IPYP
Investing and Partnering
with Youth for Peace

# Investing in Youth for Peace: An Investors' Guide to Supporting Youth-Led Peace

Investing and Partnering with Youth for Peace (IPYP)

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## About this publication

This guide was developed by Investing and Partnering with Youth for Peace (IPYP), hosted by the Dag Hammarskjöld Foundation, in collaboration with Finance for Peace, an initiative incubated by Interpeace. The guide draws on the Peace Finance Standards and methodology developed by Interpeace. The methodology, case study framework and the Youth Peace Finance Principles, developed by Finance for Peace with support from IPYP, were designed to support the emerging field of peace positive, youth-inclusive investment.

We extend our heartfelt gratitude to the Robert Bosch Foundation and Finance for Peace for generously funding and supporting the development of this guide. Their contributions underscore their commitment to elevating youth as key actors in peace finance.

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This document also draws on the insights and experiences of numerous youth peacebuilders, investors and stakeholders whose perspectives have enriched its content. We acknowledge their invaluable contributions and hope this guide reflects their aspirations for a more peaceful and inclusive world.

We gratefully acknowledge the organisations that contributed to the case studies.

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# Executive Summary

Youth-led peacebuilding is a transformative opportunity for investors to advance sustainable peace and global stability while achieving measurable social and economic returns. Young people aged 18 to 35, often disproportionately affected by conflict, bring creativity, energy and a profound understanding of the root causes of instability. However, systemic barriers—including exclusion from decision making, limited access to funding, and societal perceptions of youth as inexperienced—undermine their capacity to lead. Addressing these barriers is both an ethical imperative and a strategic investment in global resilience.

Youth Peace Finance (YPF), defined as finance that positively impacts young people and peace outcomes through principles of meaningful youth engagement and empowerment, is key to addressing these barriers. It is guided by a series of principles that underpin its application in practice and aligns with the Peace Taxonomy.

This guide, developed thanks to the collaboration between Investing and Partnering with Youth for Peace (IPYP)[1] and Finance for Peace (F4P),[2] provides a comprehensive roadmap to investors for engaging with youth peacebuilders. It highlights the unique contributions of young people in conflict-affected regions and presents actionable strategies for fostering impactful partnerships.

## Key insights for investors:

1. **The strategic case for youth inclusion**: Youth-led initiatives[3] drive localised, innovative solutions that address the root causes of conflict and foster long-term societal resilience. Supporting these initiatives enables investors to reduce risk, enhance social impact and unlock new market opportunities.

2. **Tailored approaches and innovative financing**: Flexible funding models and risk-sharing mechanisms allow aligning financial incentives with peacebuilding outcomes. These mechanisms, combined with capacity-building support, create a foundation for impactful and sustainable investments.

3. **Co-creation and equity**: Youth are not merely beneficiaries but indispensable partners. Involving them in the design, implementation and evaluation of peacebuilding efforts ensures that investments are contextually relevant and widely supported.

4. **Addressing safety and structural barriers**: Effective engagement includes mitigating risks faced by youth peacebuilders and dismantling systemic barriers that hinder their participation. This requires robust protection measures, inclusive policies and participatory governance.

[1] For additional information on IPYP, see: https://www.daghammarskjold.se/our-work/sustaining-peace/investing-and-partnering-with-youth-for-peace-ipyp/
[2] Additional details available at: https://www.financeforpeace.org/
[3] The term 'projects' is intentionally avoided in this document to emphasise that peacebuilding is a long-term, continuous process rather than a short-term, project-based approach to fostering community resilience.

Key recommendations for investors:

1. **Understand the local context**: Investors could strengthen efforts to more deeply engage with the local context and ensure that they understand the root causes of conflict, making interventions more relevant and impactful. This requires active collaboration with local youth and stakeholders to co-create solutions tailored to specific social, political and economic dynamics.

2. **Build meaningful partnerships**: Effective peacebuilding requires partnerships grounded in inclusivity, equity and co-creation. Investors should involve youth as equal partners throughout all stages of the process—from planning and implementation to monitoring and evaluation.

3. **Adapt the financial offer to youth needs**: Investors are encouraged to explore innovative financing options that align financial incentives with social outcomes, ensuring investments yield measurable impact.

4. **Invest in capacity building**: Long-term success of youth-led initiatives depends on equipping young people with the necessary skills through formal education, training, mentorship and technical assistance to manage complex initiatives and assume leadership roles.

5. **Tailor approaches to specific contexts**: Pre-aligned investment strategies must be adapted to the unique challenges and opportunities of different regions. Context-sensitive approaches allow for local ownership and responsiveness to evolving circumstances, in addition to overall sustainable change.

6. **Address structural barriers by managing impact and mitigating risks**: Structural barriers such as exclusion from formal processes, resource constraints and capacity gaps must be dismantled. Investors could also implement robust impact management and risk mitigation strategies to ensure the safety and well-being of youth, particularly in high-risk environments.

7. **Promote accountability and transparency**: Establishing clear goals and metrics for success, involving youth in participatory monitoring and evaluation processes and maintaining open communication are essential for fostering accountability and trust.

This guide emphasises the need to view youth not merely as beneficiaries but as essential partners in the pursuit of peace and security. By adopting these recommendations, investors can play a pivotal role in creating resilient communities and enabling youth to effectively take on leadership roles in peacebuilding efforts.

## Methodology and outline of the report

### Methodology

This guide is tailored specifically for investors, providing a robust evidence base and actionable insights for engaging with youth-led peacebuilding. The methodology integrates a combination of research techniques and stakeholder engagement to ensure the recommendations are practical, relevant and aligned with investor needs.

A **targeted literature review** formed the foundation of this guide, focusing on publications, research reports and case studies to identify trends, challenges and opportunities in peace financing. This analysis highlighted how youth-led peacebuilding aligns with key investment objectives, including risk mitigation, long-term stability and measurable social returns.

**Stakeholder engagement** played a pivotal role, involving consultations with key actors across the investment, policy and peacebuilding sectors. Investors, youth peacebuilders and development practitioners shared insights on existing gaps and potential synergies between financial systems and youth-led initiatives, providing a comprehensive understanding of the landscape.

To ensure the guide is grounded in practical examples, **case studies** have been included. These youth-led initiatives offer best practices for tailoring and aligning investments to achieve impactful outcomes. The case studies illustrate the application of the Youth Peace Finance (YPF) Principles and Peace Taxonomy, offering inspiration and a roadmap for investors.

**Regional focus group discussions** with youth peacebuilders from Africa, Asia, Latin America and the Middle East added depth and nuance to the findings. These discussions provided a platform for young leaders to share their lived experiences and perspectives, highlighting the challenges they face and the specific support they require to thrive. This ensures the guide reflects the realities of youth-led peacebuilding.

Finally, a **participatory development process** was employed, with youth peacebuilders actively shaping the document. Their priorities, aspirations and expertise are authentically reflected, ensuring the guide resonates with both investors and youth. This approach underscores the importance of co-creation in developing tools that are both practical and meaningful for all stakeholders.

## Outline of the report

This guide is structured to lead investors from foundational knowledge to actionable recommendations, ensuring clarity and relevance throughout:

**Section 1 – Introduction:** Sets the context for the guide, introducing Investing and Partnering with Youth for Peace (IPYP) and Finance for Peace (F4P), as well as key concepts such as the Youth Peace Finance (YPF) Principles and the Peace Taxonomy. It also highlights the importance of youth in peacebuilding.

**Section 2 – Defining YPF and YPF Principles and the Peace Taxonomy:** Explains the YPF framework and the Peace Taxonomy, providing tools for investors to align their strategies with youth-led peacebuilding goals.

**Section 3 – Meaningfully engaging youth peacebuilders in investment processes:** Offers practical guidance on opportunities to engage with youth peacebuilders addressing challenges and systemic barriers faced by youth peacebuilders and actionable recommendations for investors to engage with youth peacebuilders.

**Conclusion:** Summarises key insights from the analysis and outlines the strategic implications and practical guidance for investors to engage youth-led peacebuilding as as an effective investment approach.

**Annex 1 – The Peace Finance Impact Framework:** Provides details on the Peace Finance Impact Framework (PFIF) and the Peace Taxonomy.

**Annex 2 – Case Studies:** Provides more detailed examples of case studies developed on Youth Peace Finance, showcasing tailored approaches, innovative financing mechanisms and best practices for advancing Youth Peace Finance.

**Annex 3 – Revision of YPF Principles:** Provides the full details of the principles of Youth Peace Finance (YPF) and explores the intersection between the YPF Principles and the Peace Finance Impact Framework (PFIF)

# Section 1: Introduction

## Investing and Partnering with Youth for Peace (IPYP) and Finance for Peace (F4P)

IPYP was launched in 2023 with the recognition that youth actively contribute to social cohesion and peace in their communities. Yet, they face barriers in resourcing this vital work. IPYP is a global endeavour designed to address the pressing need for targeted investments in and meaningful partnerships with youth-led peacebuilding. IPYP brings together diverse stakeholders—impact investors, private corporations, governments, civil society and multilateral organisations—to foster knowledge exchange and learning, advance youth-private partnerships and help stimulate private sector funding and financing of youth peacebuilding. By enabling collaborative efforts across sectors, IPYP acts as a bridge between youth peacebuilders and private sector actors, providing a roadmap for effectively leveraging financial and non-financial resources to support youth-led initiatives.

The initiative operates on the principle that peacebuilding is both a moral responsibility and an economic opportunity. IPYP works to identify, research and recommend potential options for additional resource mobilisation and partnerships with the private sector to advance the role of young people in peacebuilding.

Finance for Peace (F4P), incubated by Interpeace, introduces innovative financial mechanisms aimed at aligning social outcomes with investment objectives. F4P offers tools for bridging the gap between traditional financial systems and the unique requirements of peacebuilding investments. By embedding concepts such as additionality and catalytic capital into its framework, F4P enables investors to adopt flexible and adaptive approaches that enhance the impact and sustainability of their efforts.

## Motivation for this work: YPF and why it matters

Together, IPYP and F4P represent a paradigm shift in peace financing. They challenge conventional donor-driven models by advocating for co-created, locally-driven solutions that place youth at the centre of peacebuilding. These initiatives not only demonstrate the viability of Youth Peace Finance (YPF) but also inspire stakeholders to reimagine their roles in fostering long-term global stability.

**What is YPS?**

The Youth, Peace and Security (YPS) agenda recognises young people as active agents in peacebuilding, emphasising their role in conflict prevention, resolution and sustaining peace. Since the adoption of UN Security Council Resolution 2250 (2015) and its subsequent resolutions, the YPS agenda calls on all relevant actors, including governments, multilateral organisations, and the private sector, to increasingly shape global, regional and national peace efforts, recognising the important role the private sector can play in building and sustaining peace.

A key development in peacebuilding financing is UN General Assembly Resolution A/RES/76/305 (2022), which calls for innovative funding mechanisms and highlights the private sector's role in sustaining peace efforts. This opens pathways for youth-led initiatives to access diverse funding sources, ensuring their contributions are resourced and sustainable.

Embedding YPS within policy frameworks and financing strategies is essential to shifting from ad-hoc youth engagement to long-term, institutionalised support for youth peacebuilders.

Youth Peace Finance (YPF) addresses a critical gap in global efforts to support youth-led peacebuilding. Despite their significant role in fostering stability and addressing the root causes of conflict, youth-led initiatives often lack access to the resources and opportunities needed to sustain their efforts. YPF seeks to bridge this gap by mobilising financial and technical support tailored to the specific needs of youth peacebuilders, striving for long-lasting impact. It emphasises that:

1. **Youth are key actors in peacebuilding:** Young people are uniquely positioned to influence peace processes given their insight into conflict drivers and their capacity to mobilise communities. Youth-led initiatives have been instrumental in preventing violence, fostering reconciliation and addressing structural inequalities. However, these contributions are often underfunded, under-recognised and underutilised.

2. **Investing in youth leads to economic and social benefits:** Investing in youth-led peacebuilding is not only an ethical imperative but also an opportunity to drive economic and social transformation. Stable societies foster economic growth, attract investments and enable long-term development. By addressing systemic barriers and promoting inclusive processes, YPF contributes to creating environments where both people and economies can thrive.

3. **Youth peacebuilders face structural barriers that must be addressed:** Youth-led initiatives face several barriers, including limited access to financial resources, exclusion from decision-making processes and perceptions by society of being inexperienced. YPF challenges these stereotypes by demonstrating the value of youth-driven solutions and providing the support necessary to overcome these obstacles.

## The strategic role of YPF

YPF is designed to align financial support with the priorities and realities of youth peacebuilders. It emphasises co-creation, ensuring that young people are not only recipients of funding but active participants in shaping the processes that affect their communities. By prioritising sustainable, context-sensitive approaches, YPF ensures that investments generate lasting impact, building resilient societies and enabling youth to lead the way towards peace and security.

This focus on youth-driven change redefines how peace finance is conceptualised, shifting from a top-down, investor-centric model to one that values local knowledge, lived experience and innovative solutions. YPF matters because it lays the groundwork for a more inclusive, impactful and sustainable approach to building peace.

## Introduction to the YPF Principles and the Peace Taxonomy

The **Youth Peace Finance (YPF) Principles** and the **Peace Taxonomy** provide a foundational framework to align investments with the priorities, needs and aspirations of youth peacebuilders, while ensuring transparency, accountability and impact. The YPF Principles were developed as a youth-responsive lens to the existing Peace Taxonomy and the broader Peace Finance Impact Framework (developed by Interpeace / Finance for Peace). The Peace Taxonomy[4] guides investors and businesses that want to align their activities with peace and security. It is structured across three sections: safety and security, social peace and political peace. It allows organisations to identify their peace targets, screen investments or projects, identify where risk management is needed, establish Do No Harm criteria and report results.

Rather than creating a separate or standalone youth taxonomy, the YPF Principles translate core peace finance concepts—such as peace intentionality, dual materiality, inclusive processes and trust-building—into guidance that helps investors meaningfully engage with youth peacebuilders. Developed through consultation with youth peacebuilders and peace finance experts, the principles support stakeholders in interpreting and implementing the Peace Taxonomy in ways that strengthen youth leadership, agency and participation across peace-positive investment decisions.

The YPF Principles serve as a guide for fostering inclusive, sustainable and effective investments. These principles are rooted in co-creation and emphasise the need for meaningful collaboration with youth throughout the peacebuilding process. The ten principles are:

1. Inclusivity
2. Youth empowerment
3. Sustainability
4. Transparency and accountability
5. Collaboration and partnership
6. Innovation and adaptability
7. Conflict sensitivity
8. Impact orientation or intention
9. Learning and sharing
10. Resilience building

Together, the YPF Principles and the Peace Taxonomy form a cohesive framework that empowers investors to engage meaningfully with youth peacebuilders. By integrating these tools into their strategies, stakeholders can ensure that their investments are inclusive, impactful and sustainable, addressing the root causes of conflict while fostering long-term stability.

[4] For more information, see Annex 1.

This framework is not only a guide but also a practical tool for investors to strenghten their approach to peace finance, by integrating youth as partners in decision making and investment design, recognising them as indispensable contributors to more peaceful and equitable outcomes.

