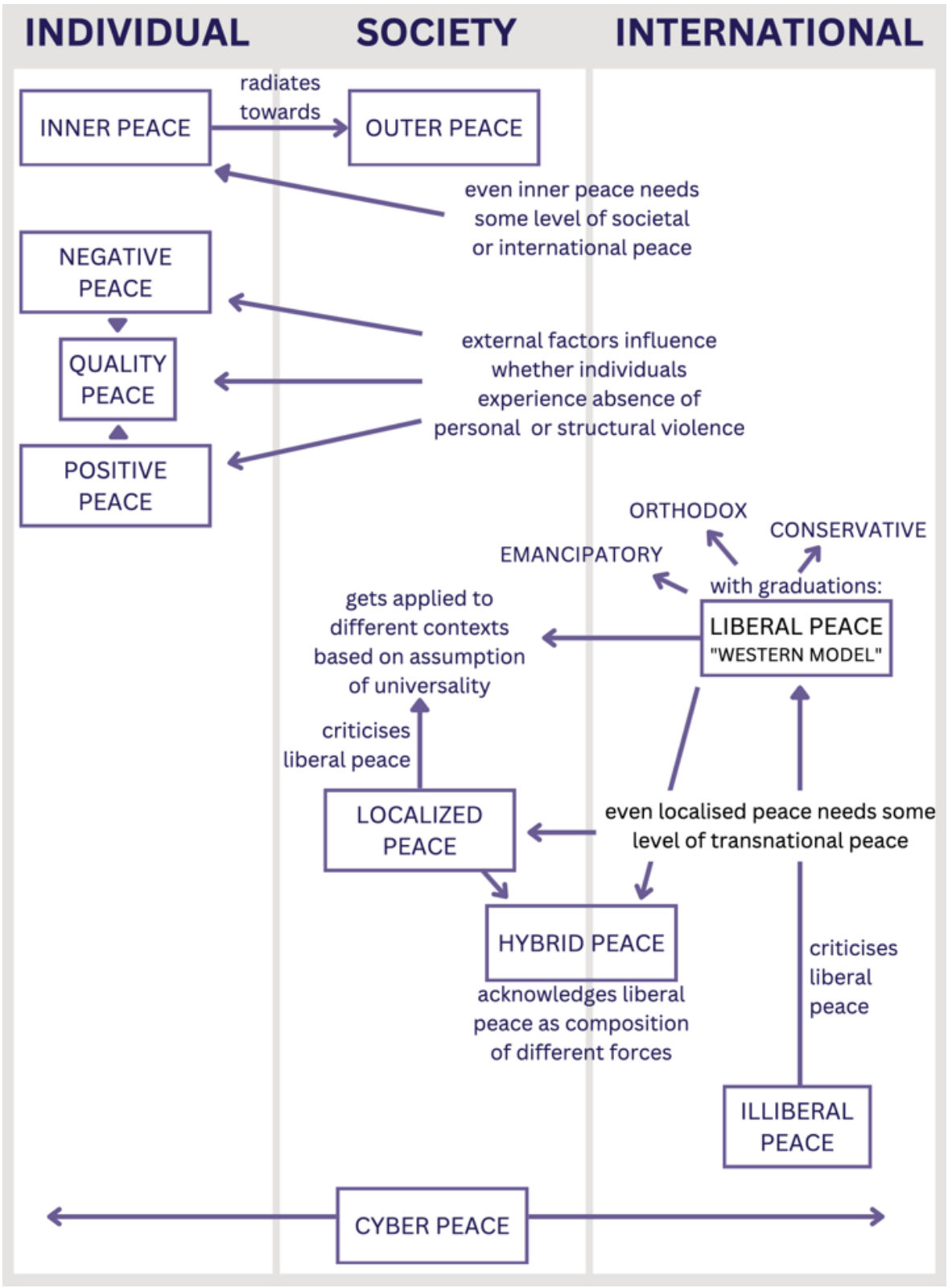

Figure 2: Mapping different conceptualisations of peace[15]

[15] Authors, for more elaborations see Appendix 2.

Table 2: Conceptualising peace from different dimensions[16]

Dimension	Conceptualisation	Relevance
Inner and Outer Peace	The concept of Inner and Outer Peace focuses on the capability of an individual state of mind and actions that can radiate outwards and have a peace-positive impact beyond the individual to a larger community around oneself.[17]	Although not the most prevalent academic debate, that dimension is particularly relevant in our Applied Research Project (ARP). One of the major contributions of businesses to peacebuilding is by creating economic opportunities for individuals that are assumed to have a peace-positive contribution to the community.
Positive and Negative Peace	Negative Peace describes the absence of personal violence, for example, the threat of bodily harm or the experience of the atrocities of war (killing, shelling and destruction). Positive Peace englobes the absence of structural violence, such as ethnic or gender-based discrimination, oppression of political thought and voicing dissent, and poverty.	Our ARP acknowledges that although ideally, we aim for some positive peace, in reality, it is challenging and complex to achieve. As a first step, businesses should contribute to negative peace, which does not simultaneously preclude any positive peace-supporting activities.
Top-down and Bottom-up Peace	The predominant Liberal Peace and the assumed universality of a Western perspective on peace legitimise the intervention of international and external actors to different extents. Criticism of the top-down, externally driven peacebuilding has accumulated in the local turn in the 2000s.[18] This criticism centres around the idea that peace should be contextualised and achieved through a community-based bottom-up approach.	We will consider both top-down and bottom-up approaches to peace because both are necessary to achieve sustainable and effective peace. Most importantly, this top-bottom debate illustrates the need for contextualisation and consciousness of power inequalities when considering the efforts of defining, implementing, and ensuring peace. This dialogue between the top and bottom dimensions of peacebuilding is also at the centre of this research: Although we are conceptualising a global approach on how to leverage capital, especially from Western investors, in the end, the implementation is local. The investments will flow into grassroots businesses. Context-sensitive approaches and locally-owned businesses ensure the sustainability and peace-positiveness of these investments.
Liberal and Illiberal Peace	Liberal peacebuilding englobes the "promotion of democracy, market-based economic reforms and a range of other institutions associated with ''modern'' states as a driving force for building "peace"."[19] Rather than a distinct and coherent alternative model, Illiberal Peace engages diverse contestations of some aspects and adoption of other aspects of Liberal Peace and can influence peacebuilding efforts considerably. It aims to affect the security, development, humanitarian situation, governance and rule of law in a specific country. Especially with the illiberal turn, more top-top contestations of other international actors have gained prominence.	The contestations of Liberal and Illiberal Peace illustrate how divided and normative the whole peacebuilding field is. The ARP team will take that normative and political debate around the peace conceptualisations of major powers into account. When identifying activities of local businesses to support peace, one must be sensitive regarding their position in the political-normative discussion, the non-universality of Liberal Peace, and the heterogeneity of both Liberal and Illiberal Peace conceptualisations.

[16] Authors.
[17] Abdulkarim, 2018.
[18] Jütersonke et al., 2021, p. 945.
[19] Newman et al, 2009, p. 3.

3.2 Building peace

Peace is not only a mere theoretical concept, as the previous chapter, focusing on its conceptualisation, might give the impression. Much more, there is a whole range of actors engaging in a variety of activities to achieve peace. These activities are generally known under the practice of peacebuilding. Since this research looks into how businesses can be peacebuilders, we will map the evolution of peacebuilding, its actors, activities, and evaluation methods to put the role and contribution of businesses into a bigger perspective.

3.2.1 The evolution of peacebuilding in junction with the concepts of peace

The former United Nations (UN) Secretary-General Boutros Boutros-Ghali initially defined peacebuilding as identifying and supporting structures which tend to strengthen and solidify peace to avoid a relapse into conflict in "An Agenda for Peace"[20]. Thus, peacebuilding can be considered a broad concept involving various actors carrying out various activities at different levels. The evolution of the peacebuilding agenda mirrors the development and contestations of the concept of peace since the end of the Cold War. In parallel to the dominant Liberal Peace advanced by Western states and influential international organisations and financial institutions, this specific interpretation of peace also shaped the agenda of peacebuilding activities. Similarly, these liberal peacebuilding activities have also been criticised for not including local actors. There is a tendency for international peacebuilding to display interventionist characteristics when powerful and dominant international actors drive these activities according to their understanding of peace through their privileged and, in their favour, unequally distributed resources.

3.2.2 The dilemma between inclusiveness and effectiveness of peacebuilding

Since the end of the Cold War and in parallel to the local turn, the field of peacebuilding has enlarged and includes a heterogeneous variety of actors. The private sector, especially, has grown in number and importance. The NGOs' mandates and areas of work are very diverse, and additional actors such as youth organisations and businesses have entered the field.[21]

However, the fundamental dilemma regarding inclusion in peacebuilding is between several included actors and effectiveness. With more stakeholders, there comes a risk of diverging and conflicting interests. Outsiders such as other states might have different geopolitical and geostrategic interests in a given conflict. Illiberal Peace supporters might focus on stability, while Liberal Peace ones focus on pursuing a liberal society. On the other hand, civil society actors might care more about tangible achievements in what they perceive as most important for a peaceful future. While the exclusion of some stakeholders, especially civil society actors, may make it easier to find an agreement, inclusion can make the peace agreement more legitimate and sustainable.[22]

[20] Boutros Boutros-Ghali, 1992, p.11.
[21] For example, Goodhand, 2006; Bouta et al., 2005; McEvoy-Levy, 2011; Ford, 2015.
[22] Pfaffenholz, 2014.

3.2.3 Mapping of peacebuilding activities

Coming back to the normativity of peace, a caveat must be made: Literature on peacebuilding generally refers to the liberal conception. Hence, liberal peacebuilding covers four kinds of activities: Re-establish security by disarmament, demobilisation and reintegration of combatants; build a peace-positive socio-economic foundation including food security; a political structure that is based on democratic institutions and the respect of human rights; and lastly, reconciliation and justice processes that encourage dialogue and help to overcome divisions within society and conflict trauma.[23] All four can be described as dynamics that either drive peace or conflict. Therefore, peacebuilding activities in these four areas try to alter dynamics in conflict contexts to start a "virtuous cycle". Peacebuilding should occur in times of conflict and before to prevent conflict. As UN Secretary-General António Guterres explains, peacebuilding activities aim to address the root causes of the conflict and establish long-term peace.[24] Finally, as the peacebuilding concept is vast and complex, many activities by different actors can contribute to building peace. Therefore, the following paragraphs will look more concretely at the central part of our research project: Businesses as local peacebuilding actors and their activities.

3.2.4 Businesses building peace

Referring to Lederach's three peacebuilding approaches, businesses can fulfil a grassroots leadership rather than a middle-range or top leadership function.[25] According to him, some grassroots leadership tasks are psychological work, prejudice reduction, and grassroots training. Moreover, businesses as societal actors interacting with human beings can change social dynamics.[26] These social dynamics and structures can be the entry point for businesses to contribute to peace. The social dynamics are set to go beyond the socio-economic area of peacebuilding activities and can also be found in the security or reconciliation area. Thus, as mentioned above, the question arises through which activities businesses can shape those dynamics in a peace-positive way and how their impact can be measured, which we intend to address with our research project. Whereas political and security dynamics might be state-building functions that are relatively inaccessible for local businesses, the socio-economic dynamics and reconciliation and justice processes seem more likely to be addressed by them and where they might have an actual impact. Still, they might also have a peace-positive influence on security or politics by, for example, employing former combatants, therefore reintegrating them into society.

Lastly, increasingly, digital tools support peacebuilding activities. For example, in the case of the Colombian Peace Process between 2012 and 2016, one of the most central topics of peacebuilding, namely civil society inclusion, as mentioned above, could be addressed by using websites where civil society could send proposals for victims' rights.[27] Thus, this is a very new dimension where businesses might have a peace-positive impact by providing these tools and ensuring cyber security.

3.2.5 Environmental peacebuilding

Another set of peacebuilding activities relevant when examining ESG frameworks on their contribution to peace concerns the environment. The concept of sustainable peace emerged in the 1990s, seeking

[23] Smith, 2004.
[24] UN, n.d.a.
[25] Lederach, 1997, p. 39.
[26] Fort, 2016.
[27] Mendes, 2020.

to strengthen the interlinkages between peacebuilding and sustainable development.[28] From this concept developed the environmental peacebuilding idea, which "integrates natural resource management in conflict prevention, mitigation, resolution, and recovery to build resilience in communities affected by conflict."[29] A central rationale behind combining environmental considerations with peacebuilding activities is that there will be no sustained long-term peace if environmental degradation occurs. Therefore, cooperation in addressing the two challenges in one approach is considered a necessity and a win-win situation for both.[30]

However, linking environment and peace is complex and remains under-conceptualised.[31] It is mainly understood as a counterpart to the climate-conflict assumption, namely in the sense that climate change, manifesting itself for instance in resource scarcity or climate migration, is a driver for and multiplier of conflicts. But the idea of environmental peacebuilding falls short of conceptualising what kind of peace it envisions and endeavours to achieve. Therefore, for this research, we understand environmental peacebuilding as an essential advocate for integrating long-term environmental considerations into peacebuilding activities. Addressing these long-term environmental considerations includes harnessing business activities for peace. Given the lack of evidence of how climate change and conflict are interlinked exactly, and thus, environmental activities contribute to peace,[32] we forgo establishing an encompassing conceptualisation of what environmental peace might entail for this research.

The idea of environmental peacebuilding is still very relevant to our research, especially in a context-dependent manner. Environmental peacebuilding activities are vital for achieving sustained peace in those conflicts where, for instance, access to natural resources such as water is a contentious issue.

3.2.6 Evaluation of peacebuilding activities and its challenges

The evaluation issue entered the peacebuilding and conflict resolution field in the late 1990s and early 2000s.[33] The increasing focus on evaluation methods is part of the professionalisation of the peacebuilding field. Since the 1990s, interventions have called for evidence-building, best practices and systematic learning, mainly because of the unsuccessful experiences of peacebuilding operations, for instance, in Rwanda in 1994.

Despite the contestation over the possibility of evaluating peacebuilding interventions, because of their socio-political complexity and fragility, evaluation is widely adopted by peacebuilding practitioners and researchers. The most cited rationale is that evaluations contribute i) to learning across team, organisation and field levels and ii) to accountability by revealing information to stakeholders.

Nevertheless, these dual evaluation purposes (learning and accountability) raise systematic pitfalls that reduce the evaluation's effectiveness. Firstly, accountability impedes learning because the evaluated will be discouraged from speaking frankly about the failure.[34] Secondly, the accountability in the peacebuilding field is predominantly upward towards donors in terms of budget, compliance and performance, not the communities being addressed by such projects. Thirdly, in many peacebuilding organisations, the culture and incentive for learning are still weak, and intended learners may not be clearly defined in the evaluation process. These challenges have to be kept in mind, when relying on

[28] Hardt & Scheffran, 2019, p. 2.
[29] Environmental Peacebuilding Knowledge Platform, n.d.
[30] Hardt & Scheffran, 2019, p. 9.
[31] Öjendal & Swain, 2018, p. 1.
[32] Scheffran et al., 2012; Mach et al., 2019.
[33] Scharbatke-Church, 2011.
[34] Simister & Smith, 2010, p. 7.

businesses to evaluate and report on their own peace-positive impact and similar problems can harm the effectiveness of peace-positive investment principles.

3.3 Businesses contributing to peace

All business activity has implications for society's political, economic and social spheres. Therefore, businesses engage in the social dynamics of a conflict around them and become relevant to peacebuilding efforts. Since conflict increases the risk of doing business (e.g., capital flight, potential harm to assets and employees, disruption of supply chains), it seems to be in businesses' self-interest to contribute to peacebuilding. The following paragraphs look deeper into what role businesses might take up in a conflict and into existing approaches to engage businesses active in the peacebuilding process.

However, the term "business" needs to be defined first. In this report, when referring to businesses, we mean two different types of formal businesses depending on the context. Generally, ESG investment frameworks are primarily targeted towards medium-sized and multinational enterprises, mainly because of small-sized and micro-enterprises' limited resources and, hence, limited data generation and availability for potential investors.[35] In contrast, in connection with PDI, “business” refers to a micro-, small- and medium-sized enterprise or a start-up. Micro enterprises are especially crucial to offer alternatives to holding a gun during, shortly before, and after conflicts by providing jobs but also producing essential goods and providing services for the local population.[36] Hence, the ultimate challenge is to translate ESG frameworks designed for medium-sized and multinational enterprises to the context of micro-, small-, and medium-sized enterprises to be able to include them in the peacebuilding process and track their, hopefully, peace-positive impact.

3.3.1 Prosperity and peace

Being convinced that businesses may obtain higher profits from more peace and have much to offer to the peacebuilding process, international organisations like the International Labour Organization (ILO) and the World Bank are pushing for more private sector involvement. The peacebuilding sector partly joins these demands. At the centre of that push stands the argument that businesses provide "security, justice and jobs."'[37] While at the core of the argument lies the belief that businesses providing jobs and generating tax revenue contribute to peace, other peacebuilding roles exist outside the conventional business plan. These peacebuilding roles include the possibility of facilitating negotiations by providing safe meeting spaces (in the case of a gold mining company in South Africa during Apartheid), lobbying conflict parties to end hostilities (such as the Business Council in Northern Ireland) and direct investment in governance capacity.[38]

[35] Interviewee 2.
[36] Interviewee 4; IFC, 2022.
[37] World Bank, 2011, p. xii.
[38] Killick et al., 2005.

