



What are the SDG Impact Standards?

This Impact Measurement and Management training has been commissioned by the United Nations Development Programme (UNDP) to support SDG Impact – a global UNDP initiative to catalyze investment towards sustainability and achievement of the SDGs.

This training is aligned with the core principles and practices of the **SDG Impact Standards**.

Before you dig into our training, this document, provided by the United Nations Development Programme (UNDP), will give you some relevant context on SDG Impact and those standards, including:

- The business and investment case for sustainable development and the **Sustainable Development Goals (SDGs)**
- About **SDG Impact**, an initiative of the UN Development Programme that aims to catalyze private sector investment in the SDGs
- Why the **SDG Impact Standards** are needed
- About the **SDG Impact Standards**



What's the business and investment case for sustainable development?

The SDGs are the world's blueprint for a better, more sustainable future for all



[The 2030 Agenda for Sustainable Development](#), provides a shared blueprint for peace and prosperity for people and the planet, now and into the future.

At its heart are the **17 Sustainable Development Goals (SDGs)** – supported by specific targets and indicators, which are an urgent call for action by all countries - developed and developing - in a global partnership.

Adopted by all 193 United Nations Member States in 2015 and calling on all businesses and investors to apply their creativity and innovation towards solving sustainable development challenges.

The business and investment case for sustainable development and the SDGs

Contributing to and achieving the SDGs offer a compelling growth strategy for businesses and for the world economy as a whole.

“Better Business Better World” report by the Business Commission on Sustainable Development’s (BCSD)

There is an annual US\$12 trillion business opportunity that could be unlocked if the SDGs were pursued in just four major sectors or investment systems - food and agriculture, cities, energy and materials, and health and well-being.

Source: <http://report.businesscommission.org>

Just achieving gender equity alone could increase the size of the global economy by 26%.

Source: <https://www.cfr.org/womens-participation-in-global-economy/>

Use a common language and shared purpose to:

- ✓ Open-up new business and investment opportunities and efficiency gains
- ✓ Future proof businesses and investment portfolios
- ✓ Manage risk more effectively
- ✓ Enhance reputation
- ✓ Attract and retain employees, consumers, B2B customers, and investors
- ✓ Strengthen stakeholder relations
- ✓ Drive innovation
- ✓ Secure social license to operate
- ✓ Keep pace with – and anticipate future – policy developments
- ✓ Stabilize societies and markets

Respecting human rights and reducing negative impacts is an important contribution to the SDGs



“Business strategies to contribute to the Sustainable Development Goals are no substitute for human rights due diligence. On the contrary, robust human rights due diligence enables and contributes to sustainable development.

For businesses, the most powerful contribution to sustainable development is to embed respect for human rights in their activities and across their value chains, addressing harm done to people and focusing on the potential and actual impacts – as opposed to starting at the other end, where there are the greatest opportunities for positive contributions.

In other words, businesses need to realize and accept that not having negative impacts is a minimum expectation and a positive contribution to the Goals.”

UN General Assembly: The Report of the Working Group on the Issue of Human Rights and Transnational Corporations and Other Business Enterprises A/73/163 2018, Paragraph 59.
https://ap.ohchr.org/documents/dpage_e.aspx?si=A/73/163

A smiling woman with short dark hair, wearing a white sleeveless top, is holding several large, colorful cards representing the Sustainable Development Goals (SDGs). The cards are fanned out, showing goals 1, 2, 5, and 8. Goal 1 is 'NO POVERTY', Goal 2 is 'ZERO HUNGER', Goal 5 is 'GENDER EQUALITY', and Goal 8 is 'DECENT WORK AND ECONOMIC GROWTH'. The background is a textured, light-colored wall.

What is SDG Impact?

SDG Impact is an initiative under the United Nations Development Programme



The United Nations Development Programme (UNDP) is the UN's global development network. It advocates for change and connects countries to knowledge, experience and resources to help people build a better life. UNDP aims to see our world radically changed for good and is the integrator of the United Nations Sustainable Development Goals (SDGs).

UNDP is active in 176 countries and territories, working with governments and people on their own solutions to global and national development challenges and supporting country-level programs to achieve the SDGs.