## Introduction to case studies

The case studies included in this guide (see more detailed descriptions of the case studies in Annex 2) illustrate how the YPF Principles and the Peace Taxonomy (see the full Principles and the Taxonomy in Annex 3) can be practically applied to create meaningful impact. These real-world examples showcase the diversity of approaches, contexts and outcomes associated with youth-led peacebuilding initiatives, providing valuable insights for investors and stakeholders.

The case studies serve several critical purposes:

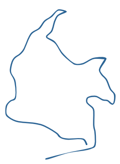
1. **Demonstrate best practices:** By highlighting successful examples, these case studies provide a blueprint for designing and implementing effective investments to grow youth-led initiatives. They showcase how aligning financial strategies with the YPF Principles and the Peace Taxonomy can generate sustainable, impactful outcomes.

2. **Highlight innovative approaches:** Each case study explores unique and context-sensitive approaches to addressing conflict and fostering peace. From innovative financing mechanisms to locally-driven solutions, these examples reflect the creativity and adaptability of youth peacebuilders.

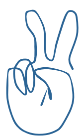
3. **Inspire replication and adaptation:** Investors and practitioners can draw inspiration from these case studies to adapt similar models in their own contexts. The detailed insights and lessons learned provide a foundation for scaling successful initiatives.

### Case study highlights

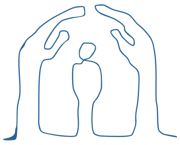
The selected case studies reflect a diverse range of contexts and approaches. The cases include investors' investment strategies that reflect the application of the YPF Principles—including youth engagement strategies—capital provision and impact management systems. They also include examples of concrete transactions aligned with the Peace Taxonomy. The organisations featured as case studies are as follows:



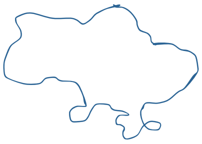
**Multi-Partner Trust Fund (MPTF) for Sustaining Peace in Colombia:** Established as a result of the peace agreement in Colombia, this multi-donor fund supports peacebuilding initiatives, prioritising the territories and populations most affected by the conflict.



**Cordaid:** With expertise in youth, peace and security (YPS) across the Global South, Cordaid combines immediate humanitarian aid with long-term development programmes to address systemic challenges in conflict-affected contexts.



**Near East Foundation (NEF):** NEF has been a leader in innovative finance, participating in mechanisms such as the Refugee Development Impact Bond in Jordan and Lebanon, the Peace Impact Investment Vehicle in Northern Syria, and community-based revolving credit mechanisms in Sudan and South Sudan.



**Ukrainian Social Venture Fund (USVF):** USVF has pioneered impact investing in Ukraine, offering tailored support to social entrepreneurs. Following the 2022 Russian invasion, it adapted its approach to meet the evolving needs of communities and businesses.

**Youth Entrepreneurship Investment Bank (YEIB) in Liberia:** Developed by the African Development Bank (AfDB), the YEIB aims to transform Liberia's entrepreneurial landscape. It provides financial support—including equity, quasi-equity and credit guarantees—to youth-led Micro, Small, and Medium Enterprises (MSMEs) while offering capacity-building initiatives to strengthen their growth and de-risk lending through commercial banks and microfinance institutions.

These case studies underscore the importance of aligning investments to peace and youth outcomes and provide actionable insights for stakeholders looking to engage meaningfully in this space. By showcasing the transformative potential of such investments, they inspire confidence in the ability of youth to meaningfully partner with impact investors.

## The role of youth in peacebuilding

Why youth inclusion is fundamental to peace and the investor community

Youth inclusion is a cornerstone of sustainable peace and economic growth, particularly in conflict-affected regions where young people often make up the majority of the population.[5] Their participation in peacebuilding processes offers an unparalleled opportunity to foster resilience, drive innovation and transform communities. However, despite their potential, youth are frequently excluded from formal peace processes, perpetuating cycles of marginalisation and instability. Recognising the critical role of youth is not merely an ethical obligation but also a strategic imperative for peacebuilders and investors alike.

[5] United Nations Development Programme (UNDP), Fast Facts: Youth as Partners for the Implementation of the SDGs (New York: UNDP, 2017), accessed November 2, 2024, More information at: https://www.undp.org/publications/fast-facts-youth-partners-implementation-sdgs

Definitions

**Peacebuilders** are individuals, groups or organisations working to prevent, mitigate or transform conflict and to build the conditions for lasting peace. They engage at all levels of society (from grassroots communities to national and international institutions) and often address the underlying drivers of conflict, such as inequality, injustice and exclusion.

**Peacebuilding** refers to a broad set of efforts and processes aimed at creating sustainable peace by addressing the root causes of conflict, supporting reconciliation, strengthening institutions and promoting social cohesion. It involves both formal and informal actors and prioritises inclusive, context-specific approaches that empower affected communities.

Young people bring unique perspectives, energy and creativity to the table. Their proximity to the realities of conflict gives them an acute understanding of conflict's root causes, as well as the ability to identify locally relevant solutions. Embedded within their communities, youth possess invaluable insights into social dynamics and cultural nuances that are essential for effective peacebuilding. Moreover, their ability to use innovative approaches, such as leveraging technology, social media and creative platforms, allows them to bridge divides, foster dialogue and challenge traditional methods of conflict resolution.

For the investor community, the inclusion of youth in their investment strategy is not only socially responsible but also economically advantageous. Stable societies, built through the contributions of youth, reduce investment risks by fostering secure markets and minimising conflict-related disruptions. Furthermore, investments in initiatives that are youth and peace aligned can yield substantial social and economic returns.[6] These include reduced violence, enhanced economic opportunities and stronger community cohesion—all of which contribute to creating environments conducive to further investment and growth.[7] By engaging with youth, investors can unlock transformative ideas that drive systemic change and innovation, strengthening the link between peace and prosperity.

The consequences of excluding youth from investment processes are profound. When young people are left out of decision-making forums, there is a risk that policies and interventions become disconnected from the realities on the ground, reducing their effectiveness.

Structural barriers, such as limited access to financial resources and leadership opportunities, further exacerbate these challenges. Addressing these obstacles is essential for unlocking the full potential of youth peacebuilders and ensuring the long-term sustainability of peace efforts.[8]

[6] International Youth Foundation, Global Youth Resiliency Fund: Youth-Led Solutions, accessed December 2, 2024, https://iyfglobal.org/youth-led-solutions
[7] United Nations Development Programme (UNDP), PVE and Strengthening Social Cohesion: Investing in Youth-Led and Youth-Driven Initiatives, accessed November 2, 2024, https://www.undp.org/speeches/pve-and-strengthening-social-cohesion-investing-youth-led-and-youth-driven-initiatives

To realise the potential of youth co-leadership, the investor community must embrace a paradigm shift towards viewing young people as equal stakeholders rather than passive beneficiaries. This involves integrating their voices, expertise and leadership into every stage of peacebuilding and investment processes. By prioritising youth inclusion, investors can not only enhance the impact of their contributions but also lay the groundwork for lasting peace and development.

### Basic knowledge about youth and youth peacebuilders

Youth, often defined as individuals between the ages of 18 and 35, represent a dynamic and diverse demographic that plays a pivotal role in shaping societies.[9] In conflict-affected regions, young people are not merely passive victims or bystanders but active agents of change. Their energy, creativity and ability to adapt to rapidly evolving circumstances position them as critical actors in peacebuilding efforts.

The term youth peacebuilders refers to young individuals who engage in activities aimed at preventing violence, resolving conflicts and fostering reconciliation within their communities.[10] Their work spans a broad spectrum, from grassroots initiatives to formal peace processes, addressing issues such as social cohesion, justice and economic development. Youth peacebuilders often operate in spaces where traditional actors are absent, filling critical gaps in conflict resolution and community rebuilding.

Despite their potential, youth face systemic barriers that hinder their participation in peacebuilding. These challenges include exclusion from decision-making processes, limited access to financial resources and pervasive stereotypes that question their capability to lead, or threaten and criminalise young people.[11] Many youth-led initiatives operate with minimal funding and lack the institutional support necessary to scale their efforts or sustain long-term impact.[12] These barriers not only stifle innovation but also perpetuate cycles of marginalisation, undermining the inclusivity and effectiveness of peace initiatives.

Understanding the diverse realities of youth is essential for creating meaningful opportunities for their involvement. Youth are not a monolithic group; they encompass individuals from varied backgrounds, identities and experiences. Factors such as gender, socio-economic status, ethnicity and geographic location significantly influence their perspectives and contributions to peacebuilding. Recognising this diversity allows for more tailored and impactful approaches to engaging youth as partners in peace.[13]

[8] Benjamin Claeson, Overcoming Barriers to Resourcing Young Peacebuilders, Development Dialogue Papers, no. 30 (Uppsala: Dag Hammarskjöld Foundation, February 10, 2022), https://www.daghammarskjold.se/publication/overcoming-barriers-to-resourcing-young-peacebuilders/
[9] Dag Hammarskjöld Foundation, Investing and Partnering with Youth for Peace, accessed October 27, 2024, https://www.daghammarskjold.se/publication/investing-and-partnering-with-youth-for-peace/.
[10] United Network of Young Peacebuilders, Strategy 2021–2025: Building Peace with and for Young People, accessed October 27, 2024, https://unoy.org/strategy2021-25/.
[11] United Nations Population Fund (UNFPA) and Peacebuilding Support Office (PBSO). The Missing Peace: Independent Progress Study on Youth, Peace and Security. New York: United Nations, 2018. Available at: https://www.unfpa.org/resources/missing-peace-independent-progress-study-youth-and-peace-and-security.
[12] United Nations Office of the Secretary-General's Envoy on Youth.World Youth Report: Youth and the 2030 Agenda for Sustainable Development. New York: United Nations, 2018. Available at: https://social.desa.un.org/issues/youth/united-nations-world-youth-report-wyr.

By addressing these barriers and harnessing the potential of youth, investments can become more inclusive, innovative and effective. Youth peacebuilders offer fresh perspectives and a unique ability to mobilise communities, making them indispensable to the pursuit of sustainable peace. Investing in their leadership and recognising their contributions is not only a pathway to stability but also a step toward fostering a generation that prioritises collaboration, resilience and progress.

## How youth peacebuilders can be involved as meaningful partners in investment processes

Youth peacebuilders must be recognised as meaningful partners across investment processes—from designing the investment strategy to managing investments and monitoring impact—contributing their insights, skills and lived experiences. Moving beyond tokenistic inclusion, meaningful engagement ensures that youth are active stakeholders, shaping decisions and driving impactful outcomes.[14] For this to happen, investment processes need to give room for co-creation, inclusivity and equity, treating youth not as beneficiaries but as collaborators with valuable expertise.

### Involvement in the design of the investment strategy

The development of any investment strategy is critical for setting objectives, determining priorities and ensuring alignment with local needs. Involving youth peacebuilders at this stage allows for the integration of their knowledge of community dynamics and conflict-specific challenges. Their perspectives help to ensure that investments are contextually relevant and address the root causes of instability. By creating participatory design processes, investors can build initiatives that resonate with and are supported by local populations.

### Active participation in implementation

Youth peacebuilders bring unique capabilities to the implementation of peacebuilding initiatives. Their grassroots connections enable them to mobilise communities, foster trust and navigate complex socio-political landscapes.
In implementation, youth can take on roles such as community mediators, coordinators and trainers, ensuring that investments remain adaptive and responsive to evolving circumstances. Enabling youth-led initiatives to lead or co-lead implementation fosters ownership, builds local capacity and enhances the sustainability of outcomes.

[13] Erica Gaston, Imane Karimou, Luisa Kern, and Emma Bapt. 2025 Peacebuilding Fund Thematic Review on Youth, Peace and Security. New York: United Nations University, 2025. https://www.un.org/peacebuilding/YPS_TR.
[14] Katrina Leclerc and Shayne Wong, Beyond Tokenism: A Toolkit for Genuine Youth Participation in Civic Spaces (Canadian Coalition for Youth, Peace & Security, 2024), https://www.canadayps.org/beyond-tokenism

## Engaging in impact measurement and management (IMM)

Impact measurement and management (IMM) is often overlooked as an opportunity for fostering youth participation, yet their involvement is essential for ensuring accountability and understanding impact. Youth peacebuilders can provide real-time feedback, assess progress against local benchmarks and identify areas for improvement. Participatory IMM processes also help to establish mutual accountability between investors and youth-led initiatives, creating a culture of transparency and trust.

## Addressing structural barriers to inclusion

For youth to be meaningful partners in peacebuilding and investment, key barriers must be addressed:

- **Limited resources:** Youth-led initiatives often lack financial and technical support, requiring flexible funding and capacity-building.
- **Power imbalances:** Traditional donor-recipient dynamics marginalise youth voices —equitable partnerships ensure shared ownership.
- **Safety risks:** Youth peacebuilders face threats in their everyday lives and in carrying out their peace work, requiring legal aid, emergency funding and psychosocial support.
- **Legal barriers:** Bureaucratic hurdles exclude youth organisations—simplified policies and regulatory reforms can help.
- **High-perceived risk:** Investors hesitate due to youth ventures' limited track record and conflict volatility.
- **Misalignment with investors:** Engaging youth requires longer timeframes, small-scale funding, and non-financial support.

Tackling these barriers fosters inclusive and sustainable youth participation.

## Benefits of youth engagement for investors

Engaging youth peacebuilders as partners enhances the impact and sustainability of investments. Their involvement ensures that initiatives are locally relevant, culturally sensitive and aligned with community priorities. Moreover, youth-led approaches often incorporate innovative solutions and fresh perspectives that challenge conventional methods, driving transformative change. For investors, partnering with youth peacebuilders not only increases the effectiveness of interventions but also strengthens relationships with local communities and stakeholders.

By treating youth peacebuilders as equal partners in investment processes, stakeholders can create more inclusive, impactful and sustainable initiatives. Recognising their expertise and leadership is not only a step toward addressing immediate challenges but also an investment in the long-term stability and resilience of conflict-affected communities.

## Building meaningful partnerships with youth

Building meaningful partnerships with youth peacebuilders is essential for fostering trust, ensuring mutual accountability and achieving sustainable peace. Meaningful partnerships go beyond transactional relationships, focusing instead on collaboration, inclusivity and shared ownership of peacebuilding initiatives.[15] These partnerships recognise the unique contributions of youth and provide the resources and support needed to amplify their impact.

### Key principles of meaningful partnerships with youth

1. **Inclusivity and equity:** Partnerships that actively involve youth from diverse backgrounds and ensure that groups that are marginalised in society, including young women, ethnic minorities and LGBTQI+ youth, have an equal voice, are more inclusive of different perspectives and voices in a given society and potential market. Equity also requires addressing systemic barriers, such as access to resources and decision-making platforms, that disproportionately affect youth.

2. **Co-creation and shared ownership:** Youth should not merely be consulted but actively engaged as equal partners in the design, implementation and evaluation of initiatives. Co-creation fosters a sense of ownership and ensures that programmes are aligned with the needs and priorities of local communities.

3. **Transparency and trust:** Open communication is fundamental to building trust and accountability. This includes being clear about objectives, processes and expectations, as well as sharing decision-making power and resources equitably.

4. **Flexibility and adaptability:** Conflict-affected contexts are often dynamic and unpredictable. Partnerships must be flexible, allowing for adjustments to strategies and approaches based on changing realities and feedback from youth peacebuilders.