3.3.2 Business as a conflict driver

While organisations like the World Bank advocate for a stronger role of businesses in the peacebuilding process, other scholars argue that value creation through opportunities intensifies competition between groups in resource-scarce communities.[39] This may prolong the conflict as businesses make resources available to the conflict parties (e.g., ransom payments). Further, social and political change, including a transfer of power among conflict parties during a peace process, is unpopular amongst the established political elite and business participation is, therefore, risky.

Besides the existence of industry sectors that have been linked to fueling conflict, restructuring a whole economy around an existing conflict can be a barrier to peace. When non-state and state forces exert control over territory, a country's markets splinter and market control are divided among the powerholders. In Yemen, for example, control of roads and ports generate substantial rents for their respective militia controllers while the flow of goods continues between internal borders.[40] Any peace can challenge the control of revenues in war economies and armed elites can have little incentive to change their ways.

3.3.3 Dimensions of businesses' role in conflict

This chapter highlights that businesses indeed play a role in conflict and are ambivalent in their impact on the conflict dynamic. The business operations can be divided into specific dimensions on how they are perceived to impact the conflict dynamics.

The first dimension is the business industry sector. It informs about the constraints and the opportunities businesses have for contributing to shaping the conflict through their day-to-day operations. Extractive sectors, including oil and mining, are criticised for generating social grievances and financially supporting conflicts. These types of businesses can incentivise conflict by generating high rents for a particular group able to take control of it, frequently done through violent means.[41]

The second dimension is size, which is detrimental to the relevance of the company in a given conflict environment and its potential capacity to intervene. This capacity is connected to how much economic and political capital the company wields and can put behind pacifying or intensifying the conflict.[42] This could be understood as the ability to build coalitions, the relevance as potential negotiators with the conflict parties, and their ability to provide public goods (through investment or tax revenue).

The third important dimension is locality, which involves where the business activity is situated and how it is spread domestically and internationally.[43] This is important to what kind of people are employed and which are not, as well as determining the proximity to and awareness of local needs of communities.

3.3.4 Engagement with contexts of conflict

The approach of businesses in conflict environments can be modelled as spectrum ranging from conflict sensitive to peace impacting (as displayed in Figure 3). Conflict sensitivity describes the effort

[39] Zandvliet & Anderson, 2009.
[40] Salisbury, 2017.
[41] Ganson, 2017.
[42] Forrer, Fort & Gilpin, 2012.
[43] Killick et al., 2005.

undertaken by a company to understand the conflict and its relationship to it.[44] This includes a thorough analysis of the business's individual operations, their positive or negative peace impact, and the effort to mitigate the harmful activities. To be peace-positive further requires the company to deliver tangible results in reforming the political and social system or the meaningful strengthening of communities to resist violence and bring forward their peace initiatives.[45] The risk here is that companies merely try "doing good" by bolstering up their corporate social responsibility perception in the public eye or mitigating risk related only to their operations, while the aforementioned tangible results are not achieved.

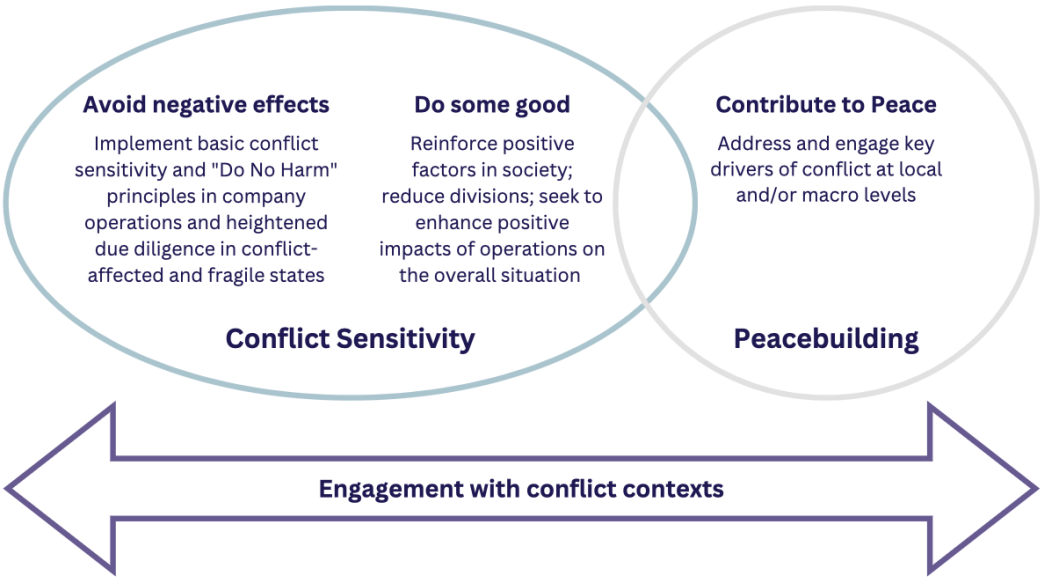

Figure 3: Spectrum of peace initiatives by businesses[46]

While many points in this chapter highlight the potential that the private sector bears for more effective peacebuilding, actual evidence for such behaviour is very scarce.[47] There is a clash between the two academic fields of peacebuilding and conflict studies of the overall peace impact on the private sector. Where one field attributes an overall positive impact to the business, the other underlines their harmful nature to the conflict environment. This is primarily argued upon the selection of case studies, either highlighting peace-supporting businesses through research from the field of peacebuilding studies[48] or businesses that have contributed to conflict in the work from the field of conflict studies.[49]

The push by the World Bank and other institutions illustrates the great enthusiasm around the positive role that businesses could play for peace. This would be achieved through their core business activity as well as active advocacy and engagement for peace in a conflict-affected environment. Conflict sensitivity is, therefore, the first step to understanding the position of a business in a conflict and the basis for beginning to mitigate its potential negative impacts. The second and arguably much more complicated step is to develop a sound theory of change on how the business can mitigate the drivers for conflict and have an actual positive peace impact. A great effort of coordination in the private sector would allow access to the knowledge and network of local firms furthering the understanding of the

[44] CDA, 2014.
[45] Ibid.
[46] CDA, 2014, p.6; redesigned by authors.
[47] Ganson, 2017.
[48] Rettberg, 2013; Kasturi, Barton & Reficco, 2012.
[49] Drohan, 2004; Obi, 2009.

conflict context. Mutlinationational companies can use their weight to exert pressure along the supply chain to adhere to good governance standards and amplify the voices of local initiatives for peace. What remains unanswered is whether this multitude of small and incremental steps towards peace can be resilient against larger negative conflict dynamics working against it.

3.4 Development financing gap and ESG in conflict-affected contexts

The aforementioned impacts of business on conflict dynamics have called for regulations and operation guidance from private sectors, governments, and civil societies. *The Guidance on Responsible Business in Conflict-Affected and High-Risk Areas* developed by UN Global Compact and Principles for Responsible Investment (UN PRI) in 2013, was the first of its category to offer a practical understanding of the types of actions and measures expected from responsible businesses that operate or have an interest in high-risk areas.

3.4.1 Development financing gap in conflict-affected contexts

This section discusses the potential to leverage ESG investment to support peace in the context of the development financing gap and previous attempts to close it. The development financing gap refers to the phenomenon that, due to weak institutions, poor infrastructure and unstable markets, conflict-affected areas often have challenges attracting private investment to eliminate the vicious cycle of poverty. Various efforts have been made to address this gap, for example, a blended finance strategy to mobilise private investment into conflict affected-areas by risk-sharing with development financing institutions, multilateral development banks, and philanthropic organisations.[50] However, private finance is still reluctant to invest in conflict-affected areas. For example, only 6% or USD 13.8 billion of the private capital mobilised in 2012-2018 went to LDCs, and USD 28.8 billion went to fragile states.[51] Within the context of climate change, the gap for conflict-affected countries to access climate mitigation funding is even more significant. Countries experiencing conflict and climate change receive roughly USD 5 per capita of climate finance for adaptation, compared to USD 15 for countries not grappling with active conflict after adjusting for purchasing power.[52]

The attempt at development financing is an example of private investors going beyond conflict sensitivity. In comparison, ESG investment has historically evolved from issue-specific investing by religious groups to corporate social responsibility (CSR) and socially responsible investment (SRI). All these approaches focus on conflict sensitivity. ESG investment pursues financial market return with a focus on long-term value. Thus, ESG investors have a liability to avoid high-risk ESG investments, which inherently prevents them from taking a more proactive approach to peace-supporting investment. For example, SMEs in conflict-affected areas often have unclear revenue streams and governance structures, increasing the risk. Data has shown that ESG assets are predominantly located in North America and Europe, accounting for 88% of global sustainable investing assets in 2020.[53]

[50] Sacchetto et al., 2021.
[51] Basile & Neunuebel, 2019.
[52] Crisis Group, 2022.
[53] GSIR, 2020.

3.4.2 ESG ecosystem

Considering the soaring scale and momentum of ESG investment, it is valuable to examine the peace-supporting elements in ESG frameworks because they impact investment decisions and the governance of the enterprises' operations across value chains. This knowledge will prove the feasibility of ESG investment to support peace and add the dimension of peace-positive to the blended development finance space.

Figure 4 shows the regulation power and information flow in the ESG ecosystem in conflict-affected contexts. The essential actors in the ESG space are enterprises (financial issuers who supply equity or debt) and investors. Rating providers are the information intermediaries who assess the equity or debt based on their disclosure on selected topics. The content of voluntary disclosure is determined by disclosure bodies and index providers, guided by the ethical guidelines set by the UN and major NGOs. Market regulators are the only actors with authority to develop and implement formal rules and requirements and authorise fund products to go into the market. This research analyses the ESG finance ecosystem while focusing on the regulation-accountability chains among Disclosure Bodies - Enterprises - Stakeholders, with ESG frameworks and standards as a medium that embodies stakeholder bargaining outcomes.

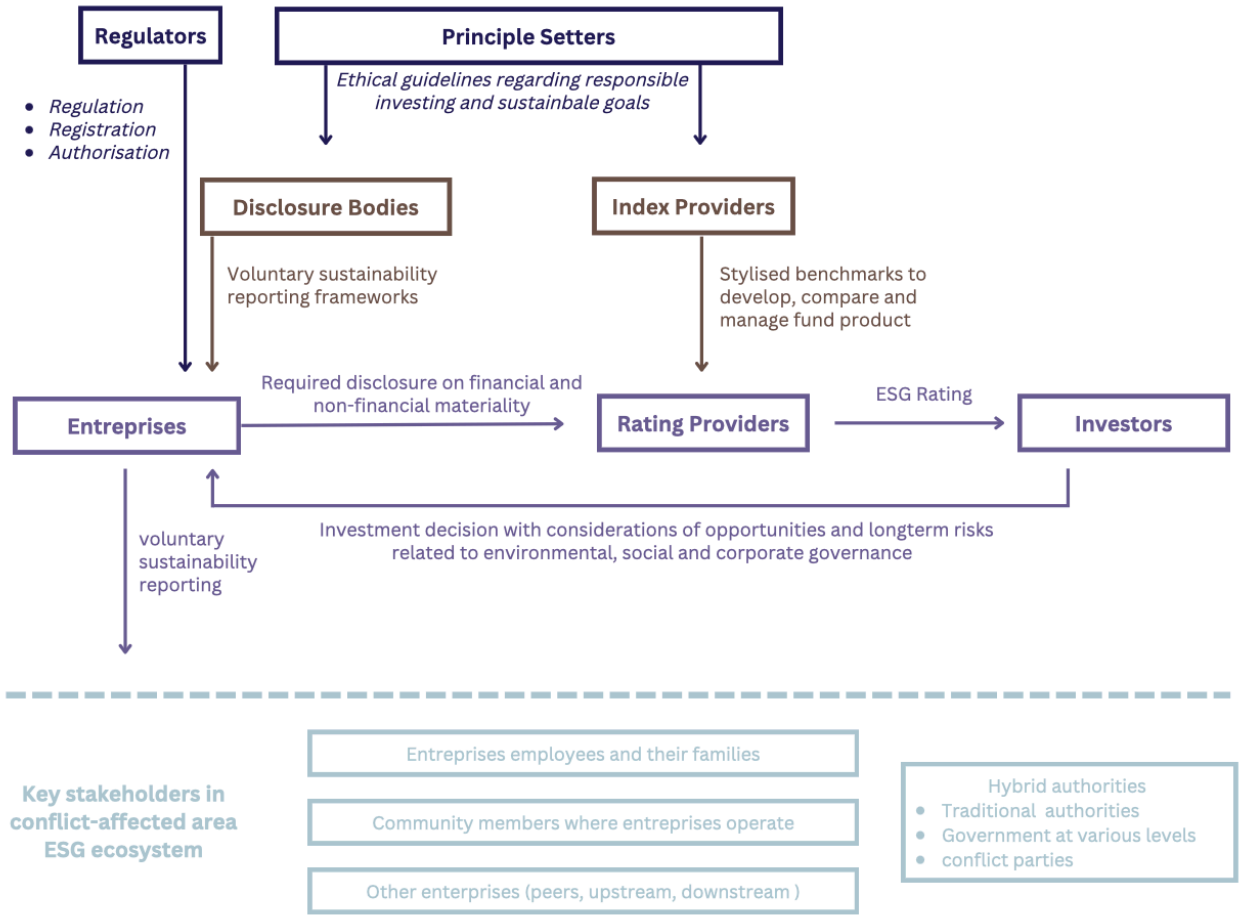

Figure 4: Regulation power and information flow in ESG ecosystem in conflict-affected contexts[54]

[54] Authors.

3.4.3 ESG in the Global South context

Since the ESG concept emerged from rating companies, investors and financial institutions in the Global North, and most of the current ESG assets are located in the Global North (predominantly Europe, the US, Australia, and Japan), it is essential to examine its impact on enterprises in the Global South. The latter is more sensitive to the growing prevalence of ESG investment because of its low-end position in the global value chains and weak terms of trade. ESG investment is criticised for not addressing the enormous income and welfare gaps between Global South and Global North. The industries that most likely have the highest ESG scores are non-export sectors and, thus, not contributing to the increase of import capacity.[55] Research also shows that ESG investment seems to reinforce the current North-South divide, since the countries with lower GDP per capita are correlated with lower ESG scores and much smaller ESG investment volume.[56]

To understand the impact of ESG on the industry in middle and lower-income countries affected by conflicts, we analysed the cases of the mining sector in Colombia and DRC (Appendix 5). We conclude that the impact of ESG standards and investment in the conflict-affected contexts in the Global South is highly nuanced and intertwined with the local context. The Colombia case exemplified that imposing ESG standards without building the capacity of the small-scale miners to live up to these standards leads to higher risks of informality and marginalisation. The DRC case illustrated the requirement for ESG reporting favouring the state monopoly production model, which poses challenges to democratisation and a transparent market economy in the future. Both cases show that ESG was nearly exclusively relevant to major players in the industry, while small enterprises (in this case, artisanal and small-scale miners) were marginalised. This is an essential realisation since the research is trying to apply ESG investment frameworks to small grassroots businesses. This research needs to keep this in mind to make ESG applicable in the context of the Global South and to the benefit of grassroots businesses.

[55] Hansmann, 2021.
[56] Daga, 2022.

4 Conceptual framework

Based on the preceding theoretical framework and moving into the analysis part, the conceptual framework (Figure 4) is the backbone of this research and illustrates its relevance for PDI's work. The subsequent steps 1 to 3 constitute the theoretical framework on which this original research builds and enables bringing the two different areas of research and practice of peace and investment together. Uniting them through ESG and other impact investment frameworks is at the frontier of research and hence what constitutes our original contribution. Concretely, this informs PDI's work in its investment pillar on how to invest capital in peace-supporting economic opportunities to contribute to more peaceful societies. Our research also adds to PDI's incubation pillar when building economic opportunities in conflict-affected areas. The stakeholders differ if this research's findings are used for either of the pillars. For the incubation pillar, this research offers additional perspectives for PDI on selecting peace-supporting grassroots businesses. While this concerns PDI and business actors, in the investment pillar also investors are being addressed. Namely, the research provides conceptual insights for both peacebuilders and investors on how to bring their respective worlds together.