SDG Impact aims to catalyze private sector investment to achieve the SDGs by 2030



“At the 2019 rate of progress, it would be 2082 before all SDGs are realized – and that was before COVID-19, which is likely to set back progress by at least another ten years.”

World Benchmarking Alliance, Financial System Transformation Scoping Report (2021) from Social Progress Imperative (2020) 2020 Social Progress Index results.

SDG Impact aims to catalyze private sector investment to achieve the SDGs by 2030



Impact Management

A means to better decisions that drive investment capital to where it is needed

- ✓ SDG Impact Standards
- ✓ SDG Impact Seal
- ✓ SDG Impact Training



Impact Intelligence

Producing data and insights needed for increasing financial flows to the SDGs

- ✓ SDG Investor Maps
- ✓ Dynamic searchable online platform



Impact Facilitation

Fostering matchmaking and collaboration to realize investments

- ✓ SDG Impact Investor Convenings
- ✓ SDG Impact Policy Dialogues



Including this training



Why are the SDG Impact Standards needed?



Current systems and practices are not serving the long-term interests of humanity or the planet well

- We are **not on track to achieve the SDGs** and COVID-19 has exposed and exacerbated existing inequities
- **A system that seeks “infinite” profit from “finite” resources has an expiration date, and that date is fast approaching.**
- **Governments will regulate** because they cannot afford not to. This is already happening.
- **Social, environmental and economic outcomes are increasingly interdependent.**
- Not solving for climate change and inequality are enormous **constraints on economic potential and threaten system stability.**
- **Failing to achieve the SDGs will have far reaching consequences for humanity and the planet INCLUDING for governments, businesses and investors.**
- **The SDGs will increasingly become a significant driver of future business and investment value as** these relationships and interdependencies become better understood.



The private sector is seeking opportunities for positive impact, yet there is a lack of clear guidance on how to translate intent into action



What is your company's core reason for being, and where can you have a unique, positive impact on society? Now more than ever, you need a good answer to these questions.

McKinsey & Co Purpose: *Shifting from Why to How*, April 2020

72%

of companies
mentioned the SDGs
in the reporting

25%

of companies
included the SDGs
in their published
business strategy

14%

of companies
mentioned specific
SDG targets

1%

are reporting
quantitative measures
to show their progress

Source: PwC SDG Challenge 2019

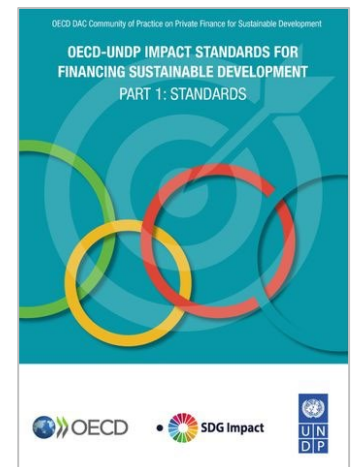
- Many business and investment decisions and activities are having negative impacts on society and the environment that could be avoided or significantly reduced
- Not enough of global finance is reaching the people and countries that need it most
- There is no universal yardstick for sustainable finance. Over US\$30 trillion are labelled as “sustainable” finance according to a multitude of approaches used by different actors but it is unclear how much of it actually promotes sustainable development and how much is actually “SDG-washing”



What are the SDG Impact Standards?

SDG Impact Standards have been developed for Private Equity Funds, Bond Issuers and Enterprises

UNDP has collaborated with OECD on impact standards for donor countries and their private sector partners financing sustainable development



Current versions of all standards can be found at:
<https://sdgimpact.undp.org/practice-standards.html>

The SDG Impact Standards aim to address this knowledge gap and move organizations **from SDG alignment to SDG action** – from thinking about the SDGs as an add-on to what business gets done to how all business gets done.

- ✓ The Standards are decision-making standards, not performance or reporting standards. By focusing on decision-making, adopting the standards are a proxy and leading indicator for future impact performance.
- ✓ The Standards are designed to help organizations integrate operating responsibly and sustainably and contributing positively to sustainable development and the SDGs into organizational (management) systems, investment frameworks and decision-making practices.
- ✓ The Standards build on and complement existing work undertaken by other industry-led initiatives on impact management and measurement. They embed the SDGs and the Impact Management Project (IMP) shared norms and provide an operating system for the application of existing tools and frameworks, including metrics and taxonomies.
- ✓ By creating a robust internal impact management system, organizations that adopt the Standards will be in a much better position to meet sustainability reporting and disclosure requirements from governments, regulators, investors, and other stakeholders.
- ✓ Ultimately, the Standards pave the way to achieve a new way of doing business and investing that puts impact at its core.