### Practical steps for building meaningful partnerships with youth

1. **Develop long-term commitments:** Sustainable efforts to promote stability and social cohesion require ongoing collaboration. Establishing multi-year partnerships ensures that youth-led initiatives have the time and resources to build capacity, implement their initiatives and achieve meaningful outcomes, leading to more impact in investments.

2. **Provide capacity-building support:** Many youth-led initiatives face challenges related to technical skills, financial management and organisational development. Offering tailored training and mentorship based on identified needs helps bridge these gaps, enabling youth to take on leadership roles and manage complex programmes effectively.

[15] Swiss Platform for Peacebuilding (KOFF), Resource Mapping: Meaningful Youth Participation in Peacebuilding, accessed December 2, 2024, https://koff.swisspeace.ch/apropos/3792/meaningful-youth-participation-a-unicorn-of-the-un-policy-level/

3. **Adapt financing models:** Traditional financing mechanisms often fail to meet the needs of youth-led initiatives. Flexible, accessible and context-sensitive financing models can help address these limitations by enabling youth to access capital that responds to their needs.

4. **Engage youth as equal stakeholders:** Treating youth as equal partners means involving them in strategic discussions and decision-making processes. Advisory boards, steering committees and collaborative planning sessions are effective ways to institutionalise co-leadership for youth participation.

5. **Create safe and enabling environments:** Youth peacebuilders, particularly in conflict zones, may face significant risks, including threats to their safety and security. Partnerships must include provisions for their protection and well-being, such as legal support and psychosocial services.

## The investment case for meaningful partnerships with youth

Partnering meaningfully with youth strengthens the effectiveness, resilience and long-term value investments. Working alongside young leaders:

- **Drives innovation and market relevance:** Youth bring fresh perspectives and creative solutions to complex challenges, helping investors stay ahead of emerging risks and opportunities in fragile contexts.

- **Strengthens community ownership and reduces investment risks:** Engaging youth ensures projects align with local priorities, increasing stability and the likelihood of successful outcomes.

- **Enhances social licence and long-term impact:** Equitable partnerships build trust across generations and communities, positioning investors as allies in driving inclusive and sustainable peace.

## Moving from transactional to transformative partnerships

To build truly meaningful partnerships, stakeholders must shift from transactional models of engagement to transformative ones.[16] Transactional partnerships focus on achieving short-term objectives, while transformative partnerships prioritise long-term relationships, mutual learning and systemic change. By embracing this approach, investors and practitioners can unlock the full potential of youth peacebuilders and create lasting impacts.

[16] NORRAG. "Meaningful Youth Engagement: Time to Deliver." Accessed December 8, 2024. https://www.norrag.org/meaningful-youth-engagement-time-to-deliver/

# Section 2: Defining YPF Principles and the Peace Taxonomy

## Understanding the investment landscape for youth and peace investments

Investing in youth-led peacebuilding represents a transformative opportunity for the investor community. Youth, as critical drivers of social stability and innovation, are uniquely positioned to address the root causes of conflict and build resilient communities. However, the current investment landscape presents significant challenges for these initiatives, including structural barriers, perceived risks and a lack of tailored financial mechanisms. Youth Peace Finance (YPF) addresses this by involving youth in financial transactions that aim at building or maintaining stability and social cohesion. This section explores the principles that underpin YPF and identifies opportunities to create meaningful change.[17]

### Barriers in the current landscape

**Structural challenges:** Traditional donor grants and impact investments often fail to meet the specific needs of youth-led initiatives. Complex application processes, stringent reporting requirements and a preference among donors for established entities exclude many youth-led initiatives with high-impact potential.

**Misalignment of priorities:** Most impact investors focus on programmes with a track record, proven financial and impact returns and collateral to minimise financial risks. This might be unrealistic for many youth-led initiatives operating in conflict-affected areas. While the concept of additionality—achieving outcomes that would not otherwise occur—is gaining traction, it remains underutilised in the context of youth and peace investments.

**Capacity gaps:** Youth-led initiatives often face challenges in programme management, financial literacy and stakeholder engagement, limiting their ability to scale their initiatives or attract sustainable funding. These gaps further reinforce perceptions of youth-led initiatives as unprepared or unsuitable for investment.

### Opportunities for change

**Focus on additionality:** Investors must embrace the principle of additionality, ensuring that their investments achieve the intended impacts by targeting underserved populations or addressing systemic barriers. By providing flexible, high-risk or long-term funding, investors can unlock the potential of youth-led peacebuilding and catalyse broader change.

[17] Additional research and data on Peace Finance more broadly, which informs the principles underpinning the Youth Peace Finance (YPF) framework is available at: https://financeforpeace.org/standards/

**Catalytic capital**[18]**:** Closely linked with the concept of additionality, catalytic capital plays a critical role in YPF by addressing funding gaps and enabling underserved organisations to scale. This form of capital takes on high risk, and often involves grants, guarantees, or concessional investments that de-risk opportunities for other investors, thereby fostering broader participation in youth-led peacebuilding efforts. When investors work together to catalyse further capital, they can engage in **blended finance or innovative finance mechanisms**. These mechanisms allow for risk-sharing, aligning financial incentives with social outcomes while creating opportunities for youth-led initiatives to access capital as well as to take part in decision-making processes. For example, the Near East Foundation's Refugee Impact Bond demonstrates how aligning financial returns with peacebuilding outcomes can mobilise resources for youth-led initiatives.

**Capacity building and technical assistance:** Beyond financial support, capacity-building initiatives provide youth-led initiatives with the skills, tools and mentorship needed to thrive. Investors who pair financial investment with technical support not only enhance the immediate effectiveness of programmes but also strengthen the long-term sustainability of youth-led peacebuilding.

**Building collective action:** YPF entails engaging in partnerships with different types of stakeholder groups: from the public sector to civil society organisations, from other capital providers to ecosystem builders and youth groups. Creating an environment of trust and transparency is needed to ensure meaningful collaboration, share learnings and failures and tap into existing knowledge to create long-lasting impact.

**Definition**

**A civil society organisation (CSO)** is a non-governmental, non-profit group formed by citizens to advocate for shared interests, provide services or hold governments and institutions accountable, often working to advance social, political, environmental or humanitarian goals.

## Strategic implications for investors

Investments in youth-led peacebuilding generate not only social impact but also long-term economic benefits by fostering stability, reducing violence and creating conditions for sustainable development.

To navigate this landscape effectively, investors must adopt a dual approach: addressing the structural challenges faced by youth-led initiatives while leveraging their investment activities to unlock their potential. This requires a commitment to inclusivity, flexibility and capacity-building.

By aligning their strategies with the realities of youth peacebuilding, investors can contribute to a more peaceful and equitable world while creating shared value for their stakeholders. This alignment underscores the importance of adopting a proactive, youth-centred approach to investment, one that prioritises long-term stability and resilience over short-term gains.

[18] For more information on catalytic capital and additionality, consult: Gaggiotti, G. et al. (2023) "Catalysing Impact- Catalytic Capital in Europe Whitepaper". EVPA. Available at: https://www.impacteurope.net/insights/catalysing-impact

## Youth Peace Finance (YPF) Principles

The **Youth Peace Finance (YPF) Principles**[19] provide investors with a structured framework to navigate the complexities of youth-led peacebuilding. This section introduces these tools, offering clarity on how they can guide investment decisions and ensure alignment with both financial and social impact goals. The Principles, alongside the Peace Taxonomy, aim to bridge the gap between investors and youth peacebuilders, fostering partnerships that generate lasting change. Annex 3 includes more information on the YPF principles, including their alignment with the Peace Finance Impact Framework (PFIF) Principles.

This section builds on learnings from the five case studies in Annex 2. Each principle includes a series of practical recommendations for applying the principle in practice.

The case studies illustrate the versatility of the YPF Principles and the Peace Taxonomy in addressing diverse challenges. They provide investors with actionable insights into tailoring strategies, adopting innovative financial mechanisms and fostering meaningful partnerships, ensuring that investments contribute to both immediate impact and long-term stability.

## Applying the YPF Principles in practice

### Principle 1: inclusivity

Inclusivity relates to prioritising the voices of diverse youth, including those who are most marginalised, ensuring that investments address the most pressing challenges and represent a broad spectrum of perspectives.

This principle aligns with the concept of intentionality that underpins impact investing: investors should demonstrate their intentions ex-ante and adapt their impact strategies to the specific contexts in which they operate. This includes being deliberate in targeting youth populations in conflict-affected areas, with a clearly stated commitment to addressing impact gaps that affect these groups. The impact strategy should be developed in alignment with the identified challenges and tailored to the needs of the local context.

Some ways to apply principle 1 in practice:

- **Value youth as key stakeholders:** Youth are central actors in promoting social cohesion and recovery. They are co-creators of solutions rather than just end-users of activities and products. Applying the principle of inclusivity means approaching them as leaders of youth-led initiatives and organisations and as equal partners.[20]

[19] Youth Peace Finance (YPF) Principles, refer to Annex 3.
[20] Choo, Yi Kang, Mehjar Azzouz, and Kejal Savla. Youth Trends in Activism and Civic Space Expansion. August 2022. Accessed December 8, 2024. https://civicus.org/documents/Youth_Trends_In_Activism.pdf.

- **Conduct a thorough context analysis:** Provide an analysis of the broader environment in which operations take place and identify the stakeholders affected. Outline why and how these groups, particularly youth, are marginalised, and examine the root causes of the social challenges they face. Further segment the youth stakeholder groups to ensure targeted and inclusive approaches.

- **Commit to back-engineered solutions:** Starting with an analysis of the local context and stakeholder groups (including youth), investors could design investment strategies that address identified impact gaps and deliver peace additionality. Solutions should be tailored to respond directly to the needs and challenges identified through this analysis.

## Principle 2: youth empowerment

Recognising youth as equal partners fosters a sense of ownership and ensures that programmes are contextually relevant and locally driven. YPF should bridge the gaps between investors, founders and end-users, creating mutually beneficial partnerships. Given the importance of this principle, it is outlined in more detail in Section 3 of this guide.

A good practice to demonstrate that youth are treated as equal partners is to embed them in the internal governance of a fund or investment vehicle. Ensuring that their voices are represented at the highest levels of an organisation not only helps to build their agency but also strengthens legitimacy and accountability towards this stakeholder group.

The Multi-Partner Trust Fund (MTPF) for Sustaining Peace in Colombia and the Youth Entrepreneurship Investment Bank (YEIB) in Liberia provide noteworthy governance approaches in this regard. The MPTF has included civil society groups in its steering committee, while the YEIB has incorporated a youth umbrella organisation onto its board. Similarly, embedding a youth lens into the impact management framework—such as the example of the Cordaid Youth Engagement Scorecard—helps to strategically prioritise this stakeholder group in all investment decisions.

Some ways to apply principle 2 in practice:

- **Identify effective partnerships and strategies:** Determine the best entry points to engage with youth and gain a deeper understanding of their needs, priorities, and expectations.

- **Adopt formal mechanisms for youth inclusion:** Develop formal strategies to ensure youth voices are integrated into decision-making processes. This can include rethinking governance structures to embed youth representation or applying a youth lens within the impact measurement and management framework, as well as the Theory of Change. A youth lens helps ensure that youth-related outcomes and engagement are regularly monitored and managed.

## Principle 3: sustainability

Investments should focus on generating long-term impact rather than short-term outputs. This principle involves building the capacity of youth-led initiatives to sustain their initiatives independently.

In particular, youth-led initiatives often lack the financial literacy needed to develop long-term solutions that can attract traditional types of capital, such as loans from local banks. Equipping these organisations with essential business skills is therefore key to fostering long-term resilience. At the same time, such support helps to de-risk their initiatives, making them more viable and capable of catalysing further capital towards peacebuilding efforts.

Some ways to apply principle 3 in practice:

- **Strive for economic sustainability:** Ensure that investments include a long-term plan to reduce reliance on philanthropic contributions or concessionary capital, promoting financial independence over time.

- **Focus non-financial support on resilience:** Direct non-financial support towards building the long-term independence and resilience of youth-led initiatives, equipping them with the skills and tools needed to thrive sustainably.

## Principle 4: transparency and accountability

Clear communication, along with participatory monitoring and evaluation mechanisms, is essential for maintaining trust and accountability. Meaningful youth engagement requires that youth voices are actively considered when making decisions at both the programmatic level and the fund or vehicle level, including capital allocation and the subsequent design of financial and non-financial support offerings. To achieve this, organisations can adopt accountability mechanisms, which can be categorised into formal and informal approaches.

Some ways to apply principle 4 in practice:

- **Develop formal and informal accountability mechanisms:** Share the investor's governance and internal procedures with youth partners and explain how these ensure that youth voices are meaningfully integrated into decision making at all levels.

- **Share results with stakeholders:** Transparently communicate outcomes to relevant stakeholders, demonstrating how decisions are informed by their feedback and aligned with their identified needs.

## Principle 5: collaboration and partnership

Meaningful collaboration with stakeholder groups—such as the public sector, other capital providers, civil society organisations, and ecosystem-builders—is essential for breaking silos and avoiding duplication of efforts. Partnering with the public sector helps institutionalise youth peace finance by raising awareness and sharing solutions with government actors, ensuring long-term support and policy alignment.

Collaboration with other partners enables joint efforts towards common goals, leveraging each other's strengths, learnings and networks. When various types of capital providers work together, they can design investment structures that reach end-users that might otherwise remain underfunded. Approaches such as innovative finance and blended finance showcase the tangible outcomes of collaboration between different actors. This is well illustrated by the Near East Foundation case study, which highlights how collective efforts can unlock new solutions and pathways for supporting youth-led initiatives.

Some ways to apply principle 5 in practice:

- **Explore entry points for public sector collaboration:** Consider engaging with the public sector to help shape an enabling ecosystem for youth peace finance and align investments with broader policy priorities.

- **Map and connect with stakeholders' expertise:** Reflect on which stakeholders—such as civil society, other capital providers, or ecosystem actors—are active in the area of action. Building relationships and exchanging insights with them can strengthen trust and enhance collective impact.

## Principle 6: innovation and adaptability

Financial additionality is critical for tailoring financial offerings that meet the specific needs of youth. This requires accepting higher risks and disproportionate transaction costs to achieve long-term, sustainable results.

As many investors may not be positioned to provide this type of capital, approaches such as blended finance or innovative finance enable collaboration among investors with varying risk appetites or levels of concessionary capital. These approaches enable diverse capital providers to collaborate, mitigating risk while achieving shared outcomes. From the point of view of youth-led initiatives, innovative finance mechanisms can represent an opportunity to be further involved in the decision-making process alongside other partners. This, in turn, enhances collaboration and youth empowerment.

The Near East Foundation case study exemplifies how innovative finance can serve as an effective tool for peacebuilding across different contexts. Similarly, the credit guarantees provided by the Youth Entrepreneurship Investment Bank in Liberia demonstrate how such instruments can catalyse additional capital flows, further advancing YPF.

Some ways to apply principle 6 in practice:

- **Build knowledge on capital needs for YPF:** Develop a clear understanding of the types of capital required to support YPF. Donors and investors should consider financial additionality and identify the key areas where they can bring the most added value.

- **Establish risk-sharing partnerships:** Form partnerships that serve as risk-sharing mechanisms, ensuring that capital complements other sources of funding. This collaborative approach strengthens long-term resilience and enables sustained support for youth-led initiatives.

