HOW TO IMPROVE THE MARKETING OF THE SDG IMPACT STANDARDS TO SMALL GROWING BUSINESSES (SGBs) IN THE GLOBAL SOUTH (AFRICA)

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Abbreviations

AUM - Asset Under Management

DFIs - Development Finance Institutions

ESG - Environmental, Social, Governance

ESO - Entrepreneur Support Organisation

GIIN - Global Impact Investing Network

GDP - Gross Domestic Product

IMM - Impact Measurement and Management

IOAs - Investment Opportunity Areas

MOOCs - Massive Open Online Courses

NABs - National Advisory Boards

NDC - Nationally Determined Contributions

OECD - Organization for Economic Cooperation and Development

SDG - Sustainable Development Goals

SGBs - Small and Growing Businesses

SMEs - Small and Medium-sized Enterprises

UNDP - United Nations Development Programme

VC - Venture Capital

1. Introduction

African Small- and Medium- Enterprises (SMEs), accounting for approximately 90% of all enterprises and contributing more than 50% of most African GDP, play a critical role in driving socio-economic development in the continent.[1] However, their potential is inhibited by the difficulty in accessing financial capital. An effective solution to this challenge would be for a private-sector led Impact Revolution on the African continent, centered around Small Growing Businesses (SGBs), and built around a model that combines social impact with financial gain.[2] This approach requires collaboration among several members of the ecosystem, including SGBs, investors, intermediaries, market builders, policy makers, regulators, consumers, philanthropists, and entrepreneurs. Implementing a development finance strategy centered on impact investing would enable African SGBs to obtain financial capital while also achieving positive environmental and social impact, offering an advantage over conventional development strategies, which often revolve around grants and other traditional aid structures.[3]

To attract potential impact investors, company owners could align their business' practices with the SDG Impact Standards for Enterprises. The SDG Impact Standards, a framework and management approach that assists SGBs in integrating sustainability and SDG alignment into the core of their business operations, were created by the United Nations Development Programme (UNDP) to promote sustainable development and accelerate progress towards the SDGs.[4]

The aim of this research is to gain a thorough understanding of how SDG Impact Standards can best be deployed amongst African SGBs, the project is broad in scope but we aim to generate precise and actionable conclusions. Furthermore, the study aims to investigate how implementing such standards can generate a positive impact by attracting more investment from impact investors. In this way, we aim to lay the groundwork for a private sector-led impact revolution which will enable African nations to pursue a pathway to sustainable development. The ultimate objective is thus to investigate the marketing, deployment and funding of the SDG Impact Standards and the associated training course for SGBs in Africa, thereby helping to accelerate the shift from traditional enterprises to certified impact enterprises and promoting the private-sector led impact revolution in Africa.[5]

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[1] Muriithi, Samuel Muiruri. "African small and medium enterprises (SMEs) contributions, challenges and solutions." (2017)
[2] Cohen, Ronald. "On Impact: A Guide To The Impact Revolution." (2018)
[3] Ngoasong, Michael Zisuh, Robert A. Paton and Alexandrea Korda. "Impact Investing and Inclusive Business Development in Africa: A research agenda." (2015)
[4] "SDG Impact: United Nations Development Programme (UNDP)." SDG Impact | SDG Impact Standards for Enterprise - United Nations Development Programme (UNDP), UNDP, sdgimpact.undp.org/enterprise.html. Accessed 9 Dec. 2023.
[5] According to the SDG Impact Assurance Framework, for an impact company to receive the SDG Impact Seal, it must meet the following requirements: comply with the requirements of the UNDP Policy on Due Diligence and Partnerships with the Private Sector; meet minimum evidence requirements; and commit to and demonstrate continuous improvement.

Concerning the methodology, interviews with entrepreneurs, impact investors, industry experts, and the certified trainers delivering the SDG Impact Standards training were crucial to better understand how to promote the SDG Impact Standards. In order for the marketing strategy to be successful, it is important to understand the needs and wants of the various actors in this industry, particularly the SGBs themselves and the entrepreneurs behind them. Moreover, the expertise of impact investors was helpful in better understanding what the constraints are that small enterprises face in adopting the SDGs Impact Standards and understanding how best to evidence the value added of integrating such practices.