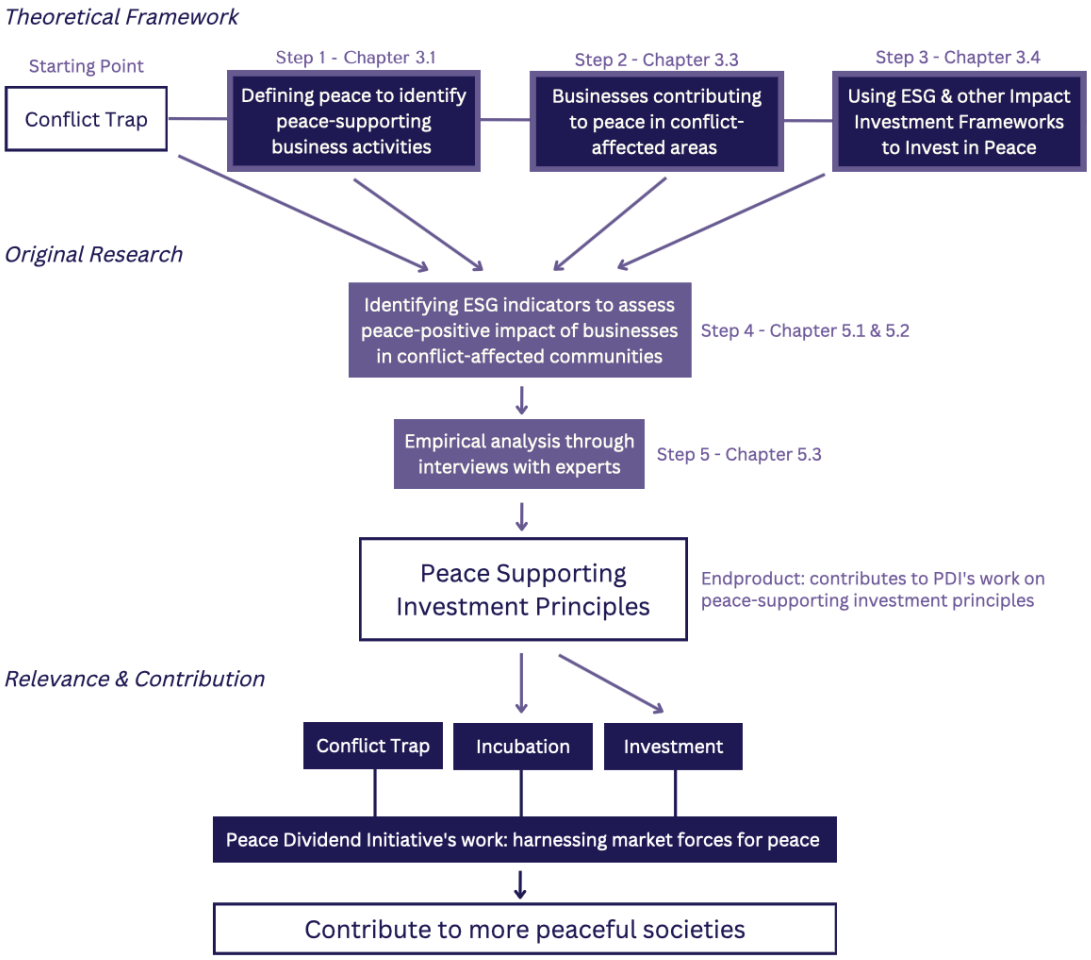

Figure 5: Conceptual framework[57]

[57] Authors.

5 Analysis of the intersection of ESG frameworks with peace

5.1 ESG frameworks and peace-positive indicators

As outlined in chapter 2 in the methodology, we identified ESG indicators related to peacebuilding and categorised them into the types of peace they support (for the original data, see Appendix 3). For example, "GRI 202-2: Proportion of senior management hired from the local community" is identified as supporting positive, bottom-up and hybrid peace because it addresses structural inequality between investors and the local community by including local leadership in decision-making and operations. After gathering this data, the authors categorised indicators into the six most frequent themes (Table 3).

Table 3: Number of peace-related indicators in the most frequent categories[58]

Relevant Peace Category in ESG	Number of peace-related items	Accumulated appearance across peace types
Economic Empowerment	15	49
Inclusion & Anti-discrimination	14	62
Justice & Human Rights	11	20
Good Governance	8	34
Corruption	8	22
Health & Safety	7	21

The first column in Table 3 lists the themes that emerged in the attempt to group up the ESG indicators for peace thematically. For example, the B Impact indicator "Company empowers Workers", Future Fit Assessment indicator PP17 "People's capabilities are strengthened", and "GRI 404-2 Programs for upgrading employee skills and transition assistance programs" are all categorised into "Economic Empowerment". The criteria for categorisation are subjective to the researchers' judgement. The second column displays the individual items, including indicators that have been sorted into the themes of column one. The third column allows us to track how often these items have been then connected with a certain concept of peace. For example, Future Fit Assessment PP17, "People's capabilities are strengthened", is categorised to support inner and outer peace, positive peace, bottom-up local peace and Liberal Peace. Thus, in the third column, it counts as four times. As seen in the table, "Economic Empowerment" and "Inclusion" related indicators are most numerous in individual items and associated

[58] Authors.

with peace types. In total, from the ten frameworks analysed, we identified 73 ESG indicators and impact areas (the sum of the second column) that were directly related to peace.

To explain through which path the indicators impact peace, they can be located in the conflict drivers and outcomes areas in the "Sustaining Peace Through Decent Work and Employment Framework" (Figure 6). This approach allows us to understand which areas of "Outcomes" and corresponding "Conflict Drivers" are best captured in current ESG indicators. For example, the indicator "GRI 404-2 Programs for upgrading employee skills and transition assistance programs" is categorised as “Economic Empowerment” by creating economic upgrading opportunities for workers while cultivating qualified labour for increased productivity. In the ILO framework[59], it captures the outputs as enhanced gender-sensitive economic opportunities for populations at risk, and therefore, addresses the conflict-driver, "Lack of Opportunities". What results from this categorisation is the following Table 4, explaining how each of the themes of Table 3 impacts peace and its relation to ESG.

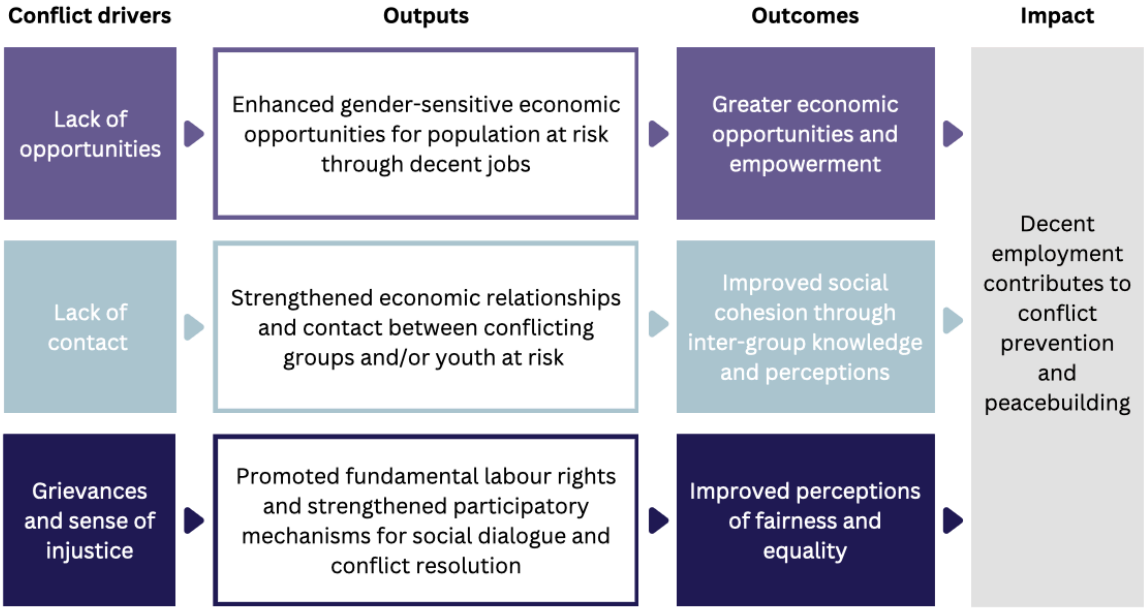

Figure 6: The ILO's theory of change elaboration based on the ILO-PBSO-UNDP-World Bank joint statement on how employment and decent work contribute to peacebuilding[60]

[59] ILO, 2021.
[60] ILO & DPPA, 2021; redesigned by the authors.

Table 4: Peace-related ESG indicators corresponding to the "Sustaining Peace Through Decent Work and Employment Framework"[61]

Conflict Drivers	Outcomes	Peace-related ESG items
Lack of Opportunities	**Greater economic opportunities and empowerment**	**Economic empowerment** 1. **Individual level**: upgrading employees' skills, empowering workers, fair employment terms, and employees' capacities strengthened; 2. **Community level**: local suppliers, local sourcing, sourcing from small-scale farmers, communities' capacities strengthened, investment flow back to the community; 3. **Societal level:** unemployment rate, poverty rate.
		Inclusion and anti-discrimination 1. **Diversity**: gender ratio of employees and management, prevention of racial/ethnic discrimination, underrepresented social groups in governance; 2. **Equity**: equal opportunity policy, measuring salary gap, prioritising underrepresented stakeholders.
Lack of Contact	**Improved social cohesion through inter-group knowledge and perception**	**Inclusion and anti-discrimination** 1. **Diversity**: prevention of racial/ethnic discrimination, underrepresented social groups in governance, respect culture of Indigenous Peoples; 2. **Inclusion**: discrimination incidents reporting and corrective actions; 3. **Equity**: equal opportunity policy, measuring salary gap, prioritising underrepresented stakeholders.
Grievances and Sense of Injustice	**Improved perception of fairness and equality**	**Justice & Human Rights** 1. **Internal**: Employment condition, elimination of forced labour and child labour, grievance mechanism; 2. **External**: Eliminating forced labour in suppliers, human rights of Indigenous Peoples, grievance mechanism, anti-competition and antitrust, ethical land acquisition, and minimised related displacement.
		Good Governance 1. **Due procedure**: practices to promote ethical decision-making and prevent corruption; 2. **Legal risks**: ensuring in a legal way that ESG performance is part of decision-making, litigation and arbitration against the company; 3. **Transparency**: explanation of climate and human rights-related decision-making and implementation.
		Anti-Corruption 1. **Ethics**: conflict of interests management, training on anti-corruption policies and Code of Ethics; 2. **Government relation**s: whether receive financial assistance from the government, political contribution, lobbying and advocacy; 3. **Risk assessment** on corruption; 4. **Transparency** and information disclosure.
		Health & Safety 1. **Internal**: operational or on-the-job fatality, Avoid risks to the health & safety of employees; 2. **External:** Avoid risks to the health & safety of communities (emission, natural resources management, products).
		Inclusion and anti-discrimination 1. **Inclusion**: discrimination incidents reporting and corrective actions; 2. **Equity**: equal opportunity policy, measuring salary gap, prioritising underrepresented stakeholders.

[61] Authors.

5.1.1 Economic empowerment in ESG

As Table 4 shows, "Economic Empowerment " is the most measured peace-supporting impact theme in ESG frameworks. This pattern is aligned with the developmental peace mission theory,[62] which assumes that any peacekeeping and peacebuilding efforts should synchronise with development projects and civilian capacity building. Businesses contribute to peace primarily by providing decent employment and decreasing poverty. The ESG indicators in this category can broadly measure the enhanced gender-sensitive economic opportunities for the population at risk through decent jobs and the increased opportunity risk of violent conflict.

An important area of economic empowerment to underline is the existence of locally owned value chains. A locally owned value chain is beneficial to support the local economy and create decent jobs. It is the most direct way for businesses to create value for the community and provide resources the community needs to endure an active conflict or reconstruct after the fighting has stopped. Such a value chain can be assessed by indicators like the percentage of local suppliers in a company's supply chain and the percentage of local employees in a company's workforce and higher management.

5.1.2 Inclusion and anti-discrimination indicators in ESG

The second most measured peace-supporting impact theme, "Inclusion & Anti-discrimination", is more nuanced and multifaceted. Firstly, equal opportunity, anti-discrimination policies and addressing salary gaps serve as "smart economics" since inequalities impede economic development and the perception of justice. This impact theme reflects the conflict-sensitive approach, which requires businesses to be aware of the power dynamics in conflict-affected operation environments and make sure the distribution of its economic benefits does not cause more grievance among social groups. Nevertheless, the measurement of gender equality in ESG frameworks (gender pay gap, gender tenure gap, among others) does not capture the rising risk of gender-based violence against women accompanied by their increased economic autonomy.[63] Hence, the existing ESG indicators regarding women's economic empowerment can, in reverse, also decrease the level of Positive and Negative Peace.

5.1.3 Good governance and anti-corruption indicators in ESG

The third most measured peace-supporting impact theme, "Good Governance and Corruption", aims to mitigate the transaction costs by collectively building a fair business environment from which all private sector actors can benefit. These measures facilitate capacity building and diffusing norms of transparency and accountability among the private sector, thus cultivating a stable economic order in favour of development and poverty reduction. Transparency and accountability measures might challenge the vested interests of political elites who rely on extracting wealth from the business sector and potentially weaken peace agreements relying on elite bargains to split the wealth.[64]

[62] Gueli & Liebenberg, 2007.
[63] Calderon et al., 2011; International Alert, 2010; Date-Bah, 2003.
[64] Bell & Pospisil, 2017.

5.2 Assessing the peace-positive impact

5.2.1 Finding peace in ESG

This section further assesses the findings of the analysis of multiple ESG networks for potential peace-supporting evidence. The creation of the table of ESG frameworks in conjunction with peace (Appendix 3) allows us to make some substantiated assumptions about what kind of peace is most likely reflected in the ESG sphere. The analysis of ESG for potential peace-supporting evidence has yielded some interesting results, displayed in Table 5. The two kinds of peace that our categorisation of ESG indicators assigned most often to are Positive Peace and Liberal Peace. In the following, we will briefly explain why this is the case and give general observations that our table has produced for our research.

Table 5: ESG items assigned to types of peace[65]

Type of Peace	Number of ESG items assigned to a type of peace	Share of total assignments
Positive Peace	61	23,6 %
Liberal Peace	55	21,3 %
Bottom-Up, Local Peace	36	14,0 %
Inner and Outer Peace	33	12,8 %
Liberal Top-Down Peace	31	12,0 %
Hybrid Peace	25	9,7 %
Negative Peace	11	4,3 %
Illiberal Peace	6	2,3 %
TOTAL	**258**	100%

5.2.2 The encompassing Liberal & Positive Peace

One explanation for why Positive Peace is a dominating concept that can be covered more easily by ESG than other concepts of peace is its encompassing nature. To recall, Positive Peace is not only the absence of the threat of physical violence but also the absence of structural violence. The push for Positive Peace will inherently need support and transformation in all societal systems, which can produce structural violence, including politics, the economy, culture, and the family. This comprehensive nature means that in a piecemeal fashion, many ESG indicators could be interpreted to contribute a small share to removing or transforming structural violence. One core theme that repeats through most of the analysed frameworks was inclusion, such as stakeholder engagement (found in the UNDP, GRI, and PRI IRF frameworks) or the push to elevate marginalised groups (based on gender, ethnicity, or locality) to higher management positions. This theme can be theorised to support Positive Peace so far as to elevate groups out of the position of marginalisation, therefore lessening the experience of

[65] Authors.

structural violence. Through their newfound strategic position inside the company, their voice is ideally amplified in society, and the company builds a more equitable community structure.

Liberal Peace shares some important commonalities with Positive Peace since the concept of Liberal Peace calls for a well-functioning democracy with the proper rule of law, civil liberties and minority protection. These can be interpreted as layers of protection against structural violence from a Positive Peace perspective, which creates a considerable overlap between the two concepts. The two concepts originate from the western understanding of peace and echo in the western framework of ESG on how companies ought to behave. The ESG framework's emphasis on inclusion and anti-discrimination finds itself in the ideals of Positive and Liberal Peace. In addition, the Liberal Peace is further supported by the themes of good governance, anti-corruption and tax. Lastly, indicators dedicated to measuring the economic empowerment of individuals through the company are essential. They fit in the second principal dimension of Liberal Peace, the marketisation of describing the push for free and functioning markets in the conflict-affected area. Economic empowerment through the lens of ESG includes local hiring and supply policies dedicated to growing local markets.

5.2.4 What peace is not covered by the ESG

When discussing the types of peace supported most by the ESG frameworks, it will be interesting to see where there is a lack thereof. Negative Peace and Illiberal Peace were the least supported by the analysed frameworks. To briefly recall, Negative Peace describes the absence of violence. Illiberal Peace sees at its core the state monopoly on force supported by strong functioning state institutions and, through this mechanism, the creation of wealth. Creating the absence of physical violence and restoring the state's monopoly on force is a key priority in the peacebuilding process. This process did not include businesses as major actors in the past. We point out that ESG has very little to offer during this step, which underlines businesses' limited ability to contribute. While Illiberal Peace prioritises stability and security, it achieves foremost from the state level and is concerned very little with engaging non-state actors. Therefore, it is understood that ESG frameworks, which underline the social agency of businesses, reflect very little Illiberal Peace. Mostly the standards on the proper filing of taxes and abstinence of illegal behaviour could be attributed to this type of peace.

5.2.5 Different methods of ESG frameworks

The organisations utilised different approaches to creating their ESG investment frameworks. There are frameworks containing broader principles describing what businesses have to implement, for example, UNEP Financial Initiative Analysis tool, UNDP SDG Impact Standards, Future Fit Assessment and the Saab Investment Bank Standards. In contrast, there are also ESG frameworks containing concrete indicators offer businesses more guidance, for example, PRI, GRI, IFC's Performance Indicators. When we try to compare frameworks that use different approaches, it is like comparing apples and oranges. We cannot judge one against the other fairly because they operate on different specificity and guidance levels. This reflects a long-standing problem in ESG space that frameworks are highly fragmented.