## Principle 7: conflict sensitivity

Building knowledge of local contexts of intervention is essential for identifying and managing potential impact risks. This principle recognises the importance of addressing not only financial risks but also the impact risks associated with YPF. This includes adopting exclusionary criteria or Do No Harm principles[21] where necessary to avoid unintended negative consequences.

**Definition**

The **Do No Harm principles** are a conflict-sensitive approach that helps actors avoid unintentionally exacerbating tensions or causing harm in fragile contexts by ensuring their actions contribute to peace and stability rather than fuelling divisions.

The Peace Taxonomy serves as a valuable tool for mapping investments and areas of intervention, enabling a more effective application of this principle. Another key action is to develop in-depth knowledge of the different contexts, conflicts and stakeholders within the areas of intervention, ensuring that investment strategies are informed, context-sensitive and responsive to the specific challenges faced on the ground.

Some ways to apply principle 7 in practice:

- **Understand the context-specific nature of each intervention:** Identify potential impact risks at the outset and establish systems to monitor and address them regularly throughout the intervention.

- **Build ground-level partnerships:** Collaborate with organisations operating at the local level to gain deep insights into the societal issues at hand while fostering trust and ensuring context-sensitive approaches.

[21] Mary B. Anderson, Do No Harm: How Aid Can Support Peace—or War (Boulder, CO: Lynne Rienner Publishers, 1999). https://www.rienner.com/title/Do_No_Harm_How_Aid_Can_Support_Peace_or_War

## Principle 8: impact orientation or intention

Measuring and managing impact—while actively involving youth in the process—is a crucial element for informing decisions and driving meaningful change. **Impact Measurement and Management (IMM)** plays a key role in strategising for long-term results while monitoring short- and mid-term outcomes to refine solutions over time.

Although IMM strategies may differ between investors and youth-led initiatives in terms of governance and objectives, they share a common purpose: enabling better decision making and fostering accountability. IMM should not be reduced to a mere reporting tool that overburdens capital recipients without generating meaningful or actionable insights for them. Instead, it must be designed as a collaborative and adaptive process that benefits all stakeholders involved, ensuring that outcomes are both measured and effectively managed for greater impact.

Some ways to apply principle 8 in practice:

- **Develop a context-driven theory of change:** Establish a Theory of Change that builds on insights from the local context and stakeholders, ensuring that outcomes are as relevant and impactful as possible.
- **Request metrics relevant to youth-led initiatives:** When determining metrics, ensure that they include indicators reflecting priorities and realities of youth peacebuilders, alongside other investment-related metrics. This helps to align reporting requirements with the capacities and goals of youth-led organisations.
- **Balance rigour with proportionality:** Ensure the level of rigour in impact measurement is balanced with the size of the investment and the scalability of the solution, avoiding undue burden on youth-led initiatives.

## Principle 9: learning and sharing

Building capacity and raising awareness based on learnings acquired through IMM efforts helps to expand overall knowledge about a social problem and unlock new partnerships. Learning and sharing involve communicating insights gained from IMM processes and raising awareness about YPF to attract more actors to the field. This can include highlighting the need for flexible, risk-tolerant capital, attracting mainstream investors or advocating for enabling regulatory frameworks.

For example, being the first impact investing organisation in Ukraine, the Ukrainian Social Venture Fund and its founding members play an active role in attracting and mobilising further capital for social impact in the country. Their pioneering efforts demonstrate how sharing knowledge and results can inspire broader participation and strengthen the ecosystem for youth-led peacebuilding initiatives.

This principle also emphasises the importance of ensuring that investment activities build on previous learnings, whether acquired through the organisation's own experience or from the efforts of others. By incorporating these insights, investors can design more effective, context-specific strategies that maximise impact and avoid duplication of efforts.

Some ways to apply principle 9 in practice:

- **Incorporate previous learnings in design:** When designing a vehicle or initiative, explicitly state the previous learnings and experiences—whether from your own organisation or others—alongside any remaining gaps. Clearly outline how the initiative will collaborate with other actors to avoid duplication of efforts and ensure efficient resource use.

- **Build capacity and awareness:** Establish formal mechanisms to build capacity and raise awareness among stakeholders about the impact needs and the types of financial and non-financial support required for YPF. This ensures alignment, enhances understanding and attracts further engagement in the field.

### Principle 10: resilience building

A key aspect of building resilience for youth-led initiatives is the provision of non-financial support. Developing capacities in areas such as business skills, financial management, marketing, fundraising and impact management is essential not only for the growth and scaling of solutions but also for enabling organisations to withstand external shocks. Youth-led initiatives have highlighted peer-learning as a particularly impactful method for delivering non-financial support, providing guidance and expertise tailored to their unique challenges.

This support must be accompanied by core, unrestricted funding that allows youth-led initiatives to act with agility and adapt their business models when necessary. Flexible funding ensures they can respond effectively to unforeseen challenges while maintaining momentum in their peacebuilding initiatives.

Some ways to apply principle 10 in practice:

- **Deliver tailored non-financial support:** Provide extensive non-financial support that is adapted to local contexts and the specific needs of youth-led initiatives. This could include capacity-building initiatives in areas such as financial literacy, business management and operational planning.

- **Secure flexible capital for agility:** Ensure youth-led initiatives have sufficient flexibility to respond to external shocks by providing core, unrestricted funding. This enables them to maintain operational stability and adapt their business models when needed.

## Applying the YPF Principles across the Peace Taxonomy

Together with the Peace Taxonomy, the YPF Principles embodies the links and alignment between youth leadership and peacebuilding. Integrating youth leadership into decision-making (in line with principles (1) inclusivity and (2) youth empowerment), from the investment strategy to the different parts of the investment process, is key to achieving long-term outcomes across the identified areas of the taxonomy. In addition, the following recommendations showcase how to integrate the Peace Taxonomy into investors' impact strategies.

### 1. Identify the main impact area

The Peace Taxonomy has been recognised as a valuable tool for investors to map their areas of intervention, prioritise actions and communicate their activities effectively. A relevant first step for capital providers is to build knowledge of the taxonomy, including the meanings of each area and sub-objective, as well as the proposed procedure for its application.
Mapping areas of action against the taxonomy (see Annex 1) at the investor level is the first step in its application. Generally, one of three areas emerges as the most relevant for investors: those activities aimed at fostering social cohesion and stability in conflict-affected regions tend to focus on the safety and security and social peace dimensions, whereas investors promoting broader economic development and resilience are more specifically aligned with the latter.

### The 10 YPF Principles:

1. Inclusivity
2. Youth empowerment
3. Sustainability
4. Transparency and accountability
5. Collaboration and partnership
6. Innovation and adaptability
7. Conflict sensitivity
8. Impact orientation or intention
9. Learning and sharing
10. Resilience building

The political peace dimension is more specific to vehicles set up following formal peace agreements or focused on cross-border peace and security. Examples such as the Ukrainian Social Venture Fund, the Near East Foundation, and the Youth Entrepreneurship Investment Bank (YEIB) represent organisations primarily active in the social peace dimmension. The YEIB, for instance, demonstrates how youth entrepreneurship contributes to peaceful conditions in communities by addressing inequality and marginalisation. Similarly, Cordaid operates across both the safety and security and social peace dimensions, combining humanitarian aid with long-term development investment strategies.

The Multi-Partner Trust Fund in Colombia is a strong example of an organisation primarily active in the political peace dimension. It highlights the connections between political peace and the other areas of the taxonomy, linking its mission to building trust and increasing accountability among diverse social groups.

## 2. Map impacts and risks

Once the main impact area is identified, a useful next step is to determine the specific sub-objectives where the investor is most active, applying the principle of intentionality to achieve positive peace and youth impact. Equally important is identifying areas where no intentional positive outcomes are identified, but that require consideration from a risk management perspective. The Peace Taxonomy Contribution Spectrum[22] (which maps investments across three categories: (i) positive contribution, (ii) indirect positive contribution and (iii) do no harm) can serve as a valuable tool in this regard.

The Youth Entrepreneurship Investment Bank in Liberia primarily manages risks within their main taxonomy area (social peace) as they relate to the social and natural conditions of the targeted areas.

For the Near East Foundation, it is also crucial to manage risks associated with the safety and security dimension, particularly given the need to adapt to changing circumstances in regions such as South Sudan. The foundation adheres to international Do No Harm standards for humanitarian assistance, incorporating Do No Harm criteria into its operations and offering integrity guidelines for its staff and consultants to prevent negative externalities.

For the Multi-Partner Trust Fund in Colombia, the the identified execution risks are linked to the complex nature of the conflict. Examples of these risks include the presence of armed groups and illegal economies; the possibility of programmes unintentionally having detrimental effects on human rights, women’s rights and the environment; institutional fragility at the local level; or the emergence of new social conflicts within communities.

## 3. Build understanding on taxonomy sub-objectives

When initiating new programmes, investors should conduct research to better understand stakeholders and local contexts, and define the intended outcomes. For example, Cordaid collects and documents case studies, maps stakeholders and prioritises outcomes whenever it engages in a new area related to youth, peace and security. This process not only helps investors gain clarity but also supports youth-led initiatives in improving their creative thinking and understanding of the stakeholders around them.

[22] For more information, consult Annex 1.

After deploying capital, investors must continue to deepen their understanding of the issues they aim to address, as well as the impact of their contributions. Comprehensive systems for Impact Measurement and Management (IMM) enable investors to gather valuable insights into their primary areas of intervention. The learnings generated through IMM processes should lead to the refinement and enhancement of financial and non-financial support offerings, ultimately improving the quality and effectiveness of funded activities and services. IMM also serves as a tool to engage youth, strengthening communication and accountability.

The Ukrainian Social Venture Fund, for instance, consistently engages with its investees to monitor progress against pre-agreed Key Performance Indicators (KPIs) and tailors activities to enhance results. Similarly, the Youth Entrepreneurship Investment Bank in Liberia conducts regular monitoring of its outcomes, complemented by mid-term and long-term evaluations based on the nature of the intended results.

The Multi-Partner Trust Fund in Colombia manages its impact through a series of outcome indicators derived from perception surveys, which capture feedback from the communities. These indicators are aligned with the public indicators of the Colombian Peace Process, as defined by the government's implementation plan, Plan Marco de Implementación del Acuerdo de Paz (PMI).

Crucially, when investors adopt innovative finance approaches that link financial returns to the achievement of social outcomes, the evaluation process requires an additional level of rigour. Such evaluations are often conducted by external parties using experimental or quasi-experimental methods. A key example is the Refugee Development Impact Bond[23], where the Near East Foundation acts as the delivery partner, demonstrating how impact-linked finance can be effectively monitored and evaluated.

## 4. Share results, contributions and learnings

The Peace Taxonomy can also serve as a reporting tool by standardising communications, thereby strengthening principle 9 (learning and sharing) and principle 4 (transparency and accountability). Impact reports, such as those produced by the Multi-Partner Trust Fund in Colombia and the Ukrainian Social Venture Fund, already provide clear insights into an organisation's activities, impact, learnings and future actions.

Aligning reporting with the Peace Impact Dimensions and the taxonomy contribution Spectrum would further help identify investors active in similar sectors, allowing them to leverage shared learnings and expertise. This approach not only avoids duplication of efforts but also fosters collaboration and reduces siloed working practices.

[23] Near East Foundation's Impact Bond. October 2023. Accessed February 5, 2026. https://neareast.org/near-east-foundations-impact-bond-becomes-the-worlds-first-refugee-bond-to-receive-the-orange-bond-label/

However, when it comes to information related to impact risk mitigation and management, current reporting remains fragmented. A key recommendation would be to align the Peace Taxonomy Contribution Spectrum with the Impact Frontiers' nine types of risk[24] and encourage investors to report accordingly. Such alignment would allow investors to share their risk mitigation strategies while building synergy with established initiatives like the Impact Frontiers Reporting Norms. This integrated approach would improve transparency and accountability, as well as the ability to address risks more effectively across the investment landscape.

## Case Study Highlights

**Cordaid Investment Management (Uganda, Yemen, Iraq)**

Cordaid's Futuremakers programme in northern Uganda enabled 700 young entrepreneurs to access financial and non-financial support, fostering economic resilience. In Yemen, Cordaid collaborated with Youth Without Borders Organisation for Development to provide basic needs and build long-term livelihoods. These initiatives reflect Cordaid's commitment to locally led development and tailored responses to conflict-specific challenges.

**Near East Foundation's Refugee Impact Bond (Jordan, Lebanon)**

The Refugee Impact Bond represents the first Development Impact Bond certified under Sustainable Development Goal (SDG) 16, supporting 2,560 SMEs and benefitting over 4,380 individuals. By tying financial returns to measurable outcomes, the Near East Foundation has pioneered a results-driven financing approach that aligns investor and community priorities, fostering peace through economic stability.

**Ukrainian Social Venture Fund (Ukraine)**

The Ukrainian Social Venture Fund supports social entrepreneurs through incubation and acceleration programmes, including smart grants and partially repayable grants. By focusing on peer learning and mentorship, the fund equips youth to address post-conflict challenges and foster social cohesion. The fund's innovative approach to mentorship and co-creation exemplifies best practices in stakeholder engagement.

[24] For more information, consult: https://impactfrontiers.org/norms/five-dimensions-of-impact/impact-risk/

Case Study Highlights (continued)

**Liberian Youth Entrepreneurship Investment Bank (Liberia)**

The Liberian Youth Entrepreneurship Investment Bank leverages partnerships with government entities, private investors and civil society to support 30,000 youth-led businesses across sectors like agriculture, tech and manufacturing. By integrating youth into governance structures, including the Federation of Liberian Youth, the bank fosters local ownership and creates an enabling environment for sustainable entrepreneurship.

**United Nations Multi-Partner Trust Fund for Sustaining Peace in Colombia (Colombia)**

The Multi-Partner Trust Fund's blended finance initiatives in Colombia combine public and private capital to implement long-term peacebuilding programmes, including economic integration and reconciliation efforts. By co-creating solutions with local communities and ensuring stakeholder accountability, the fund builds enduring trust and resilience in post-conflict regions.

# Section 3: Meaningfully engaging youth peacebuilders in investment processes

## Opportunities for engagement: why engage?

Investing in youth-led peacebuilding offers a unique opportunity for investors to contribute to both societal stability and sustainable economic growth. Young people, particularly in conflict-affected regions, are disproportionately affected by instability but also have the potential to transform their communities through innovative solutions and grassroots action. By engaging with youth peacebuilders, investors can harness their energy, creativity and local knowledge, which are critical for fostering lasting peace and development.

Young people are often at the forefront of social movements and community initiatives, making them invaluable actors in addressing the root causes of instability. Their proximity to conflict dynamics and their networks within affected communities enable them to identify and implement localised, impactful solutions that traditional interventions might overlook. By partnering with youth, investors can leverage these strengths to drive meaningful change.

Stable and peaceful societies are fundamental to sustainable economic development, and youth-led peacebuilding initiatives play a vital role in achieving this stability. These initiatives not only foster social cohesion but also create an environment conducive to economic growth. Programmes that integrate economic empowerment with peacebuilding—such as youth entrepreneurship initiatives—offer a dual benefit by reducing conflict and stimulating local economies, providing tangible returns for both communities and investors.

Youth-led initiatives are also highly innovative and adaptive, often employing technology and unconventional methods to achieve their goals. Whether through digital platforms for conflict resolution or community-driven development models, young people bring fresh perspectives that align with modern investment approaches. Their ability to navigate complex environments and devise creative solutions makes them indispensable partners for investors seeking long-term impact and stability.