This research report is structured into five sections. Section 1 provided an introduction to the research topic and context. Section 2 presents a literature review defining the key concepts related to ESG and impact investment. Section 3 provides a detailed explanation of the research methodology and analytical framework used in our research. Section 4 presents our key findings and their contextualisation in the impact investment scenario and recommendations on how the marketing of SDG Impact Standards to SGBs in Africa can be optimized. Finally, Section 5 draws the research to a conclusion and discusses avenues for future research to continue the knowledge building of the SDG Impact Standards ecosystem.

2. Literature Review

2.1. ESG

This concept outlines the three fundamental dimensions of a company or organization's sustainability commitment: environmental, social, and governance. ESG criteria are largely a financial tool for monitoring and measuring the risk posed to a company from social, environmental and governance issues. The ESG movement represents the evolution of corporate social responsibility initiatives.

To gain a better understanding of this concept, we provide the definition from the SDG Impact Glossary, a UNDP initiative. ESG refers to the "explicit and systematic inclusion of material environmental, social and governance factors in investment analysis and investment decisions that are material to investment performance, i.e. with a view to lowering risk and/or generating (financial) returns. Typically, ESG factors are selected based on their materiality to financial performance of the investment or portfolio, and less typically based on other factors that are relevant to the asset owners."[6] Impact investing and the SDG Impact Standards go beyond this, they are concerned with what is known as double-materiality, i.e. looking also at how the business affects these social and environmental outcomes, essentially the "impact" of the business.

[6] "SDG Impact Standards Glossary." United Nations Development Programme (UNDP), Apr. 2023.

2.2. Sustainable Finance and Impact Investing

Sustainable finance refers to financial practices that integrate sustainability/impact/ESG criteria into business or investment decisions. It is about creating long-term value in a way that not only generates economic returns but also benefits society and minimizes negative environmental impact. It considers how finance (like investments, loans, and insurance) can support sustainable economic growth while reducing pressures on the environment and addressing issues like climate change, resource scarcity, and social inequality.

The part of sustainable finance that this project will focus on is impact investing. As explained above, this goes beyond standard "ESG" investing and should not be confused with it, largely due to the double-materiality of impact investing. The Global Impact Investing Network (GIIN), defines impact investments as "investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return."[7] Despite their dual target of both a financial and a social/environmental return, many impact investments are underwritten at a market rate of return. Others, however, are expected to generate a below market rate return, generally these are investments by impact-first investors (often foundations, family offices, or DFIs). The impact investing field has grown significantly over recent years, one estimate puts the total assets under management (AUM) as $1.164tn across 3,349 organizations.[8]

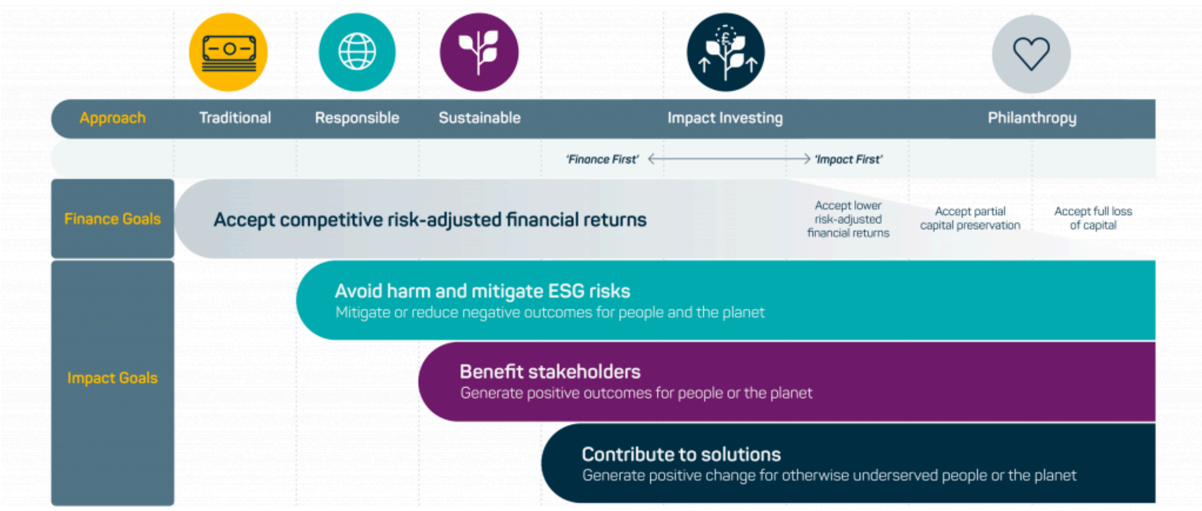

Figure 1: The Spectrum of Capital

Source: Bridges Fund Management and Impact Management Project

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[7] "What You Need to Know about Impact Investing." The GIIN, Global Impact Investing Network, thegiin.org/impact-investing/need-to-know/. Accessed 9 Dec. 2023.