Additionally, indicators are by nature more numerous than broad principles and, therefore, will be overrepresented in the table (Appendix 3). This unequal distribution has the potential to skew our analysis towards frameworks, including indicators and their interpretation of ESG. Nevertheless, we consider the development of concrete indicators for the peace context more valuable because they provide better guidance to make informed investment decisions.

5.2.6 Different target audiences and design of the frameworks

While frameworks would be open to being taken up by any type of company, the assortment we have analysed appears to be developed for different purposes and differ in their target audience. The B Impact Lab and Future Fit Tools are styled in a fashion appealing to agile and smaller businesses, resembling the creators' identity as a relatively new start-up. Their tools work for their target audience with ease of use and shorter length. CSRD and GRI are demanding a specific size to allow human resources to be made available to work through and produce the required material. GRI has created hundreds of pages of densely written frameworks relying on their extensive experience and organisational resources. The difference in the purpose of the different sources we compared becomes most apparent in the Future Fit Business Benchmarks. They have developed business principles ("Positive Pursuits") that go beyond established ESG criteria to achieve environmental and social goals. This becomes most apparent in their principles dedicated to changing the behaviour of communities and the behaviour of other businesses to use less energy and that the community should aim to conserve and restore sites of cultural significance. Here one can observe how this is not a conventional step of risk prevention for businesses through ESG frameworks. However, the company is branching out to a broader agency favouring public goods and positive change. For their general practicality and the aforementioned ambitious extension of the company mission, Future Fit Business Benchmarks were found to be of interest to PDI.

5.3 Empirical analysis

The empirical analysis of expert interviews completes the preliminary findings of the previous theoretical analysis of the interconnectedness between ESG and peace. The following themes emerged inductively and confirmed some observations from the previous subchapters but also highlighted new reflections putting the theoretical findings into a more practical context.

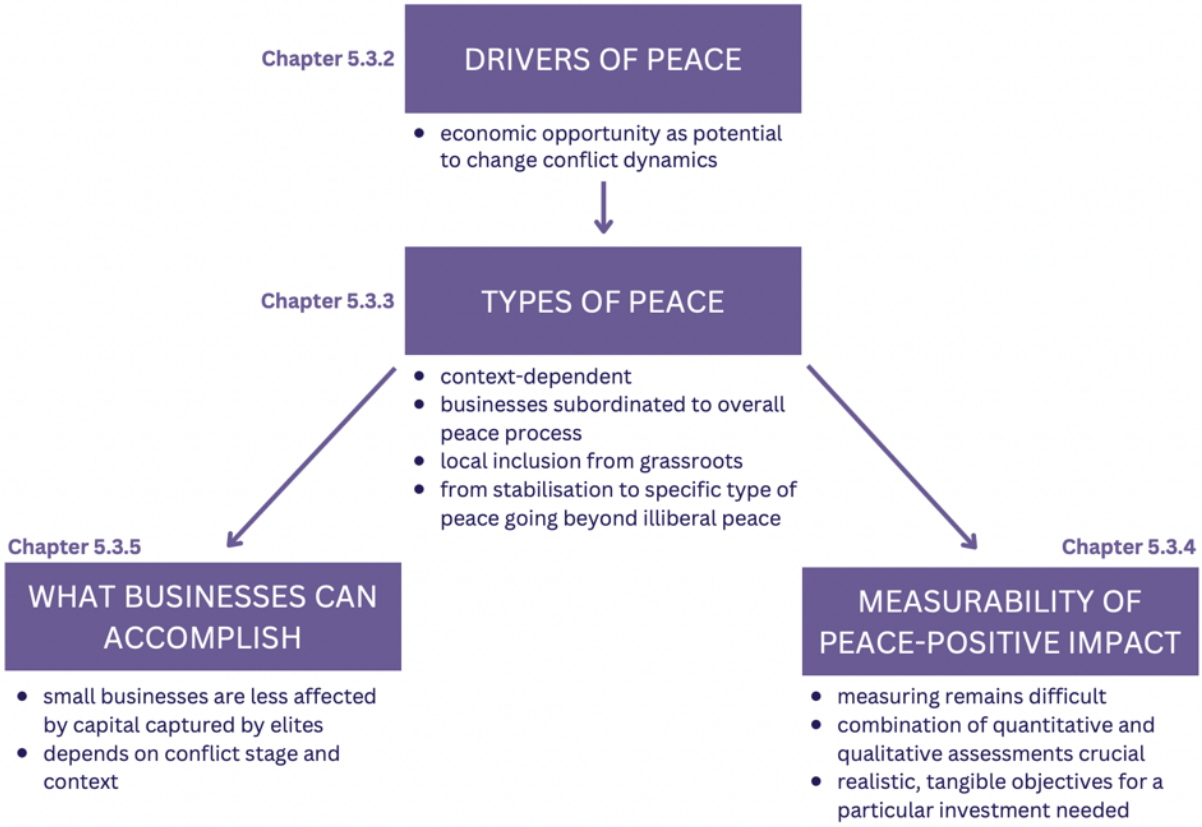

Figure 7: Theme tree visualising main outcomes of empirical analysis[66]

5.3.1 General developments of the peace financing sector

> *"Peace finance is a movement, and Geneva is strategically working to be the heart of it. It is not established yet, but there are efforts to build a framework."*[67]

The peace financing sector has changed significantly during the last five to seven years because investors increasingly ask for the inclusion of peace indicators in the ESG frameworks.[68] The peacebuilding side also drives this development. Based on the recognition that businesses can have

[66] Authors.
[67] Interviewee 5.
[68] Interviewees 1 & 5.

an enormous impact in conflict-affected areas, efforts need to be taken to ensure that this impact will be positive in terms of peace (or at least conflict-sensitive) instead of negative as a potential driver of conflict. Identifying business activities with such a peace-positive impact and guiding investments into this area is the way to go because "it does not seem that foreign investors will be avoiding these [conflict-affected] places, so we need to find a way to work with them. [...] You have got a bunch of investors looking for both impact and growth in conflict-affected areas, so that's what it's about: go out and set up grassroots businesses that are driven and built by locals."[69] One such way is developing explicit peace finance mechanisms through potentially leveraging ESG frameworks.

The interviewees confirmed the abovementioned issue of applying ESG to the Global South. ESG has been explained to be a concept with its roots in the Global North: "[It] trickled down from the Global North to South"[70] and was initiated from top-down[71] and was then adopted by local entrepreneurs. This relationship must be considered when analysing ESG and its application to different contexts. As with Liberal Peace, criticised for being ignorant of local particularities and its assumption of universality, the same criticism could arise for ESG investment frameworks. Just as Liberal Peace started being localised with the local turn, the use of ESG frameworks also needs to be localised. Unless focusing on elite bargains or large-scale reconstruction plans like the Marshall Plan, peace investment needs to be approached just as granularly as peacebuilding itself.[72] Interviewee 6 emphasises the centrality of building peace investment from the grassroots level. The articulation between top-down ESG investment structures and the grassroots businesses as beneficiaries of these investments is critical. It can get informed by the general debate of top-down and bottom-up approaches to peacebuilding as discussed above.

5.3.2 Drivers of peace and conflict

The lack of economic opportunity is a conflict driver,[73] which supports the ILO's theory of change (Figure 5). In contrast, offering economic opportunities changes the dynamics and can be regarded as a driver for peace.[74] Instead of the only option to "hold a gun", businesses can offer a new perspective for individuals, especially young people.[75] A ceasefire or peace agreement not providing economic opportunities makes it more likely for ex-combatants to return to fighting because "peace doesn't deliver any gains".[76] Therefore, employment is a significant entry point for businesses as peacebuilders to hinder the recruitment of armed groups.[77] The ILO argues along the same lines and explains above (Figure 5) that decent work and employment have the potential to change societal dynamics through economic opportunities generally and (gender) empowerment. Through improved opportunities, relationships between different conflicting groups might be strengthened and lead to social dialogue and conflict resolution mechanisms. This employment example illustrates the link between Inner and Outer Peace, which are closely connected and interdependent.

> *"Enterprises actually help young people to think not to join armed groups."*[78]

[69] Interviewee 6.
[70] Interviewee 1.
[71] e.g., the International Finance Corporation (IFC).
[72] Interviewee 6.
[73] Interviewee 4.
[74] Ibid.
[75] Ibid.
[76] Interviewee 6.
[77] Interviewee 4.
[78] Ibid.

Businesses can also become a driver of peace through their ability to pinpoint the main challenges that need to be addressed to achieve peace.[79] By including the voices of businesses that are part of civil society in peace negotiations, "they can bring their experiences and daily challenges to the table."[80] which helps the conflict parties focus on solving pressing issues for societies and hence, positively impacting their communities.

> *"Businesses actually create another dynamic. "*[81]

5.3.3 Types of peace

Three interviewees raised this theme, namely 5, 4, and 3. They all emphasised the need to be very specific regarding the kind of peace that should be achieved, closely connected with how you can support and contribute to it as a business. They explain that companies need to be subordinated to the peace process and be aware of the conflict context, thus highlighting the general core of peace and conflict studies: Context-dependency. Additionally, the question of what kind of peace is necessary and feasible highly depends on the conflict's stage, for example, during conflict escalation or post-conflict.

An investor and researcher respond to the question, "What kind of data or information on the (peace-positive) impact do you need to make an investment decision?" that everything depends on the definition of peace in that particular context and, consequently, defines what peace impact means.[82] Also, a mediator explains that the critical question is, "what do we mean by peace? What elements would be peace, and what do we hope to achieve in the future? What elements can businesses contribute?"[83] In more detail, this signifies that "the further we go away from conflict stabilisation, the closer we'll come with what society model we want."[84] Hence, this expresses the pure stability at the heart of Illiberal Peace to more normative decisions of what peace should look like when basic stability has been achieved. Therefore, it might be more difficult to contribute to a peace which transcends the boundaries of Illiberal Peace because this type of peace might be less defined and even more intangible.

Also, interviewee 5 referred to the centrality of considering how much peace can be reached. Namely, the peace that aims to be reached depends on the conflict and settlement stage. For example, a ceasefire agreement can only allow for Negative Peace. In contrast, more comprehensive peace agreements may allow for somewhat Positive Peace and, thus, influences the businesses' potential peace-positive actions.[85]

Generally, businesses cannot have a direct impact on inter-state conflicts and, thus, cannot be measured.[86] So, for instance, in the ongoing Russian-Ukrainian war, businesses can solely contribute to the stabilisation and resilience of Ukrainian society.[87] Therefore, it would be valuable to tailor

[79] Interviewee 3.
[80] Ibid.
[81] Ibid.
[82] Interviewee 5.
[83] Interviewee 3.
[84] Ibid.
[85] Interviewee 5.
[86] Interviewee 2.
[87] Ibid.

investment frameworks, including peace indicators, to the different stages of a conflict, e.g., during or after the conflict.

Investments in businesses need to be in tune with the peace process in order to ensure a peace-positive impact. Our interviewees thus confirmed the importance of being aware of the context when investing and keeping in mind which type of peace is aimed to be achieved. For that goal, it is central to consult with local partners before making investment decisions.[88] Thus, businesses are and should be subordinated to the context and needs of the region and communities.

Lastly, referring to more bottom-up approaches for businesses' peace-positive activities, interviewee 4 refers to the idea of Inner Peace radiating towards Outer Peace. The interviewee emphasises the importance of creating an environment for peace and that business opportunities can change the mindset of individuals, which leads them not to take up the gun. As the mediator picked up in a workshop: “[H]olding the pen is heavier than the gun”[89]. Hence, a new environment needs to be created in which holding a gun is no longer an option when returning from the armed forces.[90] In this case, small investments and especially on the grassroots level may already have a substantial peace-positive impact by enabling young people to acquire a job without guns and enable them to believe in further opportunities aside from fighting: "[E]ven if you have negotiated a huge agreement that is well-elaborated on, the problem is that you didn't hand over to local actors. So guns are being picked up again because peace doesn't deliver any gains".[91] Hence, peace-positive investment in grassroots enterprises may close the gap between peacemakers, peace agreements and implementation, and investors. Moreover, as interviewee 6 underscores: "The challenge with peace investing is that it has to be built from the grassroots out. It is very challenging to build it from an investor level down. It needs to be as granular as peacemaking is."

5.3.4 Measurability of peace-positive impact

First, when questioned about the measurability of the peace-positive impact of investments in businesses, most interviewees, namely, 5, 4, 3, and 2, were all very conscious about how difficult it is. “The line of causality is challenging to draw between the investment and the impact on peace, and it is hard to use that for investors to deploy capital"[92]. More explicitly, “the lack of measurement is at the heart of the peacebuilding sector’s problem”[93]. According to the investor, quantitative assessment of a peace-positive impact is rare, and the extensive qualitative methods for assessing it may bring with them bias reinforcement through, for instance, the same shared organisational knowledge. Additionally, the interviewee suggests that "different stages of conflicts need different kinds of indicators" to assess businesses' peace impact.

However, quantitatively measuring peace might not be worth striving for because qualitative "measurement" of how people experience peace is crucial in practice to assess the situation. Qualitative assessment is also central because of the peacebuilding activities' context dependency: "We don't ask them about the project but about: in the past year, how did you experience peace and violence."[94]

[88] Interviewee 3.
[89] Interviewee 4.
[90] Ibid.
[91] Interviewee 6.
[92] Interviewee 2.
[93] Interviewee 5.
[94] Interviewee 4.

Going back to the type of peace, being clear about what peace one aims to achieve and on what level one sees the positive impact of businesses is at the heart of the measurement challenge. Once clear about this, it becomes easier to identify and "focus on the very first step, on what we can measure".[95] It is crucial to focus on realistic and tangible objectives for a particular investment, of which employment is one, for example, the employment of former FARC combatants: “You should be clear with the major outcomes you want to achieve, you can’t achieve multiple aspects at once. Be very clear what objective your investment should achieve”.[96]

Additionally, it makes sense to focus on the “G” from ESG first[97] because “the other two are naturally flowing from G”.[98] Interviewees 2 and 5 both emphasise that you can’t “hit them all”.[99] These considerations do not disqualify ESG frameworks from fostering investment in peace-positive projects. However, it is necessary to be clear beforehand what objective you prioritise: "For each project, you emphasise one element."[100] This focus is critical because some actions could be in favour of achieving one element but have negative impacts on the others. Researching the positive impact ESG investments could have on peace should therefore be complemented by identifying potential adverse effects on peace or trade-offs between ESG and peace indicators.

> *“You will counterbalance E and S, especially in conflict, like fire generating electricity.”* [101]

Furthermore, the different timelines in which investments and peace processes operate make it more challenging to measure the impact. While for investment professionals, it is important to measure the impact of an investment, with peace quickly, "we talk about a multi-year endeavour in resolving the conflict"[102]. Overcoming the measurability gap between investments and peacebuilding progress includes awareness and potentially an adaptation of timelines in which impact can be measured.

This measurability gap is why it is crucial to approach the field-testing systematically. Whereas much literature exists on the topic, implementing concrete frameworks and indicators needs to be field-tested.[103] However, every work in this area should start with conflict analysis and explore opportunities to contribute to peace, including business activities. Thus, the initial phase is all about scoping and monitoring.[104]

To conclude this part of the measurement, it is essential to make sure to invest in businesses with the aim that they support peace but are subordinated to the good practices of peacebuilding. More concretely, this means: First, a comprehensive conflict analysis is necessary; second, understanding the context, identifying needs, and exploring entry points and finally, evaluating and adapting if needed.[105]

[95] Interviewee 3.
[96] Interviewee 2.
[97] Interviewee 5.
[98] Interviewee 2.
[99] Interviewee 5.
[100] Ibid.
[101] Interviewee 2.
[102] Interviewee 3.
[103] Interviewee 5.
[104] Interviewee 4.
[105] Ibid.

5.3.5 What businesses can accomplish in terms of peace and what not

> *"One needs to be clear on which level we are actually expecting to have a positive impact."* [106]

Businesses' roles and impact are shaped and defined by the context of their relationship with the state, political system and the country's history. Also, businesses' willingness and ability to contribute to peace differs from one state or region to another and changes concerning the peacemaking process's stage.[107] For instance, in the country-specific context of interviewee 3, "over recent years, [there was] more openness for dialogue with businesses with the understanding that they form a fundamental part [in the peacebuilding process]".

> *"While conflict sensitivity becomes the bare minimum, we need to develop in parallel a peace positive impact strategy."* [108]

However, in the middle of an intense outbreak of violence, the peace-positive impact of businesses might be limited, as in the case of Ukraine at the moment. During such a stage of conflict, it might make the most sense to focus on saving and maintaining the businesses.[109] In that way, once fighting cools down, businesses can have a peace-positive impact starting by contributing to more stability and fulfilling certain government functions through, for example, the creation of employment opportunities.[110]

> *"[Y]ou have to do the job and demonstrate where there are entry points and how they [businesses] fit into the peace process."* [111]

Additionally, businesses can support individuals and communities on the local level to build their resilience against a fragile conflict-affected environment with weak governments where there is a clear risk of falling back into an outbreak of violence. In that sense, businesses can also offer a much more organic way of what outsiders would label as peacebuilding.[112]

> *"Big businesses almost can't contribute to peace because the arrival of large amounts of capital is just night and day. It is very hard to avoid elite capture."* [113]

[106] Interviewee 3.
[107] Ibid.
[108] Interviewee 5.
[109] Ibid.
[110] Interviewee 4.
[111] Ibid.
[112] Ibid.
[113] Interviewee 6.