## Benefits to the investor community

- **Enhanced impact and visibility:** Partnering with youth peacebuilders allows investors to demonstrate their commitment to the United Nations' Sustainable Development Goals (SDGs), particularly SDG 16 on peace, justice, and strong institutions.[25]
- **Risk mitigation:** Conflict and instability pose significant risks to investments, particularly in emerging markets. Youth-led peacebuilding efforts reduce the likelihood of conflict recurrence, creating more stable environments for investment. Engaging youth as partners in peacebuilding provides a proactive approach to mitigating geopolitical risks.
- **New market opportunities:** Youth-led initiatives often identify untapped opportunities within their communities, particularly in areas such as social enterprise, sustainable development and technology-driven solutions. By supporting these initiatives, investors can gain early access to emerging markets and innovative business models.

## Current gaps in engagement

Despite its clear benefits, the engagement of young people remains overlooked within the impact and peace-positive investment landscape. Structural barriers, such as a lack of flexible funding mechanisms and limited capacity-building opportunities, prevent investors from reaching the most vulnerable stakeholders and engaging youth-led initiatives throughout the process. Addressing these gaps presents investors with significant opportunities for both impact and financial return.

One major gap is the limited inclusion of young people in decision-making processes. They are often excluded from formal peacebuilding and investment strategies, limiting their ability to influence initiatives that directly affect their communities. Adopting participatory approaches and covering for additional overhead costs ensures that youth perspectives are not only heard but also integrated into investment decisions, making them more relevant and impactful.

[25] United Nations,"Goal 16: Promote Just, Peaceful and Inclusive Societies," Sustainable Development Goals, accessed October 29, 2024, https://sdgs.un.org/goals/goal16

Another challenge is the **perception of risk**. Youth-led initiatives are frequently viewed as high-risk due to their relative inexperience and the volatile contexts in which they operate. However, this perception can be mitigated through targeted capacity-building initiatives and risk-sharing mechanisms, which provide the necessary support to enhance their stability and effectiveness.

Investors have a unique opportunity to catalyse change by engaging with youth peacebuilders. By adopting innovative approaches, fostering inclusive partnerships, and addressing structural barriers, they can contribute to a more peaceful and equitable world while achieving meaningful returns. Engaging young people as partners is not merely a moral imperative—it is a strategic investment in the future of global stability and prosperity.

## Challenges and solutions in engaging youth peacebuilders

While engaging youth peacebuilders presents immense opportunities for investors, several challenges hinder effective collaboration and impact. These barriers stem from structural inequalities, perceptions of risk and systemic gaps in resources and capacity. Addressing these challenges requires targeted strategies and innovative solutions that align with the unique needs and strengths of youth-led initiatives.

**Challenge 1: structural barriers**

The problem: Youth peacebuilders are often excluded from formal decision-making processes, resource allocation and governance structures. These structural barriers marginalise youth voices and limit their influence on strategies and policies that affect their communities.

The solution: Adopt inclusive and participatory approaches that integrate youth into every stage of the investment process. Establish youth advisory panels, include youth representatives in governance bodies and foster co-creation to ensure their voices are heard and valued. Flexible funding mechanisms that reduce administrative burdens can also facilitate greater access to resources for youth-led initiatives.

**Challenge 2: perception of high risk**

The problem: Youth-led initiatives are frequently viewed as high-risk by investors due to their limited financial track records, lack of collateral and the volatile contexts in which they operate. This perception often leads to a lack of trust and reluctance to invest in youth-led initiatives.

The solution: Implement risk-sharing mechanisms such as blended finance or co-investment models to mitigate perceived risks. Engage in due diligence processes that account for the unique strengths and innovations of youth-led initiatives, rather than relying solely on traditional financial metrics.

### Challenge 3: resource constraints

The problem: Youth-led initiatives often lack access to sustainable funding, technical expertise and operational resources. These constraints limit their ability to scale their initiatives, attract investment and achieve long-term impact.

The solution: Pair financial investments with capacity-building support, including training in financial management, programme planning and stakeholder engagement. Establish mentorship programmes that connect youth-led initiatives with experienced professionals to foster skills development and organisational growth. Consider multi-year funding commitments to provide stability and enable long-term planning.

### Challenge 4: limited access to networks

The problem: Youth peacebuilders frequently face barriers in accessing influential networks of investors, policymakers and practitioners. This limits their ability to build partnerships, share knowledge, and mobilise resources.

The solution: Facilitate networking opportunities by organising events, forums and mentorship schemes that connect youth-led initiatives with key stakeholders. Ensure that these spaces are inclusive and accessible to youth who are marginalised and under-represented in society, addressing barriers such as language, geography, financial constraints and digital access. Encourage partnerships between youth-led initiatives and established institutions to amplify their reach and impact, while prioritising diverse representation beyond privileged groups.

### Challenge 5: safety and security risks

The problem: Operating in conflict-affected or politically-sensitive areas exposes youth peacebuilders to threats, including violence, harassment, and repression. These risks not only endanger their lives but also hinder the implementation of their work.

The solution: Incorporating safety and security measures into investment frameworks, such as providing psychosocial support, legal aid and emergency funding for youth peacebuilders. Advocate for policies that protect youth activists and create safe environments for their work.

## The role of investors in addressing challenges

Investors are uniquely positioned to overcome these barriers by adopting innovative, youth-centred strategies. By combining financial resources with technical assistance, fostering inclusivity and addressing structural challenges, investors can unlock the full potential of youth-led peacebuilding initiatives. Emphasising trust, flexibility and collaboration is key to building meaningful and impactful partnerships.
This approach not only enhances the effectiveness of investments but also ensures that youth are equipped to lead transformative change in their communities, contributing to both immediate peacebuilding outcomes and long-term stability.

# Recommendations for investors

Investors play a crucial role in advancing youth-led peacebuilding by addressing systemic barriers, providing tailored financial support and fostering meaningful partnerships. To maximise their impact, investors should consider adopting innovative, inclusive and adaptive strategies. The following recommendations offer practical steps for engaging effectively with youth peacebuilders.

1. **Prioritise inclusivity and equity**
   - Engage diverse youth, including those from marginalised communities, ensuring that their voices and experiences shape investment decisions.
   - Design funding mechanisms that address inequities in access to resources, particularly for young women, ethnic minorities and LGBTQI+ youth,[26] while also keeping in mind their safety and protection concerns.[27]

2. **Implement flexible and innovative financing models**
   - For investors: develop financial instruments that accommodate the unique needs of youth-led initiatives.
   - For donors: offer multi-year funding commitments that provide stability and enable youth peacebuilders to plan and execute long-term initiatives.

3. **Provide capacity-building support**
   - Pair financial investments with technical assistance and training, focusing on skills such as financial management, programme planning and monitoring and evaluation.
   - Facilitate mentorship programmes that connect youth-led initiatives with experienced professionals and institutions to strengthen their leadership and operational capacity.

[26] These mechanisms should include provisions to mitigate risks such as harassment, violence or discrimination, ensuring that marginalised groups can participate meaningfully and without fear. Flexible, secure and inclusive funding models are essential to support these youth peacebuilders in achieving their goals within safe and enabling environments.
[27] United Nations Office of the Secretary-General's Envoy on Youth, Global Report on Protecting Young People in Civic Space (New York: United Nations, 2021), [25] United Nations,"Goal 16: Promote Just, Peaceful and Inclusive Societies," Sustainable Development Goals, accessed October 29, 2024, https://sdgs.un.org/goals/goal16 content/uploads/2021/06/Global-Report-on-Protecting.-Young-People-in-Civic-Space.pdf

4. **Foster co-creation and shared ownership**

- Involve youth in every stage of the investment process, from design to implementation and evaluation.
- Establish youth advisory boards or co-governance structures to ensure their active participation and decision-making power.

5. **Address safety and security concerns**

- Incorporate measures to protect youth peacebuilders operating in conflict-affected regions, such as legal aid, psychosocial support and emergency funding.
- Advocate for policies that promote the safety and rights of youth engaged in peacebuilding efforts.

6. **Emphasise monitoring, evaluation and accountability**

- Develop participatory IMM frameworks that include youth in tracking progress and assessing outcomes.
- Maintain transparency in investment goals, processes and results to build trust and ensure mutual accountability.

# Conclusion

Youth peace finance represents a transformative opportunity for investors to contribute to global stability, economic growth and sustainable development. Young people, with their creativity, resilience and deep community ties, are uniquely positioned to address the root causes of conflict and foster lasting peace. However, realising their potential requires strategic investments that prioritise inclusivity, co-creation and sustainability.

This guide emphasises the importance of aligning investment strategies with the **YPF Principles and the Peace Finance Impact Framework Peace Taxonomy**, providing a clear framework for engaging youth peacebuilders in a meaningful way. By addressing structural barriers, adopting innovative financial mechanisms and fostering equitable partnerships, investors can amplify the impact of youth-led initiatives while achieving their own financial and social goals.

The case studies presented highlight the transformative power of investing in youth-led peacebuilding, demonstrating how tailored approaches, innovative financing and best practices can create lasting change. They serve as evidence of what is possible when young people are recognised as equal stakeholders in peacebuilding efforts.
For investors, the implications are clear: engaging with youth peacebuilders as indispensable partners in decision-making processes—not as passive beneficiaries—generates a positive return of investments. By adopting the recommendations outlined in this guide, stakeholders can also create a new paradigm for peace finance—one that centres on youth as catalysts for change.

The challenges facing youth peacebuilders are significant, but so too are the opportunities for impact. With bold, inclusive and adaptive strategies, investors can unlock the immense potential of youth-led peacebuilding, contributing to a more peaceful and equitable world for future generations while supporting more stable and inclusive economic growth.

# Annex 1

## Mainstreaming peace finance - applying the Peace Finance Impact Framework

To support a market for peace-enhancing investment, Finance for Peace, an initiative of Interpeace, has developed the Peace Finance Impact Framework (PFIF), which serves as an accessible framework for investors to ensure that they not only do no harm, but intentionally contribute to peace in fragile and conflict-affected settings. In a landscape where impact investments seek to navigate the complexities of peace and conflict dynamics, the PFIF is a key tool.

Traditional impact and environmental and social frameworks often fall short of adequately addressing the nuanced impacts that investments have on peace and conflict, underscoring the need for a more conflict aware and sophisticated approach. This is further amplified by the growing demand for socially responsible investments, particularly in the shift towards a low-carbon economy, where social inequalities—a root cause of many modern conflicts—must be addressed to ensure genuine sustainability and avoid the pitfalls of greenwashing in sustainable investments.

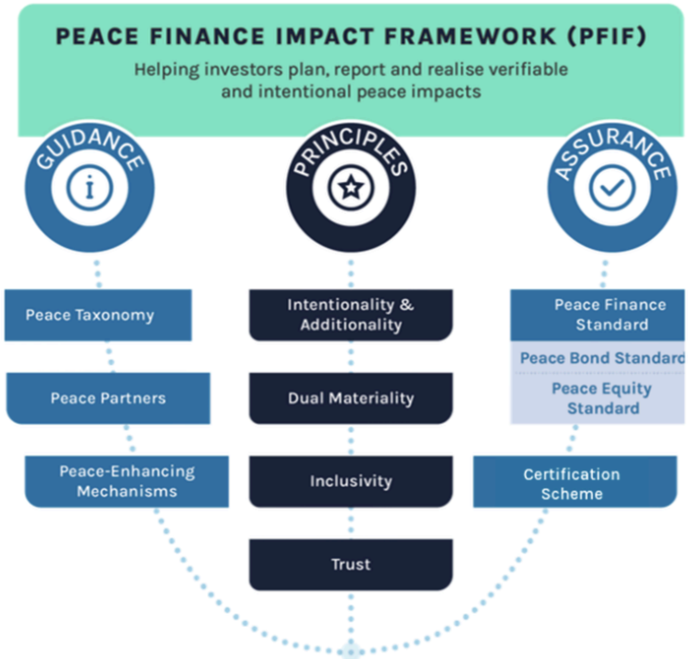



Figure 1: The Peace Finance Impact Framework

At its core, the PFIF offers a comprehensive set of principles, tools and criteria (see visual above), designed to guide issuers and investors in aligning their financial products with peace objectives. It facilitates the creation of meaningful connections between investors and peace partners, leveraging mechanisms that both enhance peace and mitigate risks, thereby opening up new investment avenues. Key to the PFIF are four foundational principles (see Figure 1) that guide investment cycles and are instrumental in setting the PFIF apart from existing frameworks by providing explicit, actionable guidance.

Another innovation within the PFIF is its certification scheme, which serves as a safeguard against peacewashing—the practice of labelling investments as peace-positive without credible evidence—by helping investors identify investments that are genuinely resilient and conducive to peace. This is underpinned by a robust Peace Finance Standard, encompassing both Peace Bond and Peace Equity Standards, which details rigorous peace positive criteria that investments must meet to receive certification.

## Guiding investments with the Peace Taxonomy

The Peace Taxonomy is an essential tool within the PFIF for aligning financial products with peace-positive outcomes. By setting minimum safeguards and Do No Harm criteria across three categories—safety and security; social peace; and political peace—it guides issuers, investors and policy makers in fostering investments that support peace. These categories are further refined into sub-dimensions to sharpen the focus on specific peace impacts related to income and well-being.

**Functions of the Peace Taxonomy**

1. Screening ensures projects meet taxonomy eligibility, including environmental, social and Do No Harm safeguards.
2. Evaluating peace potential identifies peace impact sub-dimensions within the investment's scope to assess their peace positive contributions to economic and social progress.
3. Contributions assess how investments affect these sub-dimensions, considering direct, indirect and Do No Harm contributions.
4. Strategy identification tracks Do No Harm risk mitigation and peace-enhancing mechanisms to bolster peace-positive impacts and maintain alignment with the taxonomy.
5. Reporting demonstrates how projects' strategies contribute to peace and conflict sensitivity across the relevant sub-dimensions, ensuring transparency and accountability.

The Peace Taxonomy, developed collaboratively by experts in peacebuilding and finance, enables stakeholders to navigate the investment landscape with a clear focus on advancing peace.