[8] Global Impact Investing Network (GIIN),"Sizing the Impact Investing Market," October 2022.

Impact investing can be clearly differentiated from philanthropy simply by the fact that impact investing, unlike philanthropy, aims for a financial return alongside the positive societal return.

2.3. Impact Measurement and Impact Standards

In the context of sustainable finance, the United Nations Development Programme (UNDP) defines impact as “Changes to aspects of wellbeing as experienced by people and/or the planet caused by the organization through its decisions and actions in its own operations and through its supply and value chains and its business relationships. Impacts can be positive or negative, intended or unintended, direct or indirect.”[9]

Understanding the effective measurement of impact holds paramount importance in ensuring impact investors achieve their desired goals. Measuring social or environmental impacts involves subjective assessments and is inherently complex. The development of an impact standard, encompassing universally acknowledged guidelines and benchmarks that steer the measurement and reporting of impact, is therefore very challenging. However, it is pivotal to foster transparency, comparability, and credibility within the impact investing space. Much progress has been made in the adoption of impact standards, however there is still more work to be done, particularly within SGBs who often lack the knowledge and capacity to thoroughly manage and report their impact.

2.4. The Sustainable Development Goals (SDGs) and the SDG Impact Standards

Introduced in 2015, the SDGs are a set of 17 goals to address global social, economic, and environmental challenges by 2030. They serve as a universal call to action, with the ambition being to meet these goals by 2030. The SDGs cover a broad range of interconnected issues crucial to humanity’s wellbeing and the health of the planet, including poverty, emissions, clean oceans, gender equality, economic growth, and education.

[9] “SDG Impact Standards Glossary.” United Nations Development Programme (UNDP), Apr. 2023.

Figure 2: The SDGs
Source: United Nations

The SDG Impact Standards, launched in 2020, have been developed to help both investors and enterprises operate more sustainably and contribute positively to sustainable development and the United Nations Sustainable Development Goals (SDGs).[10] The standards aim to integrate SDG-aligned impact into the core of how businesses operate, not as an add-on, whilst also addressing the lack of guidance on how organizations can translate intent into action. Crucially, these standards are not performance or reporting standards. Instead, they are decision making standards which help organizations place the SDGs at the heart of their organizational systems, capital-allocation frameworks, and decision-making practices. The standards are constructed around four key areas: strategy (embedding impact into business strategy), management approach (improving decision making frameworks to optimize impact), transparency (disclosing decisions and processes), and governance (aligning governance systems for increased external accountability). Whilst there are other industry-led initiatives that seek to build a comprehensive impact framework, the SDG Impact standards focus on building a shared language and approach for impact management and to connect actors across the ecosystem to enable greater collaboration. In this way, they are interoperable with other IMM standards.

Other IMM frameworks, which tend to focus on metrics and taxonomies, focus on impact outcomes which, arguably, does little to address the systemic changes needed for a true impact revolution. Instead, they often revolve around tick-box measurement exercises, merely demonstrating compliance or surface-level commitments to impact without fundamentally changing the business.

However, a disadvantage of the SDGs is that they are universal goals that have not been designed for the investment world, unlike, for example, the IRIS+ framework.

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10 "SDG Impact Standards, Assurance and Seal." SDG Impact, accessed December 2023, https://sdgimpact.undp.org/practice-standards.html .