Finally, "peace spoilers" also exist, meaning disruptive economic actors. This disruption may also happen unconsciously when investments flow at the wrong time during an ongoing peace process.[114] Nevertheless, new dynamics can be created between new actors that try to use the opportunities to advance their own group's interests. Then, disruptive entrepreneurs would not be supported when disrupting carefully coordinated peace processes.[115]

5.3.6 Challenges to peace financing and approaches how to overcome them

The following challenges to peace financing represent the next steps towards peace-supporting investment principles.

1. ***Two different worlds:*** The peacebuilding and investment sectors are two completely different worlds that need to be bridged.[116] This starts with a knowledge gap that this research contributes to overcoming. It also manifests in different ways of operation. For instance, the scope in which investors generally operate is at least 5 billion dollars, while the peacebuilding business projects they should start investing in are only about 500 000 dollars.[117] In this aspect, a mechanism is necessary to translate and bridge the two different ways.

2. ***High-risk investments:*** Persistent risk for investors and businesses in a fragile country and economy,[118] there is limited capital available in conflict-affected regions[119], and the “private sector is more hesitant [than governments]”[120]. “They have to meet the capital threshold first and filter the impact later”.[121] Therefore, the demand for peace financing is not evident.[122] But there is increasing demand from different stakeholders.[123]

3. ***No standard method to assess businesses for investment options:*** Every investor has their own set of matrices.[124]

4. ***Small businesses & investment challenges:*** It is challenging for small companies to provide the necessary investment data [because of limited resources].[125] “Investments in SMEs are complex because the execution is more difficult [compared to MNEs] since many SMEs don’t have corporate governance structures, especially when they only have one person or a few persons operating it.”[126] However, "[investors] do not want to spend 2-3% of the value of capital to deploy the capital but, in reality, often costs more".[127]

[114] Interviewee 3.
[115] Ibid.
[116] Interviewee 6.
[117] Interviewee 6.
[118] Interviewee 5.
[119] Interviewee 2.
[120] Ibid.
[121] Ibid.
[122] Interviewee 5.
[123] Interviewee 1.
[124] Interviewee 2.
[125] Ibid.
[126] Ibid.
[127] Ibid.

5. ***Limited information availability and the need to adapt investors' matrices:***

> *"For banks, for example, information sharing is relatively easy, but for logistic companies in countries such as Ukraine now, information availability is complicated, and investors do not know which matrices to use then."*[128]

6. ***Acquiring local knowledge and data generally:*** Local context knowledge is central but difficult to acquire.[129] Additionally, the lack of data poses a considerable challenge because analysing the peace impact of companies consumes money and human resources.[130]

7. ***Missing common investment frameworks that include peace:***

> *"There are two ways to look at the relation between ESG and P, and the final answer should lie somewhere in between. Either the P in ESG does not add new principles, but the core issue is how to apply standard ESG frameworks to conflict and post-conflict settings. Thus, we have to understand better how to make it work in conflict and post-conflict settings for peace. Alternatively, the P dimension refers to separate principles not covered by ESG [...] and, consequently, need to be included."*[131]

However, "Geneva emerges as a pioneer for peace finance and has the biggest movement to make this an established practice"[132], which, therefore, might be the centre to come together with different stakeholders, including mediators, and investors to address and overcome the challenges named above. This report tries to set the stage for this huge endeavour.

Furthermore, funds are already being created by foundations and governments, for instance, that "will absorb the risk so that private investors can invest" [despite the uncertainty and high risk].[133] Lastly, "trial and error is the way forward through experimenting and getting things wrong when doing no harm is crucial".[134]

5.3.7 The relation between the interviews and ESG analysis

Firstly, the ESG analysis shows the current status of how investments *are* evaluated and directed, whereas the interviews show the ideal status of how investments *should* be evaluated for their peace-positiveness. Therefore, our analysis of the ESG frameworks and the interview data enables us to identify the gap between the actual and desired practice. The analysis has revealed the point of the impossibility of purely quantitative measurement and the importance of mixing quantitative and

[128] Ibid.
[129] Interviewee 4.
[130] Interviewee 5.
[131] Ibid.
[132] Ibid.
[133] Interviewee 2.
[134] Ibid.

qualitative evaluation methods. However, human and financial resources are limited for those extensive analyses.

Secondly, some topics have been addressed by all, but with largely different foci. This understanding demonstrates how our research should be leveraged: Peace mediators know very well the different contexts and needs of a specific peace process and, thus, should accompany investments and capital flows to ensure they correspond to these needs. Again, this means that the collaboration of these fields of expertise is essential to achieve the ultimate goal of impactful peace financing.

6 Synthesis and recommendations

This synthesis combines the insights from our theoretical and empirical analysis, refers to the still-existing challenges, and makes suggestions on how to deal with them.

First, the theoretical analysis demonstrates that ESG has elements that can be peace-positive, especially supporting Liberal and Positive Peace. This focus on Liberal and Positive Peace, however, neglects typical features of Illiberal and Negative Peace as, for instance, the role of businesses in the stabilisation phase of the security environment during and shortly after conflicts. Additionally, ESG frameworks have their origin in the Global North. Thus, we need to understand the nuanced impact when they are applied, or failed to be applied in some cases, in conflict-affected areas where development levels and institutions are different. Moreover, ESG targets medium-sized and multinational enterprises, whereas PDI tries to work with grassroots businesses, meaning micro-, small-, and medium-sized ones.

Similarly, from a practical perspective, there exist several challenges, as shown in chapter 5.3.6. The biggest challenges hindering the effective usage of ESG in conflict-affected areas are the difficulty for investors to invest in small businesses with unclear governance structures and high financial risk and missing information regarding the business itself and the local context.

Therefore, ESG investment frameworks cannot be applied without adaptation to conflict-affected areas, naively trusting in their contribution to peace. Throughout this research, we identified several aspects that need to be considered when using ESG investment frameworks for a peace-positive impact in conflict-affected areas. Namely, we recommend the following points to improve ESG frameworks in their peace-positive impact, to ensure an effective and sensitive operationalisation of these frameworks, and to further our understanding of the issue through continuing research.

6.1 Recommendations for making ESG more peace-positive

From the empirical analysis and notably the perspective of mediators focusing on the progress towards achieving more peaceful societies, it is clear that the existing peace-positive elements in ESG do not suffice. As illustrated by the theoretical analysis of how much peace ESG frameworks currently cover, it is evident that this needs to encompass more to capture peace or a particular type of peace comprehensively. The ESG frameworks address relevant dimensions for peace in a very fragmented way and do not guarantee the businesses' positive contribution to peace. Therefore, we recommend developing more specific peace indicators to address this shortcoming. Peace-supportive investment indicators should also be tailored according to the different stages of a conflict, namely pre-, during, or immediately post-conflict. The empirical analysis confirmed that in these different contexts, the agency of businesses towards peace and the population's needs regarding ensuring peace differ significantly.

Recommendation 1: Develop explicitly tailored indicators for peacebuilding to address gaps in the ESG.

Recommendation 2: Tailor investment frameworks, including peace indicators, to the different stages of a conflict, e.g., during or after the conflict.

6.2 Recommendations on how to operationalise peace-supporting investment frameworks

When operationalising ESG frameworks for peace, it is vital to consider context dependency. Conflicts are not identical, nor are the peacebuilding needs and stakeholders involved. Local and context-specific expertise is indispensable for identifying suitable businesses and effectively using peace-supportive investment frameworks. We identified 3 concrete steps in this direction.

Firstly, it is important to recognise that businesses are only one of many peacebuilding actors and only partially contribute to peace. Hence, the first step should be to define what peace-positive impact is sought by businesses. This decision needs to be context-sensitive and conscious of the businesses' scope of impact.

Secondly, and connected to the previous point, businesses only accompany a more extensive peace process. An ESG investments driven approach to businesses as peacebuilders must not become independent and self-fulfilling. Instead, the investments into such business activities must be constantly monitored and adapted to the particular contextual needs to ensure that the businesses maintain their peace-positive impact and do not become drivers of conflict.

Thirdly, implementing peace-supporting investment frameworks to grassroots businesses in conflict-affected areas requires specific expertise in ESG investment as well as peacebuilding. This necessary expertise and resources should be created and centralised to make it feasible.

Recommendation 3: Define what peace-positive impact of the businesses is expected and be realistic to what and how much peace businesses can contribute.

Recommendation 4: Ensure that all investment decisions are subordinate to the peace process to mitigate any potential negative influences against the peace process, mainly by using peacebuilders' context-specific knowledge.

Recommendation 5: Centralise expertise and resources to assess companies' peace-positive impact by qualitative and quantitative analyses.

6.3 Recommendations for further research

Lastly, throughout the work on this report, we identified various areas and approaches for further research. This includes, first and foremost, the following four aspects.

Firstly, while this research has highlighted the peace-positive potential of using ESG, it does not sufficiently consider the potential negative impact in conflict-affected areas. In the empirical analysis, we have learned that there are potential trade-offs between achieving all three pillars of ESG and peace. Therefore, we recommend complementing the present research with a general one that analyses the application of ESG to conflict-affected areas, including its potential peace-negative impacts. It would address the confirmation bias of our research since the scope of our research did not allow us to test our hypothesis of the peace-positiveness in ESG investment frameworks also on its potential peace-negativeness.

Secondly, while the theoretical and empirical analyses emphasised more peace-positive indicators in the Social and Governance pillars of ESG frameworks, there is still more room to explore indicators in the Environmental pillar for environmental peacebuilding. However, this requires research into the underexplored field of environmental peacebuilding and the potential role of businesses in this domain. Furthering research on indexing indicators measuring progress towards environmental peace, would both sharpen the concept of environmental peace and expand the understanding of how ESG investment frameworks can be used for supporting peace-positive business activities.

Lastly, field-testing peace-supporting investment principles and gathering empirical data would be key for further research. The linkage between the previously identified ESG indicators and their actual peace-positive impact is theoretical and would benefit from an analysis of empirical data. This is especially important in the need for more data regarding the localised application of ESG frameworks to the Global South and conflict-affected areas and to make it usable for micro-, small- and medium enterprises. The data gathering through careful field-testing, experimenting, and scoping would support overcoming these knowledge gaps.

Recommendation 6: Research potential negative effects of ESG on peace or where ESG indicators might contradict peace ones.

Recommendation 7: Continue researching environmental peacebuilding, businesses' role, and how investment indicators may capture this.

Recommendation 8: Conduct field-testing peace-supporting investment principles through applying, scoping, experimenting, and gathering data that will be fed into further research.

7 Conclusion

To conclude, ESG investment frameworks may be used to assess and support the peace-positive impact of grassroots businesses in conflict-affected areas. ESG investment frameworks are valuable as inspiration and a basis for establishing mechanisms of mobilising capital invested into business activities that support peace. However, much more theoretical work and fieldwork must be done to make this endeavour happen successfully.

The heart of the problem lies in the impossibility of a universal application of measurable indicators. The response to our research question, "Based on existing ESG frameworks, what kind of indicators are applicable to assess the peace-positive impact of economically viable businesses at the grassroots level in conflict-affected communities?" represents the main challenge and critique of the approach of using ESG frameworks for peace: The only measurable indicator in the literature and named by the interviewees is *employment*. Although ESG frameworks cover several areas, which may be peace-supporting, such as inclusion and anti-discrimination, justice and human rights, anti-corruption, and health and safety, these indicators and standards are very vague and hardly measurable. Most indicators are found in the S and G dimensions because environmental peace is an emerging topic. The connection between environment and peace is still too weak in the ESG frameworks.

This measurability will always be a challenge. A major stumbling block for peace investment principles is that peace can never be measured as clearly as, for example, income. We tried to bridge that limitation partly by uncovering the ominous concept of peace and conceptualising it in a detailed manner. However, it will never be concrete and measurable enough to use quantitative indicators solely. Peace is exceptionally contextual and never the same. ESG can, hence, never be the sole approach to peace financing.

Nevertheless, the analysis of ESG frameworks informs peace impact investment, although there are significant differences between the concepts of peace and sustainability that limit the validity of reproducing the ESG approach to peace. This is why, we argue that the existing ESG frameworks are not sufficient to invest in peace and thus, the development of the peace financing sector still needs much research and field-testing so that ESG will be able to include the peace dimension fully and develop ESG+P frameworks. These ESG+P frameworks need to be slightly different from traditional ESG frameworks because the peace dimension has to be fully adaptable to the specific conflict context. Further, the ESG indicators and standards that might be peace-supporting only cover the complex phenomenon of peace in a fragmented way. Thus, a new peace dimension must include a more comprehensive set of indicators and standards developed by collaborating mediators, entrepreneurs, and investors. Nevertheless, peace washing will always stay a risk as the indicators merely represent proxies for businesses' peace-supporting activities but may never entirely ensure their positive contribution. Also, because ESG indicators often do not capture the quality of the topics they measure, for example, for stakeholder engagement, there are only two possible answers - yes or no.

Additionally, even though adapting ESG frameworks to peace might already be better to consider these deficiencies, local mediators seem central to providing local information and assessing business activities' peace impact. Hence, PDI could take on an important leading role in supporting this sensitive application of ESG frameworks to grassroots businesses in conflict-affected regions and strengthen a bottom-up peace approach concerning their projects. Thus, this research contributes to PDI's work in the incubation and investment pillar on a conceptual level and sheds light on the opportunities to use ESG frameworks for peace financing. This research further looks into the compatibility of ESG with grassroots businesses and the goal of building peace, a niche topic gaining increasing attention without

much existing research. The originality and, simultaneously, weakness of this research is that it is based on much approximation and grounded assumptions but less on proven causal relationships. Although the literature is expanding on businesses' impact on peace, no clear causal relationships are proven. The recommendations mentioned in the synthesis will support the continuation of PDI's effort of mobilising investments into peace-supporting grassroots businesses and will take the research to the next level.

8 Appendix

Appendix 1: A brief introduction to the selected ESG standards

UNEP Financial Initiative Model Framework: Financial Products for Corporate with Unspecified Use of Funds (2018) was developed to implement the holistic impact analysis and management needed for financial institutions to deliver their financial products and services in alignment with the Principles for Positive Impact Finance. The framework is available at: https://www.unepfi.org/publications/model-framework-for-financial-products-for-corporates-with-unspecified-use-of-funds/

UNDP SDG Impact Standards for Enterprises are designed for all enterprises irrespective of size, geography, or sector, including small and medium enterprises (SMEs). The Standards set a decision-making framework to help enterprises integrate impact management into their strategy, management approach, disclosure, governance, and decision-making practices. Additionally, they support enterprises linking their approach to creating long-term, sustainable value for the enterprise with contributing positively to sustainable development in line with the SDGs. They do this by directing attention and resources to where firms can optimize their contribution by focusing on material positive and negative impacts. Embedding the Standards into management decision-making will strengthen impact performance and facilitate higher quality and more consistent disclosures. The framework is available at: https://sdgimpact.undp.org/enterprise.html

PRI Reporting Framework: For Service Provider is part of PRI Reporting Framework, the largest global reporting project on responsible investment. It was developed by PRI Association in 2016 to provide a standardised, transparent, and accountable tool for signatories' reporting and to increase the visibility and transparency of the service provider market to investors and other stakeholders. The framework is available at: https://www.unpri.org/reporting-and-assessment/service-provider-reporting-guidance/5374.article

Global Reporting Initiative (GRI) Standards for Sustainability Reporting (2016) are the most widely used standards for reporting global ESG impacts. The GRI Standards are a modular system composed of universal, sector, and topic standards that allow organisations to publicly report the impacts of their activities in a structured way. The framework is available at: https://www.globalreporting.org/standards/

IFC's ESG Performance Indicators (2021) are a sustainability data framework aimed at reducing the ESG data reporting burden and enhancing sustainability reporting in emerging capital markets. The Indicators are based on IFC's Environmental and Social Performance Standards and Corporate Governance Methodology – two globally recognised ESG risk assessment and management standards. The Indicators are organised by institution type (financial institutions and corporates) and ESG issues (environmental, social, and corporate governance). The framework is available at: https://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/Sustainability-At-IFC/Company-Resources/ESG+Performance+Indicators_SA/

The International Integrated Reporting Framework (2021) is developed by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standard

setters, the accounting profession, and NGOs. The framework's purpose is to establish Guiding Principles and Content Elements that govern the overall content of an integrated report and to explain the fundamental concepts that underpin them. It does not prescribe specific key performance indicators, measurement methods, or the disclosure of individual matters but does include a small number of requirements to be applied before an integrated report can be said to be in accordance with the framework. The framework is available at: https://www.integratedreporting.org/resource/international-ir-framework/