The SDG Impact Standards are organized around four interconnected themes – each of which play an important role in fully integrating sustainability and contributing positively to the SDGs into organizational systems and decision-making



STRATEGY

Embedding sustainability and contributing positively to the SDGs in purpose and strategy is important because it drives attention, focus and resources to what matters most and where the organization can have the most significant impact on important outcomes – including by reducing negative ones. It recognizes that organizations' prospects for future prosperity increasingly depend on the health of the planet and the wellbeing of humanity. Operating responsibly and sustainably and contributing to the SDGs is not an add on to what business gets done – it's how all business gets done.

MANAGEMENT APPROACH

Integrating responsible business practices and impact management into organizational systems and decision making is about setting the right conditions to maximize chances of achieving the organizational goals of contributing positively to the SDGs and increasing the probability of success over time. It helps organizations generate options and make more informed choices between those options to optimize their contribution towards sustainable development and the SDGs.

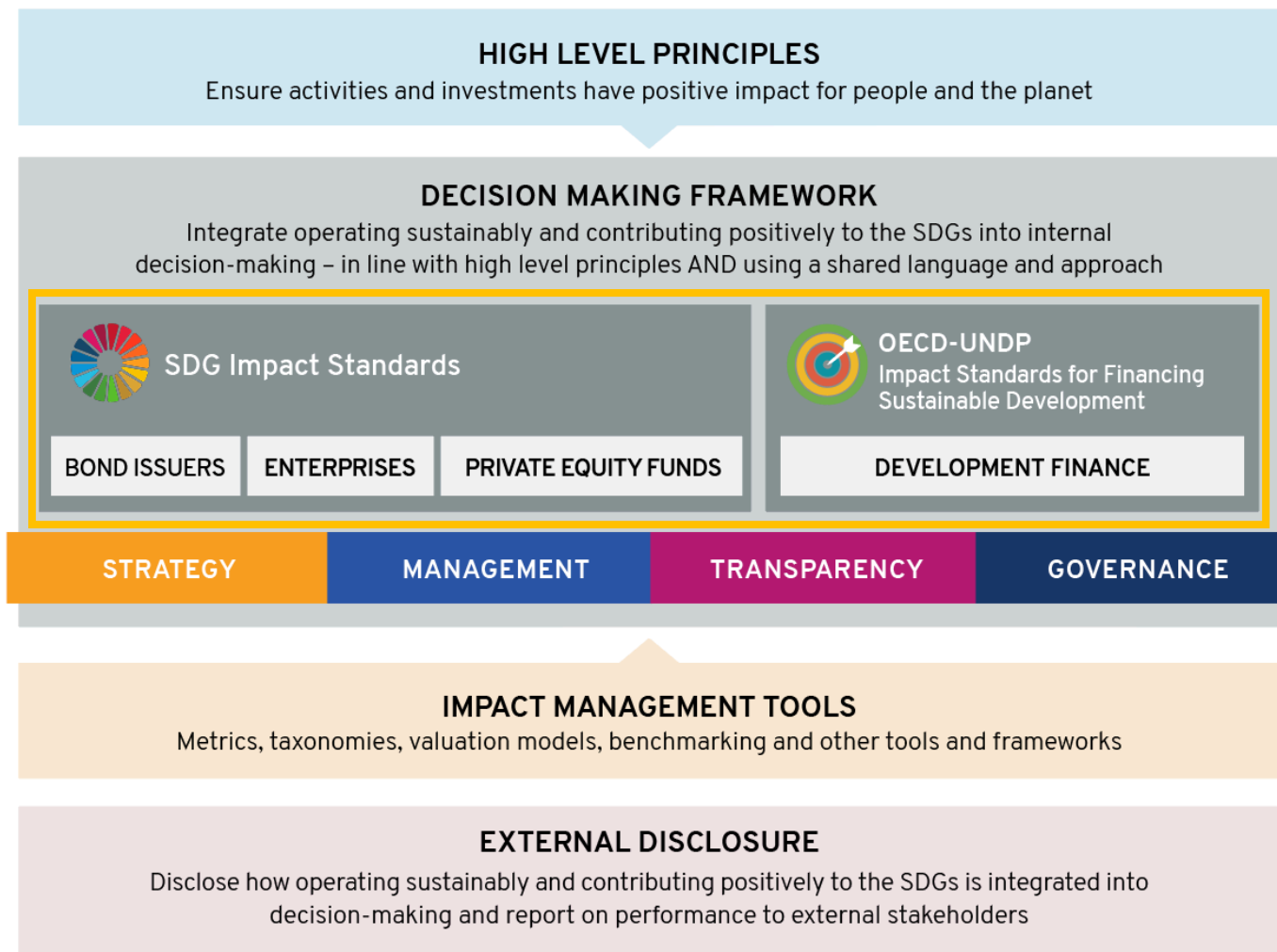
TRANSPARENCY

Being transparent is an important element of being accountable to Stakeholders – all interested parties including those affected or potentially affected in future by the organization's decisions and activities. It also helps Stakeholders make more informed decisions, for instance about whether they want to work with or for the organization, invest in or lend to the organization, or buy or use the organization's products and services. To be effective, transparency needs to be useful and accessible to all Stakeholders.

GOVERNANCE

Governance is an essential element of embedding responsible business and impact management practices into organizational decision-making. The organization's informal and formal governance mechanisms define expectations of behavior, how decisions are made and how the organization holds itself and others accountable for their decisions and actions in accordance with its values, principles, and policies.

