

Private Equity's Role in Sustainable Development Goals

Stockholm (NordSIP) – Private Equity's Role in Delivering the SDGs: Current Approaches and Good Practice, a new report from EMPEA, the global industry association for private capital in emerging markets, suggests that private equity has an increasing potential to drive meaningful impact in chronically underserved markets due to the convergence between investment strategies and the SDGs [Sustainable Development Goals].

The report also suggests that limited partners will increasingly select fund managers demonstrating credible commitment to the SDG agenda, and that there is an emerging opportunity for the private equity industry to collaborate and build consensus with the goal of developing a common approach to investing in the SDGs.

EMPEA is an independent, non-profit organisation comprising over 300 firms representing institutional investors, fund managers and industry advisors who combined managed over \$5 trillion in assets across 130 countries. EMPEA believes that private capital is a highly suited investment strategy in emerging markets offering a unique ability to deliver attractive long-term investment returns while promoting the sustainable growth of companies and economies.

For the purposes of the report, an SDG Working Group was formed to provide guidance to general partners and limited partners actively investing in emerging markets. With increasing private equity engagement with the SDGs, there is a wide variation in the ambitions and approaches to SDG integration across individual firms. The guidance therefore includes strengthening and streamlining the practices of mapping existing investments to SDG targets, assessing the magnitude of the contribution to the SDGs that private equity funds can credibly claim, and exploring investment strategies that specifically aim to achieve SDG targets.

The report identifies the common challenges faced by investors when engaging with the SDGs, considering their breadth, underlying targets and key performance indicators, all of which are set at often conflicting national levels, as well as a range of additional challenges, including the attribution of impact, additionality and net impact.

The report also identifies specific opportunities for emerging market private equity funds to deliver important outcomes across key SDG themes, including affordable and clean energy, health care, education, gender equality and decent work.

[Read the report here.](#)