As a result, the SDG standards carry a wider scope than other frameworks and taxonomies since they include SDG 16, "Peace, Justice, and Strong Institutions," and SDG 17, "Partnerships for the Goals," both of which feel superfluous to an investment framework–these two goals are designed not for investors, but for public policy and international cooperation. The SDG Impact Standards also target very broad goals and for each one there are a multitude of approaches that investors could take to help meet the goal, for example SDG 1, "No Poverty." On the other hand, the "Core Metric Sets" of the IRIS+ framework are designed to be "practical, actionable, and comparable between investments."[11]

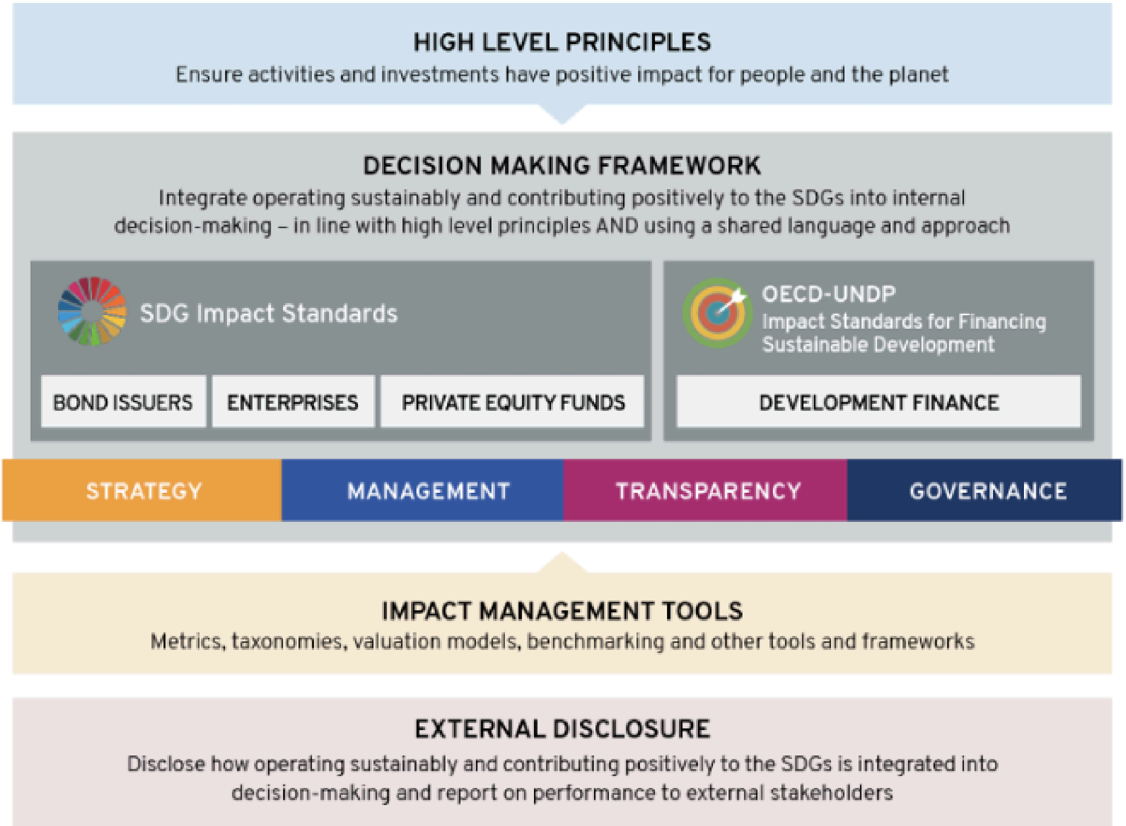

Figure 3: How the Standards work with other principles, frameworks, and tools.
Source: UNDP and OECD

2.4.1. What Types of Businesses are Interested in the SDG Impact Standards

Broadly, we can think of two types of business that would be interested in the SDG Impact Standards. Firstly, we can consider those companies that are operating in unsustainable and often harmful industries, such as mining or oil and gas drilling. Here, companies may be interested in implementing the SDG standards to help realign the business towards sustainability and hence to improve the image of the business. Further, an improvement in their sustainability credentials may remove

[11] Kelly McCarthy (GIIN); Leticia Emme (GIIN): Lissa Glasgo (GIIN), "IRIS+ Core Metric Sets."

them from the blacklists of exclusion-based sustainable investing strategies. This is particularly true in public markets since ESG scrutiny is high and there are a large number of exclusionary investors. Secondly, there are companies that are already having a tangible positive impact on the world but are perhaps lacking an integrated impact management system. This is where impact investing focuses. Here, the SDG Impact Standards can help ensure that these businesses can measure and understand the impact that they are having, this can be very useful if they are seeking investment from impact investors.

