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UNDP issues new guidance for private equity funds to look beyond bottom line

SDG Impact Standards will help the private sector to make meaningful contributions to Global Goals



The Standards provide guidance on how funds can contribute to sustainable development focusing on impact management and decision-making. Photo: UNDP/Fay Daoud

New York – A new set of Standards released today by the United Nations Development Programme (UNDP) lays out how private equity funds can contribute to the Sustainable Development Goals (SDGs) -- the world's blueprint to achieve a better and more sustainable future for all.

Every day, more and more businesses are looking beyond the outdated goal of simply maximising profit to shareholders. They are looking for concrete ways to make a positive impact -- everything from delivering quality jobs and expanding access to healthcare, to delivering clean drinking water and protecting our natural world through tech enabled approaches, improved sanitation techniques, and distributed energy models. However, there has been a longstanding gap in knowledge and clear guidance on how specific entities like private equity funds can translate intent to action – until now.

The new SDG Impact Standards for Private Equity Funds outline a clear system and a common language to help private equity, venture capital and other funds in private markets to achieve significant social and/or environmental impact through their investments.

“In every corner of the globe, private equity funds are investing directly into growing companies that are developing new solutions,” says Elizabeth Boggs Davidsen, the Director of SDG Impact, which designed the Standards. “The Standards are a valuable tool to focus more of this extraordinary pool of approximately US \$4 trillion into sustainable investments and solutions that can help address the immense global challenges we face including health, poverty, inequality, climate change, environmental degradation, and peace and justice.”


The Standards are a product of SDG Impact -- a ground breaking initiative by UNDP to empower investors and businesses with the clarity, insights, and tools required to support and authenticate their contributions towards achieving the SDGs. The United Nations Environment Programme (UNEP) and the United Nations Global Compact (UNGC), the world's largest corporate sustainability initiative, have welcomed the launch of the SDG Impact Standards as a practical contribution to accelerating progress towards achieving the SDGs, also known as the Global Goals.

“We saw the leadership role played by the private sector as a ‘first responder’ to the COVID-19 pandemic: as a provider of technology, innovation, skills, services, and employment,” says Achim Steiner, UNDP Administrator. “Now, the private sector will once again have a key role to play in helping the world not only to recover but to build forward better -- these new Standards will help private equity funds to fully integrate the SDGs into their investments in the crucial months and years ahead.”

The Standards, developed by UNDP with industry experts, provide straightforward guidance on how funds can contribute positively to sustainable development with a focus on impact management and decision-making. They are designed for maximum flexibility -- they can be used by funds of any size, at any stage of development, and at any location worldwide. Investors can also use the SDG Impact Standards as a self-assessment tool to align more effectively with the SDGs.

“The world is changing rapidly in the wake of the COVID-19 pandemic and people are increasingly aware of the interplay between the economy, how we live and the social and environmental risks. Placing impact at the core of every consumption, employment, business, and investment decision that we make going forward can drive more sustainable outcomes,” says Elizabeth Boggs Davidsen. “Ultimately, we believe that the Standards will help investors make more informed and sustainable choices and channel billions of dollars towards the Global Goals -- towards a brighter future for people, and our planet.”

The SDG Impact Standards for Private Equity funds will be supplemented with a voluntary assurance framework that will include an “SDG Impact Seal” to recognize best practice. They will ultimately form part of a suite of SDG Impact Standards that includes Standards for Bonds and Enterprises -- both still at various stages in the public consultation process.

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