Table 1: Peace Taxonomy

| Peace Impact Dimension 1: Safety and Security<br>Subdimensions 1: *Indicative* | | Peace Impact Dimension 2: Social Peace<br>Subdimensions 2: *Indicative* | | Peace Impact Dimension 3: Political Peace<br>Subdimensions 3: *Indicative* | |
|---|---|---|---|---|---|
| **1.1** | Impact on direct interpersonal violence in the community. | **2.1** | Impact on Vertical Social Cohesion (State and Society Trust). | **3.1** | Impact on diplomatic relations between States, and non-State actors. |
| **1.2** | Impact on sexual and gender-based violence (SGBV) in the community or household. | **2.2** | Impact on Horizontal Social Cohesion (Trust between groups). | **3.2** | Impact on the development of infrastructure or provision of goods and services that support a formal peace process either defined in a peace agreement and/or a recognised part of a peace process. |
| **1.3** | Impact on abuse and all forms of violence against children. | **2.3** | Impact on equitable access of resources and basic services, income and goods (education, health, housing, work, etc.) | **3.3** | Impact on dispute resolution mechanisms, whether formal or informal and improved perception of justice and human rights issues. |
| **1.4** | Impact on collective and intercommunal violence. | **2.4** | Impact on gender, intergenerational equity or on other group identities such as caste, class, race, ethnicity, religion, political affiliation. | **3.4** | Impact on transboundary relations (e.g. in the case of cross border energy or water projects). |
| **1.5** | Impact on Armed conflict, State-sponsored violence, or violence by non-State actors. | **2.5** | Impact on governance of public services and trustworthy delivery of basic services. | **3.5** | Other impact example. |
| **1.6** | Impact on conflicts over natural resources. | **2.6** | Impact on patterns of economic exclusion for marginalised or excluded communities or groups. | | |
| **1.7** | Impact on fear of violence in above categories. | **2.7** | Impact on the free flow of information, transparency, accountability and corruption in public and private institutions. | | |
| **1.8** | Other impact example. | **2.8** | Impact on climate resilience and access to cleaner sources of energy. | | |
| | | **2.9** | Impact on structural grievances that mark the origins of violence (e.g. land rights/titles, access to natural resources). | | |
| | | **2.10** | Impact on cultural identities and local traditions. | | |
| | | **2.11** | Other impact example | | |
| **No harm to the other dimensions and subdimensions (DNH)** | | | | | |
| **Exclusionary criteria and minimum social and environmental safeguards** | | | | | |

# Annex 2

## Summaries of case studies

This annex provides an overview of the case studies developed on youth peace finance, showcasing concrete transactions and their alignment with the YPF Principles and the Peace Taxonomy. The below provides a snapshot of case studies that were carries out and finalised in 2024. Data provided below may therefore not be up-to-date[28].

### Cordaid Investing in Youth in Fragile contexts

**Case summary:**
Cordaid is a relief and development organisation working in conflict-affected contexts. The organisation combines immediate humanitarian assistance with long-term peacebuilding, conflict prevention and development programmes. Building on this experience in fragile and conflict-affected settings—as well as its engagement in the Borderlands Forum held in the Great Lakes Region in 2021, and initiatives such as the Futuremakers programme and the 'Women and Youth against Violence' programme—Cordaid has developed long-standing expertise in youth, peace and security (YPS). Cordaid, together with other INGOs, has also worked with the United Network of Young Peacebuilders (UNOY) youth advocacy team, contributing to the adaptation of UN Security Council Resolution 2250 on Youth.

**How does this case align with the YPF Principles and the Peace Taxonomy?**
Cordaid is active in several topics across the safety and security and social peace dimensions of the Peace Taxonomy. Cordaid has deployed what they refer to as risk-prone funding to work with youth-led and women-led organisations, working in some cases to support newly-established organisations. For Cordaid, working in youth, peace and security usually also entails meaningful research to start new programmes, including collecting and documenting stories, mapping stakeholders and understanding how to prioritise outcomes together with youth leaders.

**How are youth involved in decision making?**
Cordaid has developed the Youth Engagement Scorecard,[29] which is a publicly available tool, to integrate a youth lens across their programmes. This tool encourages project managers to include strategies to overcome age discrimination and improve meaningful youth participation.

### United Nations Multi-Partner Trust Fund for Sustaining Peace in Colombia: blended finance for post-conflict stabilisation and participatory peacebuilding

**Case summary:**
The Multi-Partner Trust Fund (MPTF) in Colombia is an instrument established by the Colombian Government, the United Nations and donor countries. It was created after the signing of the peace agreement with the former guerrilla group called FARC-EP, to enable building peace structures in the country. This MPTF channels funding—mostly coming from official development assistance[30]—to support the populations most impacted by the conflict, with special attention to those historically marginalised from decision-making processes.

[28] For access to the full case studies, please contact IPYP at sara.smith@daghammarskjold.se and Interpeace at....

**How does this case align with the YPF Principles and the Peace Taxonomy?**
The impact objectives of the MPTF in Colombia are well aligned with the political peace dimension of the Peace Taxonomy as it emerged from (and informed) the legal framework underlying the Colombian peace agreement. The fund manages risk and Do No Harm considerations to avoid exacerbating conflict dynamics in conflict-affected communities. Although the fund does not include a specific youth dimension, it channels funding from the UN Peacebuilding Fund (PBF), which has included the Gender and Youth Promotion Initiatives.

**How are youth involved in decision making?**
As the MPTF advocates for participatory peacebuilding, all the financed projects incorporate participatory mechanisms and consultations with the affected communities—from design to implementation. This is illustrated by collaborations with Colombian youth-led initiatives such as 5ta con 5ta and Generación V+.

## Near East Foundation: putting innovative finance at the service of peacebuilding

**Case summary:**
The Near East Foundation (NEF) is a capital provider promoting peace and security in the Middle East, Africa and the Caucasus. The foundation has engaged in innovative finance mechanisms to advance long-term solutions for peace and stabilisation in different regions. These include: (i) the world's first Refugee Impact Bond, which supports refugees and their host communities in Jordan and Lebanon; (ii) the first impact investment fund as part of its peace-contributing programme in northern Syria; and (iii) community-based revolving credit mechanisms in Sudan and South Sudan.

**How does this case align with the YPF Principles and the Peace Taxonomy?**
NEF is very active in the Social Peace dimension of the Peace Taxonomy, leveraging the benefits from innovative finance to drive sustainable impact in each geography. Innovative vehicles allow NEF to catalyse additional impact finance, reaching most marginalised stakeholder communities and collaborating with other actors, such as impact investors and civil society organisations. For example, the facility developed in Sudan and South Sudan uses outcomes-based financing (OBF) as both a funding and delivery mechanism. To align incentives between stakeholders the fund embeds revolving funding into three consecutive and expanding development impact bonds. In this way, OBF mechanisms can improve exit and sustainability, simplify and streamline contracting and measurements and improve the return on investment for investors and outcome funders.

**How are youth involved in decision making?**
There are opportunities within innovative finance to integrate youth in decision-making processes and allow them to be active agents of change. For example, in Lebanon, NEF operates Siraj Centers to ensure that youth-led organisations are engaged as partners and themselves design social innovations to address barriers of economic empowerment across different stakeholder groups. This collaboration also allows NEF to reach informal youth groups and promote women's empowerment. In Syria, NEF has worked to identify the intersectional and varied identities of young people within the country, and in this way increase diverse representation of the stakeholder group.

[29]Available here: https://www.cordaid.org/en/wp-content/uploads/2022/09/Scorecard-Meaningful-Youth-Engagement.pdf

## Ukrainian Social Venture Fund: supporting recovery through social entrepreneurship in Ukraine

**Case summary:**
The Ukrainian Social Venture Fund (USVF) is an impact capital provider supporting social enterprises to build peace, recovery and resilience in Ukraine. Responding to the humanitarian impact of the Russian invasion of Ukraine in 2022, the USVF has supported social entrepreneurs to relocate and pivot their business models to support the population affected by the conflict. To date, the USVF has supported 62 social enterprises across various regions of Ukraine at the early-stage or growth stage phases.

**How does this case align with the YPF Principles and the Peace Taxonomy?**
Responding to the challenges that have arisen during the war, the USVF portfolio companies are supporting stakeholders such as war veterans, internally displaced people, and people who have physical disabilities as a result of the war. The fund is active across different areas of the taxonomy: among others, it supports social enterprises addressing community-level tensions and violence; creates employment opportunities for communities; promotes women's economic empowerment; supports child welfare; improves basic services; and fosters international cooperation.

**How are youth involved in decision making?**
The fund ensures that it understands well (and responds appropriately to) the needs of youth-led companies by leveraging its pool of mentors to provide non-financial support to investees and to manage impact. Those mentors become USVF agents, sharing updates from the social entrepreneurs with the operational team.

## The Liberian Youth Entrepreneurship Investment Bank: programme for advancing youth entrepreneurship and investment from the African Development Bank

**Case summary:**
In 2023, the African Development Bank (AfDB), through the Program for Advancing Youth Entrepreneurship and Investment, took a significant step by establishing the Liberian Youth Entrepreneurship Investment Bank (YEIB). The YEIB is designed to provide long term, systemic and tailored financial and non-financial business services to young entrepreneurs. It is composed of three dedicated funds, managed by the YEIB: (i) an early-stage equity investment fund providing tickets from 50,000 USD to 500,000 USD; (ii) a technical assistance fund to deploy non-financial support services; and (iii) a credit guarantee fund to de-risk lending for young entrepreneurs.

**How does this case align with the YPF principles and the Peace Taxonomy?**
Through the three vehicles, the YEIB aims at providing financial and non-financial services to address the core needs of youth in Liberia. Young entrepreneurs and MSMEs can access financing, enabling them to start and scale their businesses. In doing so, the YEIB will foster social inclusion, decrease vulnerabilities, and improve the resilience and long-term sustainability of youth-led Liberian MSMEs. Moving away from project-based interventions, the YEIB represents an opportunity for systematising and institutionalising solutions, acting as an ecosystem anchor that convenes and coordinates stakeholders and partners.

[30] Official development assistance (ODA) refers to concessional public funding provided by governments and multilateral agencies to promote economic development and welfare in developing countries.

**How are youth involved in decision making?**
The YEIB exemplifies effective integration of youth empowerment into its governance structure, comprising a board of directors with at least 60% independent members and a management team that drives the three key vehicles. Importantly, the Federation of Liberian Youth, Liberia's umbrella youth organisation, is a core member of the YEIB's board of directors, indicating local ownership and community-based resilience interventions.

# Annex 3

## Revision of the YPF Principles

The following annex looks at the ten principles of Youth Peace Finance, diving into the learnings and takeaways from the research process and including practical recommendations to apply the principles in practice. It also explores the intersection between the YPF Principles and the Peace Finance Impact Framework (PFIF).

The diagrams below illustrate how the PFIF framework is linked with the 10 YPF Principles:

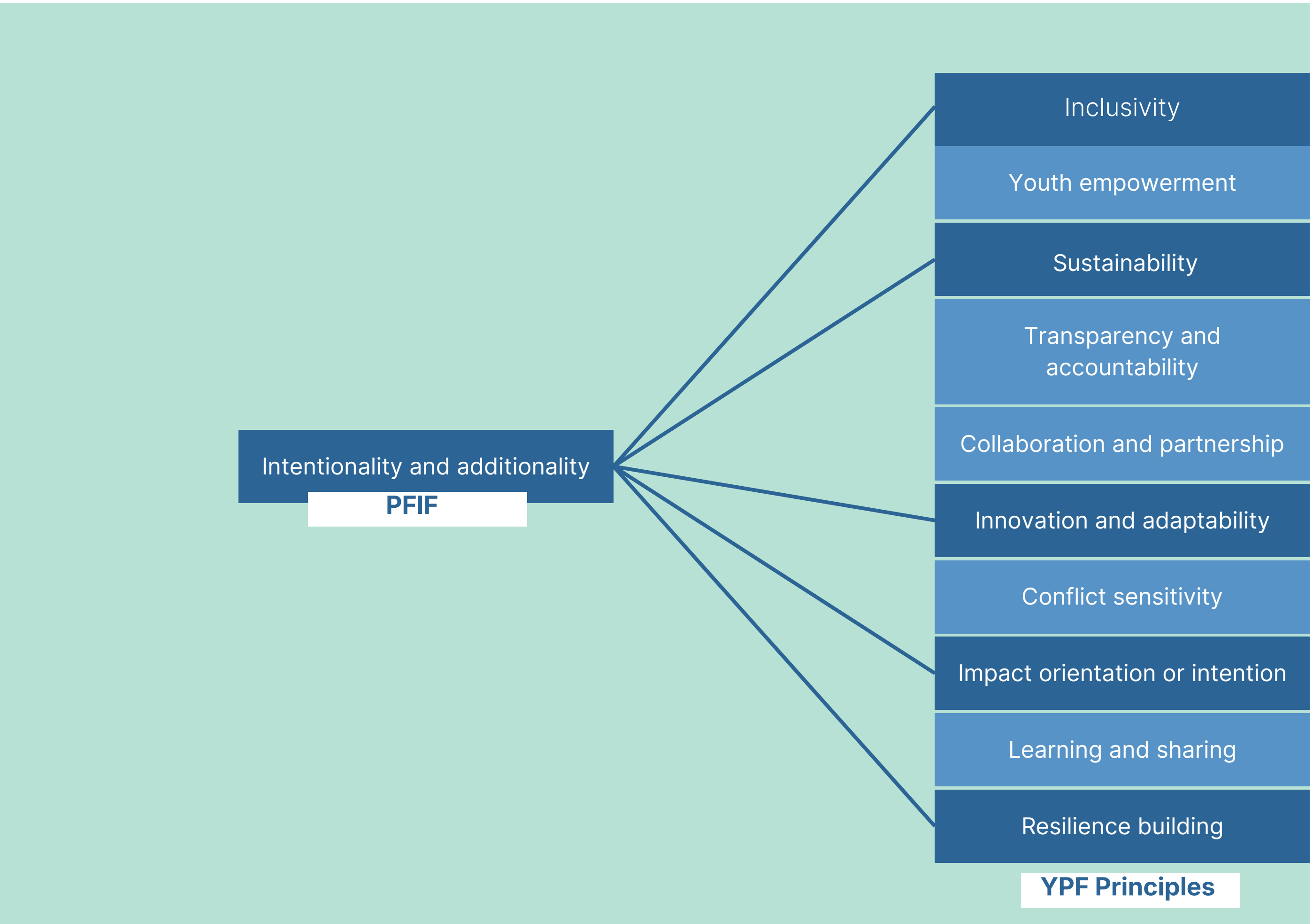



Figure 2: PFIF principle on intentionality and additionality

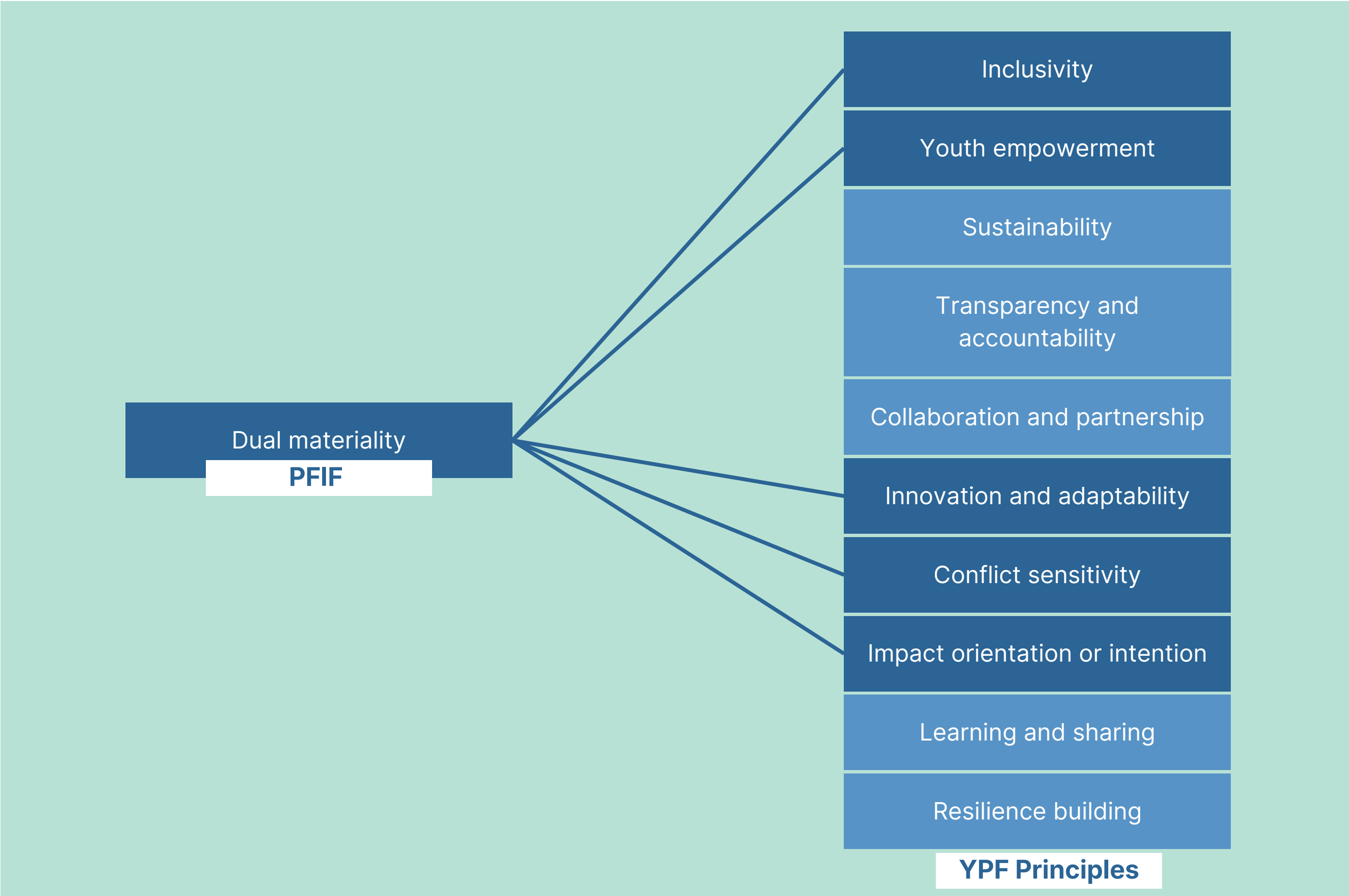



Figure 3: PFIF principle on dual materiality

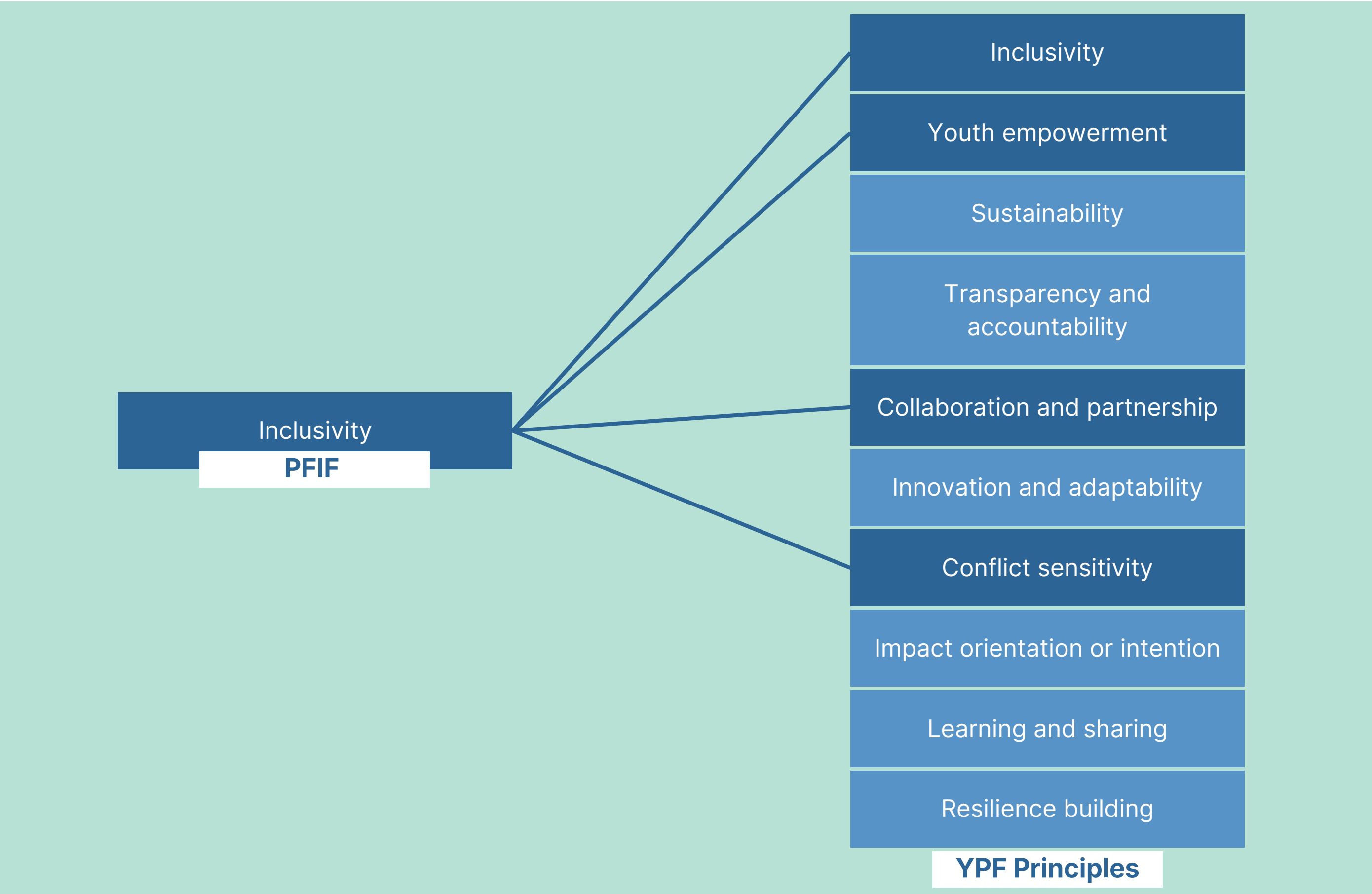



Figure 4: PFIF principle on inclusivity

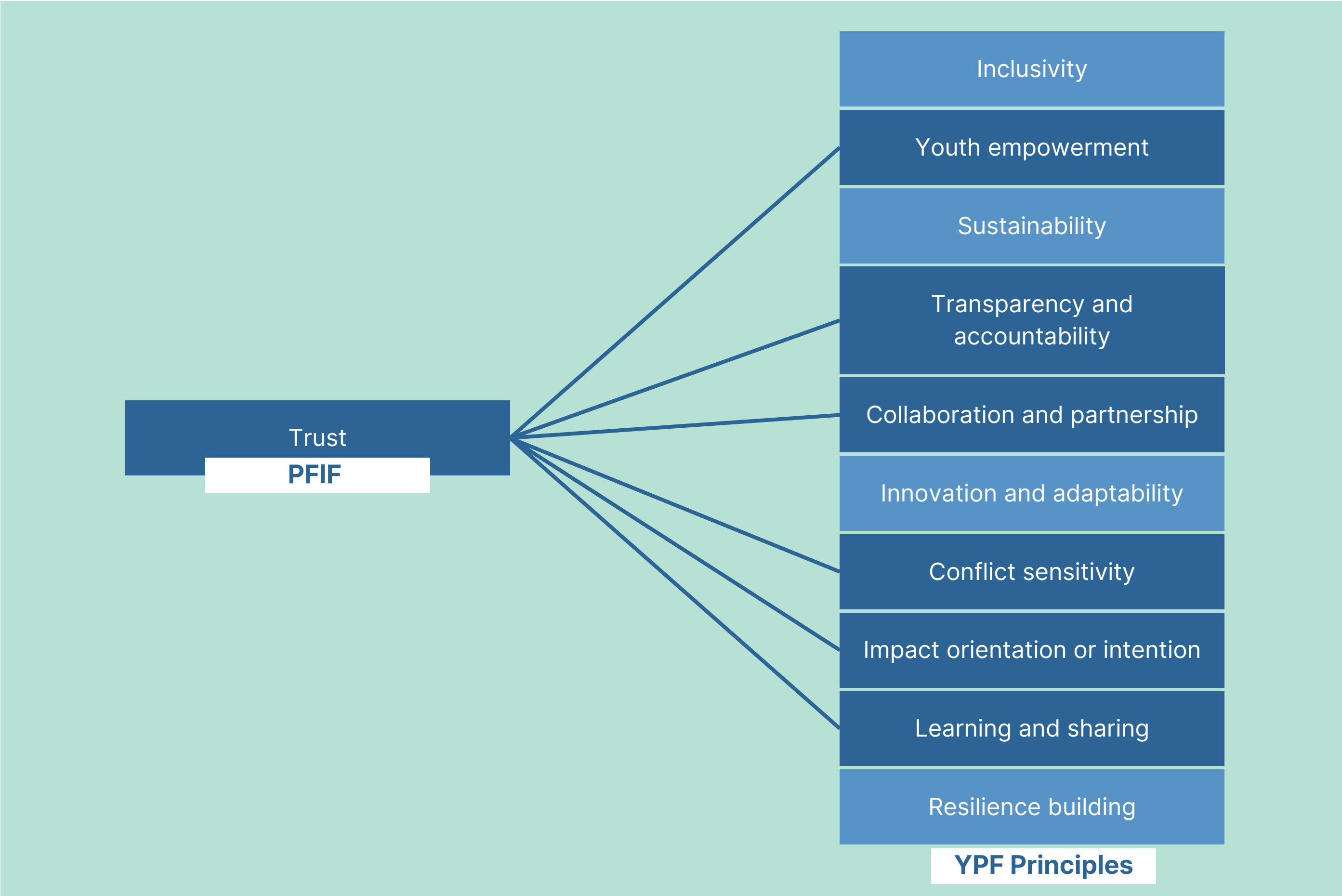



Figure 4: PFIF principle on trust

## Principle 1: inclusivity

**Definition:**
Ensure that YPF initiatives actively include and represent youth from diverse backgrounds, particularly those from conflict-affected regions. This requires that initiatives respond to the different and added barriers that young people who are marginalised in society face based upon intersecting forms of oppression. Inclusivity should also extend to embracing various types of financial instruments and approaches that cater to different contexts and needs. This principle has been drawn from the core values of peacebuilding and social equity.

**Findings:**
This principle relates to the pillar of intentionality that underlines impact investing. Investors need to demonstrate their intentions ex-ante and adapt their impact strategy to the different contexts where they operate. This includes being intentional in targeting the youth population in conflict-affected areas, with a clearly stated intention to address impact gaps that affect young people and an impact strategy developed in accordance with the problem identified.

Three types of contexts are defined in YPF: conflict prevention, conflict resolution or mitigation and conflict recovery (see section 2 of the investor's guide for more information). Conflict prevention overlaps with creating prosperity in underserved areas, and hence many donors and investors might be operating in this context without being intentional about peacebuilding.

This represents an opportunity to catalyse further capital for YPF from development investors that are currently unaware of how close it is to their mission. This is the case of the Liberian Youth Entrepreneurship Investment Bank, which focuses on identifying sub-segments of the youth population that are particularly marginalised/face additional barriers and improving their wellbeing, ultimately preventing radicalisation and conflict (see Annex 2 of the Investor's Guide for more information).

Conflict resolution or mitigation typically entails more agile funding, covering humanitarian needs and providing basic services, whereas conflict recovery requires long-term funding, combining certain concessionality with repayable instruments.

This principle is closely linked with principle 1 of the PFIF (commit to peace intentionality and additionality), which outlines the importance of identifying ex-ante the intended outcomes, as well as how a vehicle or an investment intends at achieving them. Interestingly, the concepts of peace intentionality and peace additionality are interlinked, as the intended additionality is also embedded in the business model and the investment strategy.

Developing an understanding of the context and the stakeholders affected is a first step to execute dual materiality, i.e. principle 2 of the PFIF.

The creation of knowledge that precedes the building of the investment strategy is a first step to understand the local context, the regulatory environment and other stakeholders active in the area or the sector, therefore aligning with principle 3 of the PFIF (promote processes that drive inclusion).

## Principle 2: youth empowerment

**Definition:**
Empower young people by involving them in decision-making processes at all levels of YPF initiatives. This includes planning, implementation and IMM, ensuring that their voices are heard and their insights are valued and acted upon. This principle is rooted in youth development theory, which emphasises the importance of giving young people agency, voice and involvement in decision making that affects their lives.

**Findings:**
This principle is arguably the most important for YPF as it touches on a major issue: the transfer of power to build long-term resilience. As this principle is transversal to all the phases of the investment process, it is interlinked with all the other principles: its adoption (to a certain threshold) is a necessary condition for the successful adoption of any other principle. Importantly, this also applies to other stakeholder groups that might be underrepresented, such as women or minority ethnic groups.

To build empowerment, a first step is to identify and engage with youth groups to understand their needs and context. Investors should identify the best entry points to engage with those groups. If the local and national governments are actively engaging with these groups, they can be a relevant entry point, as occurred in the case of the Liberian Youth Entrepreneurship Investment Bank (YEIB).

There are a number of ways for investors to identify such entry points. Cordaid has local offices in the areas in which it operates. The Multi-Party Trust Fund (MPTF) for Sustaining Peace in Colombia employs staff who conduct analysis and build trust on the ground. It also collaborates with local centres or hubs that have contact with non-formal youth groups, as demonstrated by the Near East Foundation's Siraj Centers in Syria.

A good practice to demonstrate that youth are treated as equal partners is to embed them in the internal governance of a fund or a vehicle. Ensuring that their voice is represented at the top level of an organisation not only helps build empowerment, but also gains legitimacy and accountability towards the stakeholder group. MPTF and the YEIB are presenting interesting governance approaches in that regard: while the MPTF has included civil society groups in its steering committee, the YEIB included the country's youth umbrella organisation on its board. Equally, embedding a youth lens in the impact management framework (see the example of the Cordaid Youth Engagement Scorecard) would assist investors in strategising around this stakeholder group in all investment decisions.

Implementing principle 2 of the PFIF (execute dual materiality), entails knowing well the needs of the (youth) stakeholders served. In practice, this principles is needed for meaningful engagement and collaboration with these groups.

Driving local inclusion (principle 3 of the PFIF - promote processes that drive inclusion) is needed to build collaboration and engagement with different stakeholder groups, including youth of different socio-economic backgrounds, locations, diverse gender identities, etc.

Meaningful youth engagement enables putting in place processes that gives meaningful voice to youth, which in turn is a means for building trust and accountability, as stated by principle 4 of the PFIF(create conditions that build trust).

## Principle 3: sustainability

**Definition:**
Align YPF initiatives with long-term peace and economic development goals. Ensure that these initiatives are environmentally sustainable, economically viable and socially equitable, contributing to lasting peace. This principle is reflective of the Sustainable Development Goals (SDGs).

**Findings:**
This principle could be split into two main actions. First, investors and donors should explicitly outline their long-term objectives in their investment strategy and clearly define how activities in the strategy will contribute to long-lasting intended impacts, including peace and other SDG-related action areas. This relates both to principle 1 outlined above and to the intentionality pillar of impact investing.

Second, to effectively achieve long-term positive outcomes, investors and donors should work to increase the economic viability of the supported (youth-led) organisations. This is achieved through a mix of financial instruments (see principles 5 and 6), sound impact management strategies and meaningful non-financial support.