International Financial Reporting Standards (IFRS) General Sustainability-Related Disclosure Standards was launched by the International Sustainability Standards Board (ISSB) in March 2022 for consultation in response to requests from G20 leaders, the International Organization of Securities Commissions (IOSCO) and other international organisations. The Standards provide comprehensive guidance for entities to disclose sustainability-related financial information about its significant risks and opportunities. The framework is available at: https://www.ifrs.org/projects/work-plan/general-sustainability-related-disclosures/

The Sustainability Accounting Standards Board (SASB) Investment Bank & Brokerage Sustainability Accounting Standards takes an industry-based disclosure approach to identify the subset of ESG issues most relevant to financial performance and enterprise value for the investment bank industry. In August 2022, the IFRS Foundation assumed responsibility for SASB Standards when it merged with the Value Reporting Foundation, which previously maintained these Standards. The framework is available at: https://www.sasb.org/standards/download/?lang=en-us

B Impact Assessment allows companies to assess their ESG performance by answering questions online, comparing results with peer businesses and identifying key areas to improve. The framework is available at: https://www.bcorporation.net/en-us/programs-and-tools/b-impact-assessment

Future-Fit Assessment provides free and publicly available benchmarks and guides for companies to set and achieve appropriate ESG goals. The framework is available at: https://futurefitbusiness.org

Appendix 2: Types of peace

Inner and Outer Peace

Individual action is a key building block of peace since it can influence oneself, one's community, and society. At the philosophical heart of this action is the peaceful state of mind from which peace can flow[135] and which has the potential to radiate outwards to one's community and collectively has the potential to change society on a national and global scale.[136]

The idea of Inner Peace and its broader importance in achieving peace in a group of people and eventually between different groups can also be found in peace psychology. Deutsch and Coleman summarised the psychological requirements of a sustainable, peaceful society by a strong sense of positive interdependence and of global and local patriotism and loyalty, and the sharing of such

[135] Spinoza, 1670.
[136] Following the lessons brought forward by the Dalai Lama. Abdulkarim, 2018.

fundamental common values as recognition that all human beings, despite differences or disagreements have the right to be treated with respect.[137]

Negative and Positive Peace

Another dimension and an influential attempt to categorise peace is differentiating between Negative and Positive Peace, going back to the Norwegian peace researcher Johan Galtung.[138] In this concept, Negative Peace describes the absence of personal violence, for example, the threat of bodily harm or the experience of the atrocities of war (killing, shelling and destruction). Positive Peace describes the absence of structural violence, for example, ethnic or gender-based discrimination, oppression of political thought and voicing dissent, and poverty. As one can see from these examples, Positive Peace is multifaceted in its expression, and the structural violence specific populations might endure is less overt than expressions of personal violence (subtle discrimination versus artillery shelling). To situate our research endeavour in this discussion around Galtung's peace concept, we draw from both dimensions and refine the Positive Peace concept by explicitly defining individual freedom (including freedom of want, choice, and speech) and equal, fair, and inclusive institutions as the structural peace we are studying.

Quality Peace to unite the dichotomous Negative and Positive Peace

Although ideally, we would have both Negative and Positive Peace, in practice, there is a particular dichotomy between the two and especially Positive Peace is complicated and complex to achieve. Wallensteen uses Quality Peace as a conceptual attempt to overcome the dichotomous distinction between Positive and Negative Peace.[139] Quality Peace, in his view, pertains not only to the absence of war but also to "maintaining conditions that do not produce war", which should meet standards of dignity, security, and predictability, factors that reduce the likelihood of war recurrence".[140] He inquired into victory consolidation, which is often seen as the natural ending of the war and neglected in peace research.

Liberal Peace, the local turn, and other critiques

The concept of Negative and Positive Peace is still central to all kinds of definitions of peace today. However, how different actors perceive and define peace has changed considerably. Since the end of the Cold War, the global peace landscape has been dominated by the Liberal Peace paradigm that 'Western' states, international organisations and financial institutions have pursued in international peacebuilding operations.[141] Liberal peacebuilding means the "promotion of democracy, market-based economic reforms and a range of other institutions associated with "modern" states as a driving force for building "peace".” [142] Thus, liberal peacebuilding aims to affect the security, development, humanitarian situation, governance and the rule of law in a specific country.

[137] Deutsch & Coleman, 2016.
[138] Galtung, 1969.
[139] Wallensteen, 2015.
[140] Ibid., p.3.
[141] Ginty, 2010.
[142] Newman et al., 2009, p. 3.

Graduations of the Liberal Peace

The way these different aspects of peace are being implemented and what leverage points and approaches are being used will be illustrated below, giving an overview of (liberal) peacebuilding activities. However, the broad and vague label of Liberal Peace risks overshadowing various graduations of peace. Richmond elaborates that while the conservative graduation focuses on basic security and state-level order, the orthodox graduation attempts to go further, and the emancipatory graduation aims at social transformation.[143] Especially the conservative graduation of the Liberal Peace is associated with top-down and heavily externalised approaches to peacebuilding. Hence, they have "graduated approaches to consent and conditionality, but they all share an assumption of universality"[144] which, together with the objectification of peace in theoretical and policy usage, disguise the subjectivity of Liberal Peace.[145] This assumed universality of a Western perspective on peace legitimates the intervention of international and external actors to different extents. This results in a "superiority of the epistemic peacebuilding community over its recipients".[146] This assumed universality of liberal peacebuilding has received much criticism in recent decades.

The domination of the 'Western' model of peace

It has been acknowledged that liberal peacebuilding can harm "fragile" societies. Generally, peacebuilding is not normatively neutral. Liberal values such as liberal democracy, liberal human rights, market values, integration into globalisation, and a secular state may not be universally applicable.[147] Nevertheless, as Paris points out, an alternative strategy that works better has yet to be found.[148] It must be recognised, though, that the dominating debate on peace and its terms both in practice and academia is "Westernized". This is illustrated by the dominant liberal peacebuilding practices in international organisations but also influences the assessment of the coherence of various peace conceptualisations. As we see below, non-Western states challenge the predominant normative perception of peace. Moreover, strong criticism of the top-down, interventionist dimension of Liberal Peace and its failure in recent years has fueled the general local turn of international organisations' activities further in peace.[149]

The local turn of peacebuilding

After the first universal turn of peacebuilding in the 1990s, the trend for more focus on the local level accumulated in the local turn in the 2000s.[150] This is generally centred around the revendication that peace should be contextualised and achieved through a community-based bottom-up approach. Leonardsson and Rudd differentiate that local peacebuilding entails an effective approach focusing on the sub-national arena as an actor for effective peace and an emancipatory approach emphasising everyday events and local agencies in varieties of peace.[151] The local turn serves as a tool to rethink the assumed certainties and binaries of dominant Western thinking and shifts the sheer heterogeneity

[143] Richmond, 2011, p. 5.
[144] Richmond, 2006, p. 304.
[145] Ibid., p. 295.
[146] Ibid., p. 304.
[147] Newman et al., 2009, p.11.
[148] Paris, 2010.
[149] Leonardsson & Rudd, 2015.
[150] Jütersonke et al., 2021, p. 945.
[151] Leonardsson & Rudd, 2021.

of the sources of localised perspectives to the centre.[152] However, current activities still adhere to the Liberal Peace supposedly operationalised through a participatory approach.[153]

Hybrid Peace in reality

Ginty proposes a conceptualisation of the interplay between the internationally supported peace interventions and the local approaches to peace, namely Hybrid Peace. While he acknowledges the critique against international Liberal Peace, he argues that, in reality, Liberal Peace has never been as powerful and encompassing as sometimes displayed but, indeed, has always been a composition of different forces.[154]

Variations in the "top"-section: illiberal perspectives on peace

Jütersonke et al. examine another dimension that reveals the complex multiplicity of actors in the field of peace and the nexus of international and local forces.[155] They argue that when considering the international-local relationship of peace actors – the top-bottom relationship – the diversity of perspectives on peace is considered for local actors but much less for the international actors. From the dominance of Liberal Peace from the end of the Cold War onward, it is often assumed that the 'top' dimension of international peacebuilding actors is coherent and more or less homogenous. Although emerging powers might not offer a clear alternative model of peace,[156] their "discourses and practices [...] do diverge significantly from the Anglophone global mainstream".[157] Top-top dynamics between major powers and their respective perspectives on peace deserve more attention because they can influence peacebuilding considerably.[158]

Jütersonke et al. refer to the Illiberal Peace and the controversies of the Liberal Peace that have gained attention since the illiberal turn in the 2010s.[159] Rather than a distinct and coherent alternative model, Illiberal Peace engages diverse contestations of some aspects and the adoption of other aspects of Liberal Peace.

For instance, China's approach to peacebuilding focuses much more on classical state sovereignty and hierarchical governance. Regarding human rights, priority is given to economic, social, and cultural rights, which align with China's emphasis on development.[160] In contrast, Russia adopts a conflict-freezing approach to peacebuilding, prioritising hierarchical governance through stabilisation.[161] The latter entails strengthening sovereign local statehoods, considered the most urgent and appropriate reaction to armed conflict.[162]

Contestations and consensus around Liberal Peace

Hence, reviewing Liberal Peace and its various criticisms illustrates how divided and contested the current field of peace is. Proponents of the local turn have been criticised for romanticising or

[152] Ginty & Richmond, 2013, p. 780.
[153] Leonardsson & Rudd, 2015, p. 827.
[154] Ginty, 2010, pp. 391-392.
[155] Jütersonke et al., 2022.
[156] Richmond & Telledis, 2013, p. 8.
[157] Jütersonke et al., 2022, p. 945.
[158] Jütersonke et al., 2022.
[159] Ibid.
[160] Jütersonke et al., 2021, pp. 951-953.
[161] Ibid., pp. 954–955.
[162] Bratersky, 2018.

essentialising the local[163] and being blind to power dynamics.[164] Furthermore, as with peace in general, Liberal Peace has no consistent meaning and has been used extensively for various purposes.[165] While the above-analysed criticisms of Liberal Peace all emphasise valid points, focusing on such categorisations might somewhat impede than foster constructive, empirically informed, and nuanced criticisms that form the basis for recommendations for improvements. Beyond the categorised criticisms, the ARP team will most importantly pursue the more significant takeaways of the need for contextualisation and consciousness of power inequalities when considering the efforts of creating and ensuring peace.

Although the academic debate produces strong and important criticisms, the operationalisation and implementation of peace in practice must not be forgotten. Campbell et al. suggest that behind the intellectually heated debate regarding criticising and defending Liberal Peace hides a large political consensus.[166]

Peace-development nexus

In practice, achieving peace is often assumed to go hand-in-hand with development activities. The meaning of development is highly debated and perceived as an umbrella term for various concepts, for example, poverty reduction.[167] According to the UN Agenda for Development, the development concept is multidimensional, and the economic, social, and environmental spheres are interdependent and mutually reinforcing.[168] This interdependence is especially central when considering contributions such as the one of Amartya Sen, who argues that the importance of development itself lies in the ultimate goal of development processes, which is the expansion of substantive freedoms that depend on social, economic and political variables.[169]

As Barnett explains, particularly in the 1980s, scholars tried to link the concepts of peace and development.[170] Peace and development are perceived to have different kinds of relationships. For instance, Mac Ginty and Sanghera use peace-supporting and development measures relatively interchangeably.[171] Hence, in this case, development is understood as a process with the ultimate goal of peace. However, this relationship becomes less clear when considering Barnett's definition of peace as social order and development as social progress.[172] The question arises if social order can only be achieved through social progress and thus is dependent on progress in society.

For the UN, the relationship between peace and development is positive. As the UN Agenda for Development states, development is needed for achieving and maintaining peace,[173] and vice versa, peace is essential for effective development.[174] The second link makes sense because development is almost impossible in times of war.[175] However, it might be asked if development is central to achieving peace and its connected underlying assumptions, e.g., the indirect reference to developing countries as being underdeveloped and not peaceful and the idea of a vicious versus virtuous cycle. Nevertheless,

[163] Campbell et al., 2021, p. 248; Richmond, 2009.
[164] Kappler & Lemay-Hébert, 2019; Stepputat, 2018, p. 407.
[165] Campbell et al., 2021, p. 249.
[166] Ibid., p. 4.
[167] Paffenholz, Abu-Nimer & McCandless, 2005, p. 3.
[168] UN, 1997, Para. 1.
[169] Sen, 1999.
[170] Barnett, 2008, p. 75.
[171] Mac Ginty & Sanghera, 2012.
[172] Barnett, 2008, p. 75.
[173] UN, 1997, Para. 1 & 3.
[174] Ibid., Para. 4.
[175] e.g., World Bank, 2013.

the World Bank shows that the country's level of development and the likelihood of civil war have a strong correlation.[176]

Generally, however, peacebuilding and development policies are often taken together as they are perceived as interdependent.[177] There are two approaches to the peace-development relationship: An analytical-descriptive one and a normative one. According to Hettne, it is most beneficial to combine these lenses and (dis)armament being a central part of the peace-development relationship.[178]

Still, one of the main issues is how development programs can contribute to or strengthen peace structures and dynamics and how to evaluate that impact.[179] Similarly to our research project's goal to identify how to evaluate the impact of specific business activities on the overall peacebuilding process, it is equally challenging to determine this impact on development projects promoted by governments or international organisations.

Peace in the perspective of international organisations

Most international organisations' definitions refer to Liberal Peace, and as Sabaratnam argues, this is the dominant framework in the post-Cold War period.[180] UNESCO, for instance, argues that the only lasting peace is a just peace based on respect for human rights, is incompatible with extreme malnutrition and poverty and includes peoples' rights to self-determination.[181] The UN Peacebuilding Support Office (PBSO), the ILO and the International Monetary Fund (IMF), emphasise that "employment and decent work can contribute to sustaining peace".[182] They also explain that economic stability, including promoting monetary cooperation and facilitating an expansion of trade and employment that benefit all people, is of great importance. This argument refers to the idea that stability is the basis for peace and security.[183] The ILO, together with the PBSO, even specify three conflict drivers: The lack of economic opportunities, the lack of contact and social cohesion, and the existence of grievances and a sense of injustice.[184] These drivers, however, still include other dimensions than the previously mentioned economic ones, namely social and psychological ones.

Indeed, it is noteworthy that even the UN takes up the philosophical dimension of Inner Peace, matching the Dalai Lama's understanding of peace as a "state of mind".[185] The UN and its former Secretary-General Ban Ki-moon define peace not only in terms of Negative Peace, as the absence of war, but as "a way of being, of interacting with others, of living on this planet".[186] Further, they describe it as a "common vision of a life of dignity and well-being for all". Additionally, the UN and its representatives see peace as access to education, health, and essential services for girls and women, developing sustainably and protecting the planet's biodiversity. The UN states that peace cannot be reached through solely signing treaties; instead, "it must be nurtured through the dignity, rights and capacities of every man and woman",[187] which describes a continuous process and necessary efforts by every individual.

[176] World Bank, 2013.
[177] Barnett, 2008; Smith, 2004; Paffenholz, Abu-Nimer & McCandless, 2005.
[178] Hettne, 1983.
[179] Hettne, 1983; Paffenholz, Abu-Nimer & McCandless, 2005.
[180] Sabaratnam, 2011.
[181] UNESCO, 1983, pp. 259 & 261.
[182] PBSO, February 17, 2021.
[183] IMF, October 23, 2009.
[184] PBSO, February 17, 2021.
[185] Abdulkarim, 2018.
[186] UN, September 9, 2014.
[187] Ibid.

Moreover, the UN envisions building a "culture of peace" globally.[188] According to the UN, this "culture of peace" includes understanding common humanity, which should be created through education.[189] Further integral parts of this peace are equality, (social) justice, and non-violence, as former General Assembly President Nassir Abdulaziz Al-Nasser, states.[190] However, this "culture of peace" is little defined and seems based on Liberal Peace, which is not uncontroversial.

The way regional organisations consider peace

Moving down from the global to the regional level, there are some nuances of what aspects or proxies of peace are being put forward and prioritised. The League of Arab States understands peace as mentioned above, which includes expanding economic opportunity and advancing respect for human rights, security, stability, and political inclusion.[191] Interestingly, the League has a similar but differing thought as the UN, conceptualising peace as "acting in a spirit of solidarity and unity".[192]

The African Development Bank Group and the African Union refer to stability and security as the basis for peace.[193] To build peace for the former, it is crucial to "build resilient institutions, stabilise economies, improve the lives of vulnerable populations, and lay the foundations for sustainable, inclusive growth".[194] Similarly, the African Union explains that peace, security, and stability go hand-in-hand.[195] But it also explains in more detail that strengthening governance, accountability, and transparency is essential and strengthening mechanisms for securing peace and reconciliation at all levels and anticipating threats to Africa's peace and security.

Lastly, the South Asian Association for Regional Cooperation (SAARC) focuses on the development and sees peace, security, and stability as prerequisites of the final development goal.[196] For the Association, peace can be built through international cooperation. Generally, for SAARC, prosperity is also closely related to peace.[197]

Reviewing how these selected international organisations act as global policymakers is highly relevant for understanding the practical side and the operationalisation and implementation of particular conceptualisations of peace. Although the specific characteristics of peace emphasised by various international organisations also depend on each one's specific area of work and mandate. Still, most international organisations reviewed here understand stability, security, prosperity, equality, human rights, justice, a shared vision of peace and mutual respect and understanding as prerequisites for peace. However, no organisation explicitly refers to democratic values as a representation or the like, and the terms used are broad, controversial, and complicated to define.