2.4.2. Who should be leading the rollout of the SDG Impact Standards

Private sector firms are well-suited for the rapid deployment of training for the SDG Impact Standards, leveraging their flexibility to respond to market demands and expand services across various industries and regions efficiently. This speed and adaptability offer a significant advantage over the often slower-moving public sector processes. The question thus arises as to whether the speed and flexibility of the private sector outweigh the financial muscle of the public sector, which can compensate for its slowness in providing grant funding. This presents an opportunity for collaboration between the private and public sectors.

Furthermore, when a private company successfully develops a commercial business model around providing SDG Impact Standards training, it sets a precedent that can inspire and motivate other firms. Seeing the viability and profitability of such a model, coupled with the increasing demand for sustainable business practices, other companies are likely to enter the market. This replication effect not only expands the availability of training services but also fosters an innovative environment where multiple providers collaborate to enhance the quality and accessibility of SDG training. This is a crucial method of scaling the adoption of the SDG Impact Standards, as it turns sustainability into a business opportunity, thus accelerating the integration of these practices across the business landscape.

The SDG Impact Standards are guided by the United Nations Development Programme (UNDP), lending them a level of authority and stability that is crucial for broad acceptance and implementation. The UNDP’s leadership ensures that these standards are aligned with global sustainability goals. The backing of a renowned international organization is essential, as it not only enhances the credibility of the Standards but also ensures that they are built on a foundation of international cooperation and expertise. In a voluntary framework, businesses would be more likely to adopt and invest in training and practices that are recognised and supported by a respected and stable international body, leading to a more widespread and effective implementation of the standards. However, since it is not feasible to await the adoption of the standards by the SGBs through incentives, the Standards are being made compulsory through the introduction of increased regulations.

Nevertheless, the UNDP's endorsement lends greater accountability and credibility to legislators and regulators.

The convergence of the private sector's capacity for innovation and scalability with the public sector's commitment to harmonization towards globally accepted standards, rather than the multitude of standards currently causing confusion, creates a dynamic ecosystem for the deployment of the SDG Impact Standards. This partnership not only accelerates the adoption of sustainable practices but also ensures that these practices are robust, standardized, and aligned with the global agenda for sustainability.

2.5. Investment Opportunities in Africa's Private Sector for Achieving SDGs

The private sector of African countries is well-positioned to contribute to investment in the SDGs. In fact, the continent of Africa offers a significant opportunity for investment in this area with potential returns of 15-20%.[12] The 2022 UNDP Africa Investment Insights Report indicates that the most promising sectors for SDG investment opportunities in Africa are, in order, food and beverage, infrastructure, technology and communications, healthcare, education, and renewable and alternative energy. Further, although the mining sector is not inherently sustainable, it should not be overlooked given its significance in numerous national economies in sub-Saharan Africa, and one must consider the need for sustainability improvements here if Africa is to make significant progress towards the SDGs.[13]

In terms of geographical distribution, the UNDP Africa Investment Insights Report 2022 shows that the majority of impact investment opportunities are in Eastern Africa (52%), followed by Southern Africa (30%) and Western Africa (18%).[14] In Western Africa, the majority of investment opportunities are concentrated in urban areas, whereas in Southern Africa, the highest proportion of investment opportunities target rural areas.[15]

Note that, the SDGs framework in Africa is reinforced by the African Union's Agenda 2063: The Africa We Want. This framework is specifically designed for the African continent to pursue its development agenda while addressing socio-economic and environmental issues with a long-term vision of 50 years.[16]

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[12] UNDP Africa Investment Insights Report (2022).
[13] Natalia Yakovleva, Juha Kotilainen, and Maija Toivakka, "Reflections on the opportunities for mining companies to contribute to the United Nations Sustainable Development Goals in sub – Saharan Africa," *The Extractive Industries and Society* 4, issue 3 (2017), 426–433, https://doi.org/10.1016/j.exis.2017.06.010.
[14] UNDP Africa Investment Insights Report (2022).
[15] For a more comprehensive examination of the Investment Opportunity Areas (IOAs) by priority and sector, please refer to Annex B.
[16] Kennedy Mahlatsi, "Achieving Sustainable Development Goals (SDGs) in Africa: Challenges and Prospects," *The Thinker*, 86, (2021), 64–65.