In particular, some youth-led initiatives lack the financial literacy to raise mainstream types of capital (for example, loans from local banks). Providing them with the business skills to thrive in the long term is thus a way to build long-term resilience and, at the same time, to de-risk solutions so that they can catalyse further capital towards peacebuilding. All the case studies that inform this document explain how the provision of non-financial support is embedded in the investment strategy of each vehicle, highlighting its relevance to achieve long-term sustainability.

Environmental sustainability is another key factor to consider within this principle. If investments are not made with the intention of mitigating or adapting to climate change, a risk mitigation approach must be applied to prevent negative impacts. This can be followed by assessing the Social Peace area of the Peace Taxonomy.

> The peace intentionality embedded in this principle also relates to principle 1 of the PFIF, which commits to peace intentionality and additionality. But in this case, the intent to build long-lasting sustainable impact must be explicit, as well as the intended means to achieve the intended impact.

## Principle 4: transparency and accountability

**Definition:**
Maintain high standards of transparency and accountability in all YPF investments. This involves clear reporting, open communication with stakeholders and mechanisms for feedback and redress. These are fundamental principles in both the financial and peacebuilding sectors.

**Findings:**
Meaningful youth engagement entails that youth voices are accounted for when making decisions at the programmatic level and at the fund/vehicle level, including capital allocation and subsequent design of the financial and non-financial support offer. To achieve this, organisations can adopt formal and informal accountability mechanisms.

Formal accountability mechanisms relate to the inclusion of stakeholder voices in impact reports, alongside an explanation of how the organisation has acted upon their feedback. The MPTF impact report is a good example of how to build a thorough understanding of the reality of the different stakeholder groups and how to act upon their needs. The report includes a detailed explanation of each local context, the types of support provided, the evolution of the social reality and the learnings acquired through each investment process.

Informal accountability mechanisms would relate to the internal efforts (for example, through capacity building of employees) to build a co-creation culture within an organisation. Cordaid is a good example of this, as employees from local offices and from headquarters maintain constant dialogue on the realities of each stakeholder group and use the Youth Engagement Scorecard to maintain high levels of accountability and engagement.

Transparency in IMM is a means for building trust, according to principle 4 of the PFIF (create conditions that build trust). These two principles are closely linked, as they both entail formalising accountability and transparency processes to effectively deliver (youth) peace finance.

## Principle 5: collaboration and partnership

**Definition:**
Foster collaboration between various stakeholders, including youth organisations, financial institutions, policymakers and peacebuilding entities. Promote partnerships that leverage different strengths and perspectives for more effective and comprehensive YPF initiatives. This principle is informed by the recognition of multi-stakeholder engagement, including public-private partnerships.

**Findings:**
Meaningful collaborations can take place in different forms: collaboration with the public sector, collaboration with other capital providers and collaboration with youth-led initiatives.

Collaborating with the public sector enables institutionalising YPF: that is, creating a sense of priority for the government to promote an enabling policy context and leveraging its multiple connections and data points to create long-term resilience and scale social solutions. This is well illustrated through the case study on the Liberian Youth Entrepreneurship Investment Bank (YEIB): the close collaboration between the African Development Bank and the Liberian government since the inception of the YEIB led the public sector to further formalise its priorities for youth. Likewise, the Multi-Party Trust Fund (MPTF) for Sustaining Peace in Colombia is perceived by the Colombian government as an accountability mechanism. As such, MPTF aligns its actions with the national policy agenda. For example, the fund collaborated with the youth-led foundations 5ta con 5ta and Generación V+ to disseminate the findings from the Comisión de la Verdad report, which illuminated the events of the conflict, their causes, and their consequences.

Collaboration with partners is useful when working towards common causes. Partners can leverage each other's learnings, strengths and connections. Concretely, when different types of capital providers come together, they can design investment structures that reach youth-led initiatives, initiatives that would otherwise be underfunded. Innovative finance and blended finance (see principle 6) are demonstrations of the output emerging from collaboration among different actors, which is also well exemplified by the case study on the Near East Foundation.

Finally, understanding and collaborating with youth-led initiatives and civil society organisations beyond an investor/donor portfolio helps to build understanding of societal issues and improve stakeholder engagement (for more information, see section 3 of the investor's guide on building meaningful partnerships).

Principle 3 of the PFIF (promote processes that drive inclusion), speaks to collaborating and partnering with organisations that act in the same domain areas. This relates to the importance of collaboration with other partners (investors, market-builders) to avoid duplication of efforts.

Principle 4 of the PFIF (create conditions that build trust) also entails building trust-based partnerships—in this case, with youth-led initiatives and civil society organisations. Interestingly, the intersection of these principles shows that improving accountability leads to better efficiency in deploying YPF.

### Principle 6: innovation and adaptability

**Definition:**
Encourage innovative approaches to peace finance that are adaptable to changing circumstances and evolving conflicts. Support creativity in financial mechanisms, programme designs and partnership models. Drawing from the fields of social entrepreneurship and impact investing, this principle encourages creative solutions and flexibility.

**Findings:**
Principle 1 relates to back-engineering solutions: starting from the analysis of the local context and stakeholder groups and developing subsequent impact strategies. This approach ultimately relates to principle 6, which focuses on the application of financial instruments that are tailored to the needs of the supported organisations.

Ultimately,this principle relates to aligning the characteristics of the capital provided to the characteristics and issues faced by youth-led initiatives. This entails accepting high risk and disproportionate transaction costs to achieve long-term results. Since many investors are unable to provide this type of capital, approaches like blended finance or innovative finance can combine the efforts of investors who have different risk appetites to work together (see principle 5). The case study of the Near East Foundation exemplifies how innovative finance can be an effective tool for peacebuilding in different contexts, and the credit guarantees of the Liberian Youth Entrepreneurship Investment Bank showcase how these types of instruments can catalyse further capital for YPF.

When it comes to grant-making, core, unrestricted and flexible funding are needed for youth-led initiatives operating in conflict-affected contexts. Even if they have a potential revenue-generating business model, they need to adapt to volatile contexts while continuing to serve their stakeholders. The support of the Ukrainian Social Venture Fund to social entrepreneurs during the first phase of the Russian invasion exemplifies this type of agile funding, which also has an important catalytic effect.

Principle 1 of the PFIF (commit to peace intentionality and additionality), embeds the concept of peace additionality. This principle showcases the need for financial and non-financial additionality to strive for peace-positive outcomes that would not have occurred otherwise. Ultimately, striving for peace finance is closely linked to building the appropriate financial mechanisms that will provide adequate support to underfinanced youth-led initiatives that have high potential social impact and to underserved segments of the population.

The assessment of financial and impact risks is included in principle 2 of the PFIF (execute dual materiality). This principle focuses on impact risks, and subsequent mechanisms to mitigate and/or share them.

## Principle 7: conflict sensitivity

**Definition:**
Ensure that YPF initiatives are designed and implemented in a manner that is sensitive to the local context and does not exacerbate existing tensions or create new conflicts. This includes understanding the socio-economic, cultural and political dynamics at play. Rooted in peacebuilding practice, this principle ensures that finance initiatives are aware of and responsive to the local context and conflict dynamics.

**Findings:**
This principle acknowledges the need to manage not only financial, but also impact risks entailed to YPF. This includes establishing a series of safeguards and Do No Harm criteria aligned with the Peace Taxonomy. A key risk is providing inadequate or the wrong type of resources or support to organisations as a result of not understanding the local context. For this reason, organisations would be wise to devote significant effort to understanding local realities, needs and priorities and to adapt their investment strategy accordingly, as showcased in principle 1.

The Multi-Partner Trust Fund in Colombia case study illustrates a risk management effort geared towards not exacerbating conflict dynamics by looking at topics such as: the presence of armed groups and illegal economies; the risk that the projects financed by the fund can have unintentional detrimental effects on human rights, women's rights and the environment; institutional fragility on a local level; or new social conflicts arising in the communities.

The types of risk relate to the context of the intervention, but also to the execution or non-delivery of the intended outcomes. For example, in South Sudan, the Near East Foundation (NEF) manages operational risks by leveraging NEF's existing presence of trained local staff to maintain strong relationships in the areas of intervention and engage with regulatory authorities. This reduces reliance on external resources. The foundation also looks at outcome achievement risks by setting achievable revenue targets, conducting audits, and building capacities with companies.

This principle focuses on the assessment of the impact risks included in principle 2 of the PFIF (execute dual materiality). These risks can be mitigated by building a thorough understanding of the context and the stakeholders. It also entails considering potential unintended negative impacts, which are to be monitored and managed since inception.

Having in place the adequate processes to gain feedback from and engage with the local community, as outlined in principle 3 of the PFIF (promote processes that drive inclusion), is, in practice, a meaningful way to mitigate impact risks.

Building acceptability and trust through transparency and accountability mechanisms (principle 4 of the PFIF - create conditions that build trust) will also help mitigate and manage impact risks.

## Principle 8: impact orientation or intention

**Definition:**
Focus on measurable outcomes and impacts, ensuring that YPF initiatives contribute to peacebuilding in tangible ways. Develop clear metrics and evaluation methods to assess the effectiveness and impact of YPF activities. Influenced by the impact investing field, this principle focuses on creating measurable social and environmental impact and aligning financial initiatives with broader peacebuilding objectives.

**Findings:**
Impact measurement and management (IMM) is a key component for all the case studies developed. IMM helps investors strategise around long-term results and monitor short- and mid-term outcomes to refine solutions over time. While IMM strategies among the case study organisations differ in their governance and objectives, the common ground is that it is used as a tool to enable making better decisions and fostering accountability.

Measurability is a key pillar of impact investing (alongside intentionality and additionality, mentioned in principles 1 and 6, respectively) as it enables investors and supported organisations to prove and improve their impact. Measurability is closely linked with principles 4 and 9, serving as a tool to communicate and share results, as well as learn from stakeholder feedback.

In practice, there are two common traits amongst the case studies: first, organisations tend to balance the level of rigour of the IMM requirements with the nature of the investments (see, for example, the case studies of the Multi-Partner Trust Fund (MPTF) for Sustaining Peace in Colombia, the Ukrainian Social Venture Fund and the Liberian Youth Entrepreneurship Investment Bank. Second, they strive to align the long-term outcome metrics with broader frameworks such as the SDGs (see the examples of Cordaid and Near East Foundation) or national peacebuilding agendas (such as the MPTF).

Finally, it is worth looking at Impact Europe’s guidance on the two levels of impact: their direct impact on investees and their indirect impact on society (i.e. on people and the planet). Outcomes related to impacts on investees include: the financial solidity of the investee; the impact management practices of the investee; organisational resilience; the catalytic effect of the investment; and the strengthening of underserved impact organisations.[31]

> Selected outcomes to be measured and managed are included in a Theory of Change, which illustrates the impact objectives and the chain of events that link activities with long-term impacts. This link between intentionality and measurability embodies the relationship between this principle and principle 1 of the PFIF, which outlines a commitment to peace intentionality and additionality.

[31] Picón Martínez A., Gaggiotti, G., and Gianoncelli, A., (2024) “How to Do Impact Measurement and Management”. Impact Europe. Available at: https://www.impacteurope.net/insights/how-do-impact-measurement-and-management

A materiality analysis is always part of an IMM process, as it entails understanding what matters for the selected stakeholder groups and acting upon it, as reflected in principle 2 of the PFIF (execute dual materiality).

By engaging with youth and collecting meaningful feedback for IMM, investors also build trust with communities and foster transparency and accountability, as well as avoid impact washing, in accordance with principle 4 of the PFIF (create conditions that build trust).

## Principle 9: learning and sharing

**Definition:**
Promote a culture of learning within the YPF ecosystem, encouraging the sharing of experiences, successes and lessons learned. Facilitate knowledge exchange between different regions and sectors to enhance the effectiveness and reach of YPF initiatives. This principle is based on the concept of knowledge management and continuous improvement in development and peacebuilding practices.

**Findings:**
In practice, this principle can be operationalised in three ways. First, a good practice is to explicitly document the learnings and previous experiences that inform each new investment or initiative. For example, the Liberian Youth Entrepreneurship Investment Bank inception report includes examples of previous experiences supporting youth in Liberia and subsequent gaps and takeaways. The Near East Foundation initiative in South Sudan builds upon its own expertise in implementing the Development Impact Bond (DIB) in Jordan and Lebanon. This explicit statement helps to better understand current gaps and avoid duplicated efforts.

Second, initiatives with a long-term view for peacebuilding should work actively to share learnings coming from their IMM efforts (see principle 8) with other capital providers and the public sector. The Multi-Partner Trust Fund for Sustaining Peace in Colombia included in its impact report not only results and case stories, but also learnings and future actions.

Finally, donors and investors in YPF have an opportunity to attract additional mainstream impact investors to the field—by building awareness of their approach and strategy, highlighting the need for flexible, risk-prone funding and by pursuing enabling regulation. As the first impact investing organisation in Ukraine, the Ukrainian Social Venture Fund and its founding members play an active role in attracting and mobilising further capital for social impact in Ukraine. Cordaid builds awareness among its donors on the need for flexible, unrestricted funding to be able to take risks and support youth-led initiatives that would be otherwise overlooked.

Principle 4 of the PFIF (create conditions that build trust), illustrates how transparency and accountability help build trust that leads to meaningful partnerships and collaboration. It is in this space where learning and sharing take place.

## Principle 10: resilience building

**Definition:**
Aim to enhance the resilience of youth and communities through YPF initiatives, enabling them to better withstand and recover from shocks and stresses, including economic downturns, social upheavals and environmental crises. Drawing from the fields of disaster risk reduction and community development, this principle focuses on strengthening the capacity of youth to withstand and recover from adverse situations.

**Findings:**
In addition to the barriers faced by youth-led initiatives (lack of track record, high risk perception, lack of financial literacy), external risks are especially relevant in conflict-affected markets. For that reason, instruments like guarantees, first-loss grants or innovative finance mechanisms help to catalyse investments to youth-led organisations (see principle 6).

Another key aspect of building the resilience of youth-led initiatives is non-financial support. Building capacities of youth in business skills, financial management, marketing, fundraising, and impact management is key not only to grow and scale the solution, but also to gain resilience in case of external shocks. Mentorship is signalled by youth-led initiatives as an impactful form of non-financial support.

This needs to be accompanied by core, unrestricted funding that allows for investees to act with agility and pivot their business models. It is a good practice for investors to raise donor funding to cover this (either by fundraising themselves to cover the transaction costs and increase their risk-appetite or by directing this funding to the potential portfolio organisations).

The provision of non-financial support is tied to the concept of non-financial additionality, which refers to the additional support provided through capacity building and resilience, and is deemed crucial for achieving peace additionality (as defined in principle 1 of the PFIF, which commits to peace intentionality and additionality). Likewise, unrestricted funding for taking agile decisions can also be labelled as financial additionality.

IPYP
Investing and Partnering with Youth for Peace

Investing and Partnering with Youth for Peace (IPYP) is a multi-stakeholder platform that fosters meaningful and equal partnerships between young peacebuilders and private sector actors. Through research and development and a community of practice, IPYP supports practical approaches for responsible business engagement in youth-led peacebuilding. For more information, see: https://www.daghammarskjold.se/our-work/sustaining-peace/investing-and-partnering-with-youth-for-peace-ipyp/

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