The geographic scope for peace

The conceptualisation of peace in its various dimensions implicitly englobes different geographic scopes for peace. Starting again from the individual level of peace that links Inner Peace with the peace's impact outwards on the community and society through its radiating characteristic, we can proceed to regional, national, and transnational levels and even the digital sphere of peace. Peace is not only not absolute in terms of its intangible, multiple, and divergent conceptualisations but also relative in its scope. Historically, in line with the predominance of inter-state armed conflicts, the territorial connotation of peace as synonymous with the conflict has been linked to the Westphalian nation-state. The inter-

[188] UN, September 14, 2012.
[189] Ibid.
[190] Ibid.
[191] UN, n.d.b.
[192] Ibid.
[193] African Development Bank Group, April 5, 2022; African Union, n.d.
[194] African Development Bank Group, April 5, 2022, p. iv.
[195] African Union, n.d.
[196] SAARC, March 30, 2021.
[197] Ibid.

state dimension of peace remains central to global peace today. Nevertheless, with the rise of non-international armed conflicts, the varieties of the geographical scopes of armed conflict and peace are increasingly recognised.

The localisation of peace and Territorial Peace

As elaborated above, the localisation of peace not only refers to the agency of local actors and bottom-up approaches in defining the characteristics of and means to achieve a particular kind of peace, but it also shifts the focus from an international perspective of peace to the local scale. The "local" nevertheless remains fluid and ill-defined. Always in opposition to the international agency in achieving peace, it refers to both local, national and subnational levels of peace. Cairo et al. highlight that further efforts to deconcentrate the state in building peace are necessary beyond focusing on governments.[198] Territorial Peace focuses on a decentralised vision of peace and truly bottom-up approaches, which makes peace more sustainable. [199] This territorialised approach to peace acknowledges the heterogeneous reality of the varieties of peace. Such an approach to peace is sensitive to local disparities of conflictual needs and interests and is essential when identifying potential activities for local businesses to support peace.

Localised peace still needs a certain level of transnational peace.

Furthermore, although we have stated several times in this report that peace is not absolute due to the lack of a comprehensive definition, it is questionable to what extent there can be Local Peace in the absence of transnational peace. Such a limited peace would always depend on the lacking transnational peace that supposedly entrenches local peace's scope, liberties, and opportunities. We suppose, therefore, that international peace is necessary but not sufficient. It needs to incorporate more dimensions and levels of peace; notably, localising peace is key to increasing its sustainability and legitimacy and moving towards Positive Peace.

Peace in cyberspace

Another dimension, although less tangible geographically, is cyberspace when considering different levels of peace. There are increasing cyber threats with potential implications for international peace and security.[200] Armed conflicts and tensions can swap over to cyberspace, where they play out and influence peace-conflict dynamics inside and outside cyberspace. While a thorough conceptualisation of Cyber Peace would go beyond the scope of this report, it is relevant to retain that cyberspace adds another layer to the multidimensional conceptualisation of peace.

Appendix 3: Table of ESG items & categories corresponding to peace typology

[198] Cairo et al., 2018.
[199] Ibid.
[200] Shackelford et al., 2014.

			Peace Concepts							
			Inner and Outer Peace	Positive Peace	Negative Peace	(Liberal) Top-Down Peace	Bottom-Up, Local Peace	Hybrid Peace	Liberal Peace	Illiberal Peace
ESG Fra	UNEP FI Corporate Impact Analysis Tool	Social	gender equality	gender equality	gender equality					
				Employment condition-Victims of modern slavery per 1000 population						
				Freedom of press			Freedom of press		Freedom of press	
							Unemployment rate			
			racial/ethnic discrimination	racial/ethnic discrimination	racial/ethnic discrimination					
									financial inclusion-Adults with an account at a bank or other financial institution or with a mobile-money-service provider (% of population aged 15 or over)	
		Governance								
	UNDP SDG Impact Standards	Strategy		1.1.3 Respect for Human Rights					1.1.3 Respect for Human Rights	
							1.1.5 Prioritize underrepresented Stakeholders	1.1.5 Prioritize underrepresented Stakeholders	1.1.5 Prioritize underrepresented Stakeholders	
		Management	2.1.1.1 Grievance mechanism	2.1.1.1 Grievance mechanism						
			2.2.1.1 Wellbeing as measure to assess outcome					2.1.3 Support Stakeholder Involvement		
									2.1.5.3 Diversity with sufficient impact management capability	
		Transpancy								
								4.2.3 Governing body prioritizes diversity	4.2.3 Governing body prioritizes diversity	
	Principles for Responsible Investment Framework (PRI)	Social		SP02: Take into account potential conflict drivers (scarce resources, changing demographics,...) considered in company's strategy	SP02: Take into account potential conflict drivers (scarce resources, changing demographics,...) considered in company's strategy			SP02: Potential conflict drivers (scarce resources, changing demographics,...) considered in company's strategy		
		Governance							Indicate how you monitor the progress of engagements(SP 06, pp.14-15)	
			Management of Conflict of Interest and Insider knowlede (SG, p. 24)			Management of Conflict of Interest and Insider knowlede (SG, p. 24)				
				AOS: Enagegement with public policy makers and industry bodies on ESG engagement topics or regulatory/policy issues that could advance ESG engagement in the reporting year			AOS: Enagegement with public policy makers and industry bodies on ESG engagement topics or regulatory/policy issues that could advance ESG engagement in the reporting year			
		General Disclosures		GRI 2, 2-9: Governance composition incl. representation of stakeholders and underrepresented social groups			GRI 2, 2-9: Governance composition incl. representation of stakeholders and underrepresented social groups	GRI 2, 2-9: Governance composition incl. representation of stakeholders and underrepresented social groups	GRI 2, 2-9: Governance composition incl. representation of stakeholders and underrepresented social groups	
								GRI 2, 2-10: Nomination of governance body according to stakeholder interests, diversity, independence, competencies reg. impacts	GRI 2, 2-10: Nomination of governance body according to stakeholder interests, diversity, independence, competencies reg. impacts	
				GRI 2, 2-23: Policy Commitments regarding Human Rights		GRI 2, 2-23: Policy Commitments regarding Human Rights		GRI 2, 2-23: Policy Commitments regarding Human Rights	GRI 2, 2-23: Policy Commitments regarding Human Rights	
			GRI 2, 2-25: Remediation of negative impacts, incl. grievance mechanisms	GRI 2, 2-25: Remediation of negative impacts, incl. grievance mechanisms						
	Global Reporting Initative (GRI)	Oil and Gas Sector								
		Economic Performance				201-4 Financial assistance received from government				
		Market Presence		GRI 202-2: Proportion of senior management hired from the local community			GRI 202-2: Proportion of senior management hired from the local community	GRI 202-2: Proportion of senior management hired from the local community		
		Anti-Corruption	205-1 Operations assessed for risks related to corruption			205-1 Operations assessed for risks related to corruption			205-1 Operations assessed for risks related to corruption	
			205-2 Communication and training about anti-corruption policies and procedures	205-2 Communication and training about anti-corruption policies and procedures		205-2 Communication and training about anti-corruption policies and procedures			205-2 Communication and training about anti-corruption policies and procedures	
		Anti-competitive behaviour		206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices			206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	
		Tax		207-2 Tax governance, control, and risk management		207-2 Tax governance, control, and risk management			207-2 Tax governance, control, and risk management	207-2 Tax governance, control, and risk management
		Training and Education	404-2 Programs for upgrading employee skills and transition assistance programs	404-2 Programs for upgrading employee skills and transition assistance programs		404-2 Programs for upgrading employee skills and transition assistance programs			404-2 Programs for upgrading employee skills and transition assistance programs	
		Diversity and Equal Opportunity		GRI 405: Diversity and Equal Opportunity (diversity in governance bodies, ratio salary)				GRI 405: Diversity and Equal Opportunity (diversity in governance bodies, ratio salary)	GRI 405: Diversity and Equal Opportunity (diversity in governance bodies, ratio salary)	
		Non-discrimination	406 Reporting on incidents of discrimination and the corrective actions taken	406 Reporting on incidents of discrimination and the corrective actions taken					406 Reporting on incidents of discrimination and the corrective actions taken	
		Forced or Compulsory Labour		409 Operations and suppliers at significant risk for incidents of forced or compulsory labor and measures taken to contribute to elimination						
		Public Policy				415-1 Political contributions			415-1 Political contributions	
	IFC's ESG Performance Indicators - Aim: minimze risk to invest in emerging markets	Environmental & Social Risks' Management and Assessment	Performance Standard 1: Assessment & mitigation of project's risk for environment, workers and (local) community (grievance mechanism)	Performance Standard 1: Assessment & mitigation of project's risk for environment, workers and (local) community (grievance mechanism)		Performance Standard 1: Assessment & mitigation of project's risk for environment, workers and (local) community (grievance mechanism)			Performance Standard 1: Assessment& mitigation of project's risk for environment, workers and (local) community (grievance mechanism)	
				Performance Standard 1: Support stakeholder involvement, consultation & participation mechanism			Performance Standard 1: Support stakeholder involvement, consultation & participation mechanism	Performance Standard 1: Support stakeholder involvement, consultation & participation mechanism	Performance Standard 1: Support stakeholder involvement, consultation & participation mechanism	
				Performance Standard 1: Prioritize underrepresented Stakeholders			Performance Standard 1: Prioritize underrepresented Stakeholders	Performance Standard 1: Prioritize underrepresented Stakeholders	Performance Standard 1: Prioritize underrepresented Stakeholders	
		Labor & Working Conditions	Performance Standard 2: Workers' protection and non-discrimination	Performance Standard 2: Workers' protection and non-discrimination		Performance Standard 2: Workers' protection and non-discrimination		Performance Standard 2: Workers' protection and non-discrimination	Performance Standard 2: Workers' protection and non-discrimination	
		Community Health, Safety, and Security	Performance Standard 4: Avoiding risks on health & safety (workers & affected communities)	Performance Standard 4: Avoiding risks on health & safety (workers & affected communities)		Performance Standard 4: Avoiding risks on health & safety (workers & affected communities)		Performance Standard 4: Avoiding risks on health & safety (workers & affected communities)	Performance Standard 4: Avoiding risks on health & safety (workers & affected communities)	
		Land Acquisition and Involuntary Resettlement		Performance standard 5: Avoid/minimize displacement, social & economic consequences of land aquisition		Performance standard 5: Avoid/minimize displacement, social & economic consequences of land aquisition			Performance standard 5: Avoid/minimize displacement, social & economic consequences of land aquisition	
		Indigenous Peoples		Performance standard 7: Respect human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples				Performance standard 7: Respect human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples	Performance standard 7: Respect human rights, dignity, aspirations, culture, and natural resource-based livelihoods of Indigenous Peoples	
		Cultural Heritage	Performance standard 8: Protection of cultural heritage	Performance standard 8: Protection of cultural heritage					Performance standard 8: Protection of cultural heritage	
	Integrated Reporting Framework	Governance							4.9 The organization's leadership structure, including the skills and diversity	
		Social					4.32 Performance-The state of key stakeholder relationships and how the organization has responded to key stakeholders' legitimate needs and interests			
								4.21 consider the capitals more broadly than those that are owned or controlled by the organization. For example, it may require disclosure of the effects on capitals up and down the value chain		
	IFRS sustainaility reporting	Environment					21.b) transition risk: the amount of activities vulnerable to transition risks; risks—the amount and percentage of assets or business			

Frameworks	SASB investment bank & brokerage Sustainability Accounting Standard						employee diversity & inclusion: FN-IB-330a.1. Percentage of gender and racial/ethnic group representation for (1) executive management, (2) non-executive management, (3) professionals, and (4) all other employees			
	B Impact Lab						Do you have a mission statement			
		Governance	What practices does your company have in place to promote ethical decision-making and prevent corruption?	What practices does your company have in place to promote ethical decision-making and prevent corruption?			What practices does your company have in place to promote ethical decision-making and prevent corruption?			
						What information does the company make publicly available and transparent?			What information does the company make publicly available and transparent?	
			How does your company instruct employees regarding your Code of Ethics on behavioral expectations, bribery, and corruption?	How does your company instruct employees regarding your Code of Ethics on behavioral expectations, bribery, and corruption?		How does your company instruct employees regarding your Code of Ethics on behavioral expectations, bribery, and corruption?				
			Company empowers Workers	Company empowers Workers		Company empowers Workers			Company empowers Workers	
				Legal ensurment that ESG performance is a part of its decision-making over time, regardless of company ownership		Legal ensurment that ESG performance is a part of its decision-making over time, regardless of company ownership?			Legal ensurment that ESG performance is a part of its decision-making over time, regardless of company ownership?	
				Litigation or arbitration against company either ongoing, settled, or found against the company		Litigation or arbitration against company either ongoing, settled, or found against the company			Litigation or arbitration against company either ongoing, settled, or found against the company	Litigation or arbitration against company either ongoing, settled, or found against the company
				Companies is involved in civic engagement			Companies is involved in civic engagement	Companies is involved in civic engagement	Companies is involved in civic engagement	
		Social			Construction or operation of company involved large scale land acquisition, convergence, or degradation (including the construction or refurbishment of dams), or resulted in the resettlement or economic displacement of 5,000 or more people	Construction or operation of company involved large scale land acquisition, convergence, or degradation (including the construction or refurbishment of dams), or resulted in the resettlement or economic displacement of 5,000 or more people				
							What are your company's practices regarding donations or community investments?		What are your company's practices regarding donations or community investments?	
							Percentage of expense of local suppliers to overall suppliers		Percentage of expense of local suppliers to overall suppliers	
				local purchasing or hiring policies are in place			local purchasing or hiring policies are in place			
			How many of your company managers identify as from another underrepresented social group?	Company managers represent underrepresented social group			How many of your company managers identify as from another underrepresented social group?	How many of your company managers identify as from another underrepresented social group?	How many of your company managers identify as from another underrepresented social group?	
					Company has had an operational or on-the-job fatality		Company has had an operational or on-the-job fatality			
				Do you source from small-scale farmers, or is your company a cooperative?			Do you source from small-scale farmers, or is your company a cooperative?			
				Child Labour			Child Labour		Child Labour	
			Does your company provide any training opportunities to workers for professional development?	Does your company provide any training opportunities to workers for professional development?			Does your company provide any training opportunities to workers for professional development?		Does your company provide any training opportunities to workers for professional development?	
				indicate if your company is involved in the production, operation, trade, or sale of any the following: Industries reliant upon materials at high risk of human rights infringements (e.g. conflict minerals)/ illegal goods	indicate if your company is involved in the production, operation, trade, or sale of any the following: Industries reliant upon materials at high risk of human rights infringements (e.g. conflict minerals)/ illegal goods					
			company benefits its employees	company benefits its employees			Is your company structured to benefit its employees		Is your company structured to benefit its employees	
			Company Stance on Free Association of Workers	Company Stance on Free Association of Workers		Company Stance on Free Association of Workers			Company Stance on Free Association of Workers	
		Environment		How does your company monitor and manage your (hazardous) waste production?						
							What water quality practices does your farm follow for land-under-cultivation to ensure that local water sources and quality are not impacted?			
							Please indicate if your company engages in any of the following practices: Company facilities are located adjacent to or in sensitive ecosystems			
	Future Fit Assesment	Environment		BE02: Water use is environmentally responsible and socially equitable			BE02: Water use is environmentally responsible and socially equitable			
							PP12: Others cause less ecosystem degradation PP13: Ecosystems are restored			
			BE03: Natural resources are managed to respect the welfare of ecosystems, people and animals	BE03: Natural resources are managed to respect the welfare of ecosystems, people and animals			BE03: Natural resources are managed to respect the welfare of ecosystems, people and animals			
			PP14: Others cause less damage to areas of high social or cultural value PP15: such places are restored	PP14: Others cause less damage to areas of high social or cultural value PP15: such places are restored		PP14: Others cause less damage to areas of high social or cultural value PP15: such places are restored				
					BE05: Operational emissions do not harm people or the environment					
		Social			BE17: Products do not harm people or the environment					
				PP05: Others depend less on inadequately-managed natural resources			PP05: Others depend less on inadequately-managed natural resources			
				BE08: Operations do not encroach on ecosystems or communities			BE08: Operations do not encroach on ecosystems or communities			
				BE09: Community health is safeguarded	BE09: Community health is safeguarded		BE09: Community health is safeguarded			
			PP16: More people are healthy and safe from harm	PP16: More people are healthy and safe from harm	PP16: More people are healthy and safe from harm		PP16: More people are healthy and safe from harm		PP16: More people are healthy and safe from harm	
			BE12: Employees are subject to fair employment terms	BE12: Employees are subject to fair employment terms			BE12: Employees are subject to fair employment terms			
			PP17: People's capabilities are strengthened	PP17: People's capabilities are strengthened			PP17: People's capabilities are strengthened		PP17: People's capabilities are strengthened	
			PP18: More people have access to economic opportunity	PP18: More people have access to economic opportunity		PP18: More people have access to economic opportunity			PP18: More people have access to economic opportunity	
			PP20: Social cohesion is strengthened	PP20: Social cohesion is strengthened			PP20: Social cohesion is strengthened		PP20: Social cohesion is strengthened	
				PP21: Infrastructure is strengthened in pursuit of future-fitness		PP21: Infrastructure is strengthened in pursuit of future-fitness			PP21: Infrastructure is strengthened in pursuit of future-fitness	PP21: Infrastructure is strengthened in pursuit of future-fitness
			PP24: Social norms increasingly support the pursuit of future-fitness	PP24: Social norms increasingly support the pursuit of future-fitness		PP24: Social norms increasingly support the pursuit of future-fitness			PP24: Social norms increasingly support the pursuit of future-fitness	
			BE13: Employees are not subject to discrimination	BE13: Employees are not subject to discrimination		BE13: Employees are not subject to discrimination			BE13: Employees are not subject to discrimination	
		Governance	BE20: Business is conducted ethically	BE20: Business is conducted ethically						
						BE21: The right tax is paid in the right place at the right time			BE21: The right tax is paid in the right place at the right time	
				BE22: Lobbying and advocacy safeguard the pursuit of future-fitness		BE22: Lobbying and advocacy safeguard the pursuit of future-fitness			BE22: Lobbying and advocacy safeguard the pursuit of future-fitness	
				PP22: Governance is strengthened in pursuit of future-fitness		PP22: Governance is strengthened in pursuit of future-fitness			PP22: Governance is strengthened in pursuit of future-fitness	PP22: Governance is strengthened in pursuit of future-fitness
				PP23: Market mechanisms are strengthened in pursuit of future-fitness		PP23: Market mechanisms are strengthened in pursuit of future-fitness			PP23: Market mechanisms are strengthened in pursuit of future-fitness	PP23: Market mechanisms are strengthened in pursuit of future-fitness