2.5.1. Challenges for developing countries in achieving SDGs

A challenge to the implementation of the SDGs at the local level is the lack of adequate financial resources, due to significant public revenue shortfalls and declining overseas development assistance. This presents an opportunity for the establishment of public–private partnerships to finance development projects.[17] Furthermore, the impact of the Covid-19 pandemic intensified the pre-existing financing gap.[18]

With regard to the institutional context, one challenge is the limited institutional capacity to localize the SDGs. This highlights the necessity of implementing training initiatives to enhance the technical expertise of governments and entrepreneurs in order to facilitate the monitoring and evaluation of SDG implementation.[19]

In addition, another issue to be addressed in order to facilitate SDG investment opportunities with the private sector in Africa is risk mitigation. The proposed risk-sharing arrangement by SDG Investor Maps is a form of blended finance, as it can enhance private sector participation through various risk mitigation measures. Such measures include subsidizing initial capital expenditure to lower entry barriers, simplifying procurement processes through incentive structures to increase public-private partnerships, financial guarantees and first-loss provisions, and technical assistance facilities.

2.5.2. Impact Investing Trends in Africa

Africa boasts abundant untapped natural resources, enormous potential for sustainable agriculture and renewable energy, new free trade agreements, and booming opportunities in digital commerce. For impact investors seeking to make a tangible positive impact, Africa has unmatched potential. As numerous African nations increasingly recognize that grant financing is not a sustainable remedy for their social challenges, impact investing is emerging as a superior alternative within a new development paradigm. It is, however, important to note that in some regions and for some development challenges, there lacks the conditions for a flourishing private sector, and thus there will continue to be a need for grant-based philanthropy. Unlike traditional grants, which often lead to dependency and limited scalability, impact investing mobilizes substantial private capital to drive both financial returns and social impact. This approach fosters a more dynamic and self-sustaining development model by leveraging private sector innovation, efficiency, and accountability. It aligns economic incentives with social goals, ensuring that investments are both impactful and sustainable. Consequently, impact investing not

[17] Annan-Aggrey, and Bandauko, "Localising the Sustainable Development Goals in Africa: implementation challenges and opportunities, 14-16.
[18] Mahlatsi, "Achieving Sustainable Development Goals (SDGs) in Africa: Challenges and Prospects," 61–69.
[19] Annan-Aggrey, and Bandauko, "Localising the Sustainable Development Goals in Africa: implementation challenges and opportunities, 16-17.

only addresses immediate social needs but also builds resilient economies and empowers communities for long-term, inclusive growth across the continent.

According to the Global Impact Investing Network, 10% of global impact investment is allocated to Sub-Saharan Africa.[20] However, below-market-rate investors allocate a third of their AUM to Africa, compared to 6% for market-rate investors, highlighting both that impact-first investors are seeing strong opportunities to drive impact in Africa, but realizing that there may be limited commercial, market-rate investment opportunities available.[21] Further, 42% of impact investors have an allocation to Sub-Saharan Africa, and 1/3 of investors plan to increase their allocations to Africa over the next 5 years.[22] Impact investments in Africa grew by 14% annually between 2017 and 2022.[23]

There remain significant barriers to the growth of impact investing in Africa. For example, there remains a significant lack of awareness of the concept of impact investing and little shared understanding for how it works in practice. Therefore, community building efforts, networking, and other initiatives are essential to ensure that the impact investing landscape can mature in Africa.

Also, most impact capital in Africa is allocated to infrastructure projects or to later-stage businesses whilst there remains a shortfall of capital being invested at seed/early stage. This is because they are typically safer investments and it is easier to measure their impact. For large DFIs, who have very large weightings to infrastructure, the attractiveness is also due to the ability to quickly deploy large amounts of capital in large infrastructure projects, which cannot be done with smaller private equity/VC funds. This trend has been accelerated by the inclusion of infrastructure in the IRIS+ framework. This preference for later stage and safer investments remains a large problem for the impact investing ecosystem in Africa and creates a barrier for the scaling of impact enterprises, particularly since in many African countries bank finance is hard to access. One reason for this is the lack of appropriate and investable corporate structures and governance structures. This is because many early stage businesses in Africa have informal business structures and hence are not viable for institutional investment. Further, the process of formalization is often very expensive and time consuming and the laws/regulations fail to adapt to the different needs of impact-driven enterprises.[24] The limited track record of early stage businesses also heightens the misperception of risk and investors are often unwilling or unable to provide the mentorship and hands-on support that early-stage businesses require post-investment. Another reason for a shortfall of risk capital in Africa is the perceived risks of political and economic

