Enabling peace-positive climate finance in fragile contexts

ROUNDTABLE SUMMARY NOTE

This note is based on the roundtable event on June 2, 2026, convened by FCDO and International Alert with participants from key bilateral and multilateral partners and climate finance institutes.[i] It summarises the discussion on the case for peace-positive climate investments in fragile and conflict-affected settings (FCAS), the identified constraints faced by institutions and climate portfolios, and the enablers and opportunities identified by participants for achieving and scaling such investments.[ii]

Key takeaways

- Climate finance largely ignored conflict hotspots despite globally rising armed conflicts, with these states and communities often having massively underfunded adaptation and peacebuilding needs.
- Integrating conflict analysis, social cohesion and human security can reduce risk and support long-term climate and development outcomes.
- Shareholders, boards of funders, senior leaders and institutional mandates need to align behind peace-positive approaches to climate finance. Organisational and country finance strategies and regional policy frameworks can provide the foundation for implementation of peace-positive climate finance.
- Bilateral donors, shareholders and climate finance institutions should translate political recognition into institutional priorities and portfolio decisions. Recipient governments need to increasingly express their demand for new approaches to climate finance in fragile contexts, while the roles of private-sector actors (both domestic and international) require greater clarity.
- Some fragile settings might still need smaller-scale pilots (showing what works, making the business case, testing innovation etc.) whilst transitioning to more transformative investment models, whereas others already have existing portfolios suited for scaled-up results with partners. Adaptive, agile and rapid-response funding remains critical, but also has to intentionally contribute to stronger national and local systems. Greater support for readiness for recipient governments and local civil society partners, community-led adaptation and ready-to-implement projects can improve access, relevance and delivery.
- A challenge is operationalising existing conflict-sensitivity commitments in financial instruments, portfolio development and implementation. Requirements and internal capacities should be robust enough to manage social and political risks without overburdening funders or delivery partners.

- Climate finance, peacebuilding, development and humanitarian actors need more structured collaboration on analysis, risk management, pipeline development and programming.
- Long-term partnerships, easier accreditation and investment in local civil-society and private-sector capacity are essential for locally-led action.
- New pilot projects can test integrated climate and peace approaches and build evidence through stronger monitoring, evaluation and learning. The subsequent scaling of successful approaches requires embedding proven conflict-sensitivity standards and peace-positive objectives within institutional strategies, financing mechanisms and project pipeline.

The need for peace-positive climate investments in FCAS

There are more than 130 active armed conflicts across the world and the number is rising. Climate finance cannot ignore this reality. The link between climate change and instability is widely recognized, but climate finance remains largely conflict blind. Where international climate action happens, it rarely considers deeper conflict dynamics, nor is it designed to be peace-positive. This gap weakens the effectiveness of climate finance and fails to protect communities. Climate investments that are informed by conflict analysis and include outcomes on social cohesion and human security perform better, face lower risks and volatility and can deliver long-term outcomes for climate and people.

Institutional anchors and political leadership

While not all stakeholders and institutions within the climate finance ecosystem are presented with the same challenges towards advancing conflict sensitive and peace-positive investments, an enabling political environment, leadership endorsement and institutional policies were recognised as presenting an anchor for these approaches.

Roundtable participants highlighted the need for better alignment between shareholders, institutional mandates, senior leadership, and governance at the board level. Although recognition of the climate, conflict and peace nexus is growing generally, it does not reach all levels within donors and funding institutions. Also, in the practicalities of portfolio developments participants noted too little attention to the political nature of finance and related sensitivities in fragile contexts.

Moreover, strong institutional direction, clarity and frameworks were identified as key anchors to implement peace-positive climate investments, for example grounding it in a multiannual strategy, a dedicated fragility and resilience plan, or specific country strategies. Many of these do exist already. Such institutional foundations in strategies can be complemented and reinforced by regional political frameworks and policy discussions, for example the African Union's positioning on climate, peace and security.

Sustaining momentum and high-level support

Sustaining momentum to promote and achieve peace-positive climate investment in FCAS requires consistent support from bilateral donors and shareholders, both through headquarters' engagement and the boards of climate finance institutions. They can ensure the topic becomes more visible on the global development and climate finance agenda and gains more support, so political recognition is translated into institutional priorities, human resource and budget commitments, and portfolio decisions.

It was noted that recipient countries also play a central role in sustaining momentum by expressing clearer demands for conflict sensitive and peace-positive climate action, for instance through funding requests, country-specific strategies and project pipelines development. This requires greater awareness and capacity among governments in fragile and climate-vulnerable situations including Ministries of Finance, Planning and all those national entities engaged in climate finance. Support and readiness programmes from funders help to strengthen their institutional capacities but should be complemented by stronger advocacy towards national governments, as well as regional organisations, for climate finance that responds to conflict dynamics and delivers peace-positive outcomes.

It was noted that this debate often neglects the role of the variety of domestic and international private sector actors – from investors to implementers. National governments who are shareholders of multilateral banks and funds and recipient countries can support clarifying their role and collaboration on conflict sensitive and peace-positive climate investments with the private sector in FCAS.