The Standards help operationalize high level principles, create a shared language and approach to integrate impact management and existing tools into practice and connect different actors across the ecosystem creating the enabling environment for greater cross-sector collaboration and innovation in SDG financing solutions



Who can use the SDG Impact Standards?



Enterprises, PE Funds, Bond Issuers

Can use the Standards to:

- Put sustainable development at the heart of business purpose, strategy and decision making
- Better address sustainable development risks and opportunities
- Map and design their internal impact management systems
- Undertake self-assessment and gap analysis
- Work with other actors across the system to collaborate and create blended finance solutions



Investors

Can use the Standards to frame their investment guidelines, identify questions and/or otherwise manage their internal work.



Analysts and advisors

Can use the Standards to determine, benchmark and compare and/or provide guidance on impact management practices.



Government and policy makers

Can use the Standards to align with the Standards as issuers or originators and through policy and regulations.

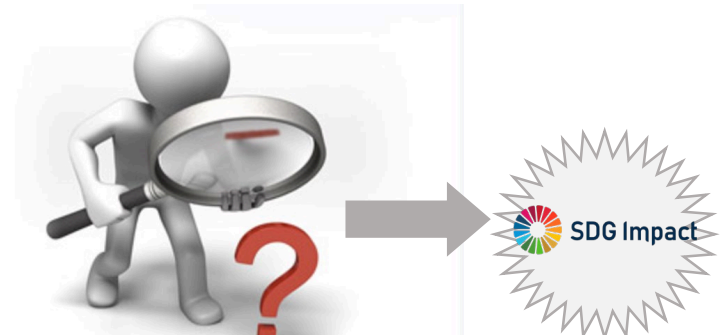
Adopting the SDG Impact Standards is supported by guidance, education and assurance



Glossary



Guidance notes, resources and training on the Standards (coming soon!)



Assurance framework, SDG Impact Seal and assurer training under development

This online free IMM training course through CASE at Duke University



Advisory services: Training and implementation support are available

An external **assurance framework** and **SDG Impact Seal** are being developed in tandem with the Standards.

Independent assurance is an important mechanism to build market trust and confidence and reduce the potential for impact washing or the over-statement of claims. The assurance process is designed to provide assurance that the organization has the policies and processes in place to achieve the objective of the Standards.

SDG Impact is developing an open-source assurance framework to complement the SDG Impact Standards that will:

- Set minimum thresholds to encourage organizations onto the assurance journey
- Require periodic updates – i.e., not a once-off
- Embed continuous improvement into design



For more information:

Website: sdgimpact.undp.org

Twitter: @sdgimpact



SDG Impact