			Peace Concepts							
			Inner and Outer Peace	Positive Peace	Negative Peace	(Liberal) Top-Down Peace	Bottom-Up, Local Peace	Hybrid Peace	Liberal Peace	Illiberal Peace
ESG Frameworks	UNEP FI Corporate Impact Analysis Tool	Social	Inclusion & Anti Discrimination	Inclusion & Anti Discrimination	Inclusion & Anti Discrimination					
				Justice						
				Freedom of press			Freedom of press		Freedom of press	
							Economic Empowerment			
			Inclusion & Anti Discrimination	Inclusion & Anti Discrimination	Inclusion & Anti Discrimination					
									Inclusion	
	UNDP SDG Impact Standards	Strategy		Human Rights					Human Rights	
							Inclusion	Inclusion	Inclusion	
		Management	Justice	Justice						
			Wellbeing					Inclusion		
									Inclusion	
		Transpancy						Inclusion	Inclusion	
	Principles for Responsible Investment Framework (PRI)	Social		Conflict Drivers	Conflict Drivers			Conflict Drivers		
		Governance							Inclusion	
			Corruption & Conflict of Interests			Corruption & Conflict of Interests				
				Inclusion			Inclusion			
	IFC's ESG Performance Indicators - Aim: minimze risk to invest in emerging markets	General Disclosures		Inclusion			Inclusion	Inclusion	Inclusion	
								Inclusion	Inclusion	
				Human Rights		Human Rights		Human Rights	Human Rights	
			Justice	Justice						
		Oil and Gas Sector								
		Economic Performance				Corruption & Conflict of Interests				
		Market Presence		Inclusion			Inclusion	Inclusion		
		Anti-Corruption	Corruption & Conflict of Interests			Corruption & Conflict of Interests			Corruption & Conflict of Interests	
			Corruption & Conflict of Interests	Corruption & Conflict of Interests		Corruption & Conflict of Interests			Corruption & Conflict of Interests	
		Anti-competitive behaviour		Justice		Justice			Justice	
		Tax		Tax		Tax			Tax	Tax
		Training and Education	Economic Empowerment	Economic Empowerment		Economic Empowerment			Economic Empowerment	
		Diversity and Equal Opportunity		Inclusion & Anti Discrimination				Inclusion & Anti Discrimination	Inclusion & Anti Discrimination	
		Non-discrimination	Inclusion & Anti Discrimination	Inclusion & Anti Discrimination					Inclusion & Anti Discrimination	
		Forced or Compulsory Labour		Human Rights						
		Public Policy				Corruption & Conflict of Interests			Corruption & Conflict of Interests	
		Environmental & Social Risks' Management and Assessment	Conflict Drivers	Conflict Drivers		Conflict Drivers			Conflict Drivers	
				Inclusion			Inclusion	Inclusion	Inclusion	
				Inclusion			Inclusion	Inclusion	Inclusion	
		Labor & Working Conditions	Inclusion & Anti Discrimination	Inclusion & Anti Discrimination		Inclusion & Anti Discrimination		Inclusion & Anti Discrimination	Inclusion & Anti Discrimination	
		Community Health, Safety, and Security	Health & Safety	Health & Safety		Health & Safety		Health & Safety	Health & Safety	
		Land Acquisition and Involuntary Resettlement		Conflict Drivers		Conflict Drivers			Conflict Drivers	
		Indigenous Peoples		Human Rights				Human Rights	Human Rights	
		Cultural Heritage	Inclusion	Inclusion					Inclusion	
	Integrated Reporting Framework	Governance							Inclusion & Anti Discrimination	
		Social					Inclusion			
								Conflict Drivers		
	IFRS sustainaility reporting	Environment					Good Governance			
	SASB investment bank & brokerage Sustainability Accounting Standard	Governance					Inclusion			
	B Impact Lab	Governance					Good Governance			
			Good Governance	Good Governance			Good Governance			
						Transparency			Transparency	
			Corruption	Corruption		Corruption				
			Economic Empowerment	Economic Empowerment		Economic Empowerment			Economic Empowerment	
				Good Governance		Good Governance			Good Governance	
				Good Governance		Good Governance			Good Governance	Good Governance
				Inclusion & Good Governance			Inclusion & Good Governance	Inclusion & Good Governance	Inclusion & Good Governance	
		Social			Justice	Justice				
							Corruption & Conflict of Interest		Corruption & Conflict of Interest	
							Economic Empowerment		Economic Empowerment	
				Economic Empowerment			Economic Empowerment			
			Inclusion	Inclusion			Inclusion	Inclusion	Inclusion	
					Health & Safety		Health & Safety			
				Economic Empowerment			Economic Empowerment			
				Child Labour			Child Labour		Child Labour	
			Economic Empowerment	Economic Empowerment			Economic Empowerment		Economic Empowerment	
				Conflict Drivers	Conflict Drivers					
			Economic Empowerment	Economic Empowerment			Economic Empowerment		Economic Empowerment	
			Freedom of Association	Freedom of Association		Freedom of Association			Freedom of Association	
		Environment		Environment						
							Environment			
							Environment			
	Future Fit Assesment	Environment		Environment			Environment			
							Environment			
			Good Governance, Health & Safety & Enviornent	Good Governance, Health & Safety & Enviornent			Good Governance, Health & Safety & Enviornent			
			Environment & Anti Discrimination	Environment & Anti Discrimination		Environment & Anti Discrimination				
					Health & Safety & Environment					
		Social			Health & Safety & Environment					
				Economic Empowerment			Economic Empowerment			
				Environment			Environment			
				Health & Safety	Health & Safety		Health & Safety			
			Health & Safety	Health & Safety	Health & Safety		Health & Safety		Health & Safety	
			Economic Empowerment	Economic Empowerment			Economic Empowerment			
			Economic Empowerment & Conflict Drivers	Economic Empowerment & Conflict Drivers			Economic Empowerment & Conflict Drivers		Economic Empowerment & Conflict Drivers	
			Economic Empowerment	Economic Empowerment		Economic Empowerment			Economic Empowerment	
			Conflict Drivers	Conflict Drivers			Conflict Drivers		Conflict Drivers	
				Economic Empowerment		Economic Empowerment			Economic Empowerment	Economic Empowerment
			Good Governance & Conflict Drivers	Good Governance & Conflict Drivers		Good Governance & Conflict Drivers			Good Governance & Conflict Drivers	
			Anti-Discrimination	Anti-Discrimination		Anti-Discrimination			Anti-Discrimination	
		Governance	Corruption & Conflict of Interests	Corruption & Conflict of Interests						
						Tax			Tax	
				Corruption & Conflict of Interests		Corruption & Conflict of Interests			Corruption & Conflict of Interests	
				Good Governance		Good Governance			Good Governance	Good Governance
				Good Governance & Economic Empowerment		Good Governance & Economic Empowerment			Good Governance & Economic Empowerment	Good Governance & Economic Empowerment

Appendix 4: Interview questionnaires

Investors questionnaire

1. Can you briefly introduce yourself with your working experience regarding ESG investment and, more specifically, concerning conflict-affected areas or peacebuilding activities?

    a. If you have experience with investment in conflict-affected areas: What challenges have you met while making ESG principled investments in conflict-affected areas?

    b. Was peacebuilding part of your consideration in this process? What kind of data/information on the (peace-positive) impact do you need to make an investment decision?

2. In your opinion, what should peace elements look like in ESG tools?

3. How exactly can ESG indicators support businesses to make a peace-positive impact? Can you give concrete examples? Which elements in ESG do you think are most relevant for investing in conflict-affected areas?

4. Where would you see the biggest challenges to assessing the peace-positive impact of businesses? How could ratings pose a challenge to reflect the impact properly, and how can we overcome this?

5. In the ESG ecosystem, which stakeholders do you think are most critical to engage with to mainstream peace-positive investment? Can you elaborate on your opinion if you think a systematic change is needed?

6. Do you think adding a peace dimension to the existing ESG frameworks & standards would fit the contemporary stakeholder interests? ESG +P or P in ESG?

Mediators questionnaire

1. Can you briefly introduce yourself with what working experience you have regarding peacebuilding, businesses in peacebuilding and investment in fragile contexts?

2. In your experience, how can businesses contribute to building peace, and with which activities?

3. We identified different criteria of peace which differ in how they are conceptualised. Which dimensions of peace do you think can best be supported by businesses?

4. One of the biggest challenges in combining peacebuilding and ESG investment frameworks is setting clear indicators for peacebuilding activities. The measurement has also been a long time challenging for the peacebuilding community. How can we codify peace into business activities and make it more tangible?

5. From a mediator's perspective, what is the most important thing for us to keep in mind if we want to make the project's outcome feasible?

PDI staff questionnaire

1. Can you briefly introduce your working experience and projects championed on the interlinkage of business and peace in conflict-affected areas?

2. One of the biggest challenges in combining peacebuilding and ESG investment frameworks is to set clear and measurable indicators for peacebuilding activities. What is your experience in overcoming this challenge and preventing "peace-washing"?

3. Where would you see the biggest challenges to assessing the peace-positive impact of businesses?

4. PDI has been working with peace-positive SMEs in conflict areas for the past two years. What are the current challenges? What is needed to overcome these challenges?

5. What do you think will make our research project's outputs more feasible?

Appendix 5: ESG in the Global South context: mining sector in Colombia and DRC

As mentioned above, ESG caters primarily to the profile of medium-sized and multinational enterprises intending to attract investors looking to enjoy risk reduction through ESG-oriented management. Thus, there is a gap to be bridged to use such frameworks in conflict-affected environments in the Global South, lacking similar economic development and legal frameworks - even more so if the company is still a start-up, micro or small enterprise, as those are being supported by PDI. A report by the financial analyst Morningstar underlines the existing gap by offering a sustainability index (styled similar to ESG) as an aggregate of the performance on ESG metrics by companies listed in the domestic stock exchange. While stock market indices of the Global North, especially the Euro Zone, rank high on sustainability, the stock markets in the Global South can be found at the bottom of the ranking.[201] Inferring from that, ESG practices have not yet become a staple for the listed companies, and a clear North-South divide exists.

Looking into two cases of different income-level economies, we highlighted the pathways conflict-affected countries are taking towards integrating ESG into their economies. The example of Colombia (GDP per capita USD 6131.2 in 2021)[202] shows that the concept of ESG is welcomed in the Upper Middle-Income Economies. Columbia is transitioning out of an armed conflict but also exhibits a high degree of industrialisation and financial market maturity compared to other states experiencing civil war. In the push to attract foreign capital and open itself to ESG investors, the country has issued a green taxonomy in cooperation with the World Bank in 2022.[203] The green taxonomy is intended to allow lenders and borrowers to identify activities achieving environmental targets and is inspired by the taxonomy issued by the EU in 2020. Further are, Colombian pension funds and insurers now required to invest along ESG requirements. The case of Colombia shows the government stepping in to mirror ESG developments happening in the Global North. The example of Colombia demonstrates that ESG

[201] Morningstar, Inc., 2020.
[202] World Bank, 2022.
[203] Ibid.

best practices are taking root in a market of the Global South, and the potential success of the government's program will give reason to other Middle-Income countries to consider such reforms.

Colombia is the third producer of gold in South America after Peru and Brazil, with a 63-ton production volume in 2021[204], yet approximately 69 percent were mined illegally in 2020[205], while the rest were exploited by a few multinationals, among which the biggest is Canadian-owned Gran Colombia Gold. The illegal and artisanal and small-scale mining (ASM) gold is a critical financial source for conflict parties (ELN and FARC) and organised crimes and is correlated with mercury pollution, deforestation, displacement of indigenous and Afro-Colombian communities, human trafficking and other ESG concerns. Pressure from the luxury jewellery industry and NGOs for due diligence obligated MNEs to report on ESG performances in recent years; for example, Gran Colombia Gold published its first Sustainability Report in 2021. There are various efforts from both the Colombian government and the multinational enterprises to formalise the gold mining sector, the Colombian government launched the Single Registry of Mineral Traders (RUCOM), for instance, and Gran Colombia Gold launched Small Miner Supply Chain Initiative in partnership with United Nations Specialized Agency for Industrial Development (UNIDO), both aiming to absorb illegal, artisanal and small-scale miner into the formal sector. However, the result is mixed since some ASM who failed to meet the minimum standards had no other choice but the black market. [206]

Among the Low-Income Economies, the Democratic Republic of Congo (DRC) (2021 GDP per capita of USD 581.4)[207] is a critical case, with an increasing focus of ESG debate on the cobalt mining industry. As the green transition raises the demand for cobalt, the portion of ASM in the sector also increases, currently taking 10 to 20 percent of total output. Because of the informality and regulation challenges, ASM is associated with higher risks of child labour, poor safety measures, exposure to poisonous materials, and other ESG concerns. Western investors are reluctant to invest in the DRC cobalt industry for fear of the ESG risks. Thus, the DRC government made efforts to formalise ASM, including establishing state monopoly Entreprise Générale du Cobalt and the EGC Responsible Sourcing Standard in 2021. [208] ESG frameworks require mining enterprises to disclose their operations concerning mining-induced displacement and resettlement, which is the conflict driver and grievance inducer in the DRC conflict. From this case, we conclude that the ESG investment in DRC is a top-down requirement from external investors to reform the sector into a more scalable shape, considering geopolitical competition with China, where three-quarters of DRC cobalt is refined.[209] This transition process might have mixed consequences on the conflict dynamics within DRC, as the state monopoly is capable of conducting ESG reporting and providing safety measures more systematically. However, the implication for workers' bargaining power for decent work conditions and a fair wage is more uncertain.

From the two cases above, we can conclude that the impact of ESG standards and investment in the conflict-affected contexts in the Global South is highly nuanced and intertwined with the local context. The Colombia case exemplified that imposing ESG standards without building the capacity of the small-scale miners to live up to these standards leads to higher risks of informality and marginalisation. The DRC case illustrated the requirement for ESG reporting favouring the state monopoly production model, which poses challenges to democratisation and a transparent market economy in the future. Both cases

[204] World Gold Council, 2022.
[205] Cobb, 2021.
[206] Berg & Ziemer, 2021.
[207] World Bank, 2022.
[208] Tradifura, 2022.
[209] Jardim, 2022.

show that ESG was nearly exclusively relevant to significant players in the industry, while small enterprises (in this case, artisanal and small-scale miners) were marginalised.

9 List of acronyms

ARP	-	Applied Research Project
ASM	-	Artisanal and Small-Scale-Mining
CSRD	-	Corporate Sustainability Reporting Directive
DRC	-	Democratic Republic of Congo
ESG	-	Environmental Social Governance
GDP	-	Gross Domestic Product
GRI	-	Global Reporting Initiative
IFR	-	Investment Firms Regulation
ILO	-	International Labour Organization
MNE	-	Multinational Enterprise
PBSO	-	United Nations Peacebuilding Support Office
PDI	-	Peace Dividend Initiative
PP	-	Positive Pursuit
PRI	-	Principles for Responsible Investment
SAARC	-	South Asian Association for Regional Cooperation
SDG	-	Sustainable Development Goals
SMEs	-	Small and Medium Enterprises
UN	-	United Nations
UNDP	-	United Nations Development Programme
UNEP	-	United Nations Environment Programme
UNESCO	-	United Nations Educational, Scientific and Cultural Organization
USD	-	United States Dollar

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