More flexible finance and process optimisation

The discussion highlighted that current co-financing arrangements are often too process-heavy and not fit for purpose in fragile settings, as most funds offer large loans and grants that can be difficult to access and absorb. FCAS require large scale climate-peace investments, but in many contexts, smaller-scale, adaptive and rapid response funding must pave the way for more transformative models for long-term resilience. Preparation support is key in bridging the gap in access and capacity and delivering investable pipelines in FCAS, such as the Transition Support Facility at the African Development Bank or the Project Preparation Facility grant and Readiness Programmes of the Green Climate Fund. Beyond institutional capacity building, technical assistance, and support for small, and medium-sized enterprises, these support schemes address structural barriers unique to fragile contexts. This creates an enabling environment, reducing risks to future climate investments. Moreover, pipeline generation with fast-track or pre-approved ready-to-implement projects would overcome challenges within the current rigid processes of finance mechanisms.

The overemphasis on climate mitigation was also seen to present a challenge as it often fails to meet the needs of local populations, for instance regarding livelihoods. Funding priorities should shift to community-led adaptation programmes, enabled through "readiness investment" including for local implementing partners (accredited entities) to achieve locally-led programming and address communities' needs and realities.

From tools to implementation

In some instances, a disconnect between institutional strategy and operations presents a primary obstacle to achieve peace-positive investments. Approaches for conflict sensitivity and peace co-benefits are in some cases already anchored in strategies, but they do not necessarily translate into practice, as "there are sophisticated mechanisms for managing financial risk but less so for managing social and political risk." Some participants highlighted that this is not necessarily due to a lack of technical guidance and handbooks, but rather that these are not operationalized or embedded in financial instruments, portfolio development and implementation arrangements and in practical implementation. In some institutions technical advisors on conflict and peace exist and work closely between headquarters and programming in FCAS. A challenge to following conflict sensitivity and peace-positive approaches includes its uptake by (external) implementing agencies and local partners, as it can easily cause an additional burden for operators. Hence these requirements need to be robust enough to manage risks and deliver co-benefits, but practical enough not to overburden funders or implementing partners.

Technical capacities differ between institutions. Some participants reported that there is a need for strengthened internal capacities, for example on standardized conflict sensitivity and risk assessments of climate projects and internal tools – adjusted to the structure and nature of the funder/bank.

Partnerships for effective delivery

Partnerships were seen to be not an add-on but a core condition for conflict sensitive and peace-positive climate investments. They should be part of institutional strategies and the coordination between climate finance, peacebuilding, development and humanitarian actors. A key element of this is identifying and strengthening the synergies between policies, programmes, portfolios and funding windows. Yet siloed approaches between these actors remain a central barrier to scaling peace-positive climate investments. Participants noted that climate actors often lack structured engagement with peacebuilding expertise, while peace actors have limited access to climate finance processes. This disconnect also exists at policy level, where peace and security policies are seldom aligned with climate action plans, including National Adaptation Plans and Nationally Determined Contributions. Here lies an opportunity to foster integrated

analysis, shared risk management and joint programming. Effective cooperation between sectors should move beyond information sharing towards targeted collaboration around concrete pipelines, to feasible co-financing arrangements, shared programming and scaling of results.

Partnerships also include those with local organisations and networks. Strong cooperation and effective inclusion of local actors as partners is essential to bringing an understanding of conflict dynamics into climate finance and identifying relevant adaptation priorities and entry points for peace dividends. A broader pool of qualified local partners would help translate these ambitions into implementation on the ground. This also requires investing in local capacity, especially local civil society and local private sector actors, so they can meet the fiduciary requirements and implement projects effectively. Moreover, investments in easier accreditation pathways and long-term relationships, rather than relying only on arrangements for short-term project delivery would help to achieve locally-led action.

From pilots to scale

Participants highlighted the need to fund pilot programmes that test integrated climate and peace approaches in FCAS. Demand-driven, smaller-scale investments can demonstrate how to deliver results, how peacebuilding expertise is best brought into project design early and how actors can jointly assess risks and opportunities in design processes and activities that deliver co-benefits.

On the basis of the pilots' lessons, a stronger evidence base can be built to foster scaling, including by improving monitoring, evaluation and learning frameworks and practices. A good measurement of conflict sensitivity, social cohesion and peace-positive outcomes is needed to demonstrate success, communicate results to boards, shareholders and recipient governments, and inform climate portfolio decisions.

Scaling peace-positive climate finance will then depend on turning lessons from isolated pilots into institutional practices that systematically embed conflict sensitivity standards and peace-positive objectives as de-risking and efficiency measures in strategies, finance mechanisms, project pipelines and funding decisions. This would also help to overcome barriers regarding mandate and to make more effective use of the limited resources in fragile and climate-vulnerable settings.

Notes

[i] Institutions that took part in the roundtable: African Development Bank, Asian Development Bank, Berghof Foundation, Danish MFA, EU EEAS, FCDO, German FFO, Green Climate Fund, HD Centre, Irish Aid, Islamic Development Bank, Swedish MFA and World Bank.

[ii] The text is a synthesis of the different voices from the meeting and may not reflect the organizers and author's opinions.

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