[20] Hand, D., Sunderji, S., Pardo, N. (2023) 2023 GIINsight: Impact Investing Allocations, Activity & Performance. The Global Impact Investing Network (GIIN). New York.
[21] ibid.
[22] ibid.
[23] ibid.

[24] "Investing for Impact: A Strategy of Choice for African Policymakers," Bridges Impact+, African Private Equity and Venture Capital Association.

instability in Africa, regulatory uncertainty, lack of collateral, and limited exit opportunities due to Africa's less developed capital markets. This is due to the fact that Africa is often perceived as a unified entity, rather than a continent comprising 55 distinct nations.

2.6. ESG Toolkit

An ESG Toolkit is an in-person/online training program developed to help SGBs transition from traditional businesses to becoming fully-fledged SDG-aligned Enterprises. It can make early-stage ventures in Africa more appealing to a wider range of investors, helping to close the funding gap and fostering sustainable economic growth in the region. By following the toolkit directions, enterprises can achieve transparency in their local value chain, reduce risks, become more sustainable, and operate more efficiently.

The Toolkit aims to provide African businesses with the necessary knowledge to adopt voluntary management practice standards, ultimately increasing their capacity to secure financing from impact investors. The perks of attending such a training course are as follows:

- Align the trainees' work with the UN SDG Impact Standards
- Share their progress in ways that others trust
- Be recognized, certified, and rewarded for the impact they contribute

First, African SGBs should integrate the SDGs into their internal business management given the increasing social inequality and progressive degradation of the natural environment that the world is facing. Both the private sector and the SDGs benefit from each other. The private sector is necessary for promoting the SDGs, and the SDGs make the private sector more efficient, effective, and less prone to risk. Business' owners are guided through this process by the SDG Impact Standards. The toolkit helps business trainees understand which impact standards are best suited to the industry in which they operate to implement a robust IMM. Thanks to this instrument SGBs will also be able to better track and measure their social impact.

Second, by attending the training program, participants will serve as a model for other small African businesses in implementing ESG practices, pioneering the African Impact Revolution. Showcase examples of African SGBs that have effectively integrated the SDG Impact Standards will inspire and guide others and help to build the impact ecosystem in Africa. Further, commitment and alignment to the SDGs signals a company is forward-thinking, and prepared to handle long-term challenges in promoting sustainable growth, which are attractive qualities for investors.

2.7. Current State of Research and the Research Gap

Our project, which seeks to understand how to best market the SDG impact standards to SGBs in Africa, adresses a question that has not yet been thoroughly explored in the literature. This is largely because the IMM industry is still relatively immature in Africa and hence the model has not yet been rolled out on a large scale. Further, the SDG impact standards, whilst growing rapidly, are still new. For instance, there are currently only 17 certified trainers for the SDG impact standards in Africa.[25]

A limitation of current research is that it is focused on conceptual discussion rather than practical application of knowledge: while there are many exploratory studies that have been conducted, only few are confirmatory studies given that they lack strong empirical analysis on how best to deploy and roll-out these IMM standards. Our research will seek to counter this by being firmly embedded within the practical, not theoretical, realm.

A recent study has shown that a majority of the papers on sustainable finance and ESG (58%) focus on developed countries, while only 9% of papers focus on developing countries.[26] It is worrying that this disparity in the research also reflects a larger amount of sustainable investments in developed countries with respect to developing countries. This general knowledge (32% of papers do not focus on a specific geographical region) does not assist African businesses in changing their practices, considering the unique challenges and opportunities faced by African SGBs in different sectors.[27] This is a barrier to the continued maturation of the impact investing landscape in Africa since SGBs may be unable to effectively integrate IMM practices and hence less capital flows into the impact investing industry in Africa. As UNDP suggested, the DFIs need to be allocated more funding through Non-Adjusted Basis Impact Investments, so that they have more resources for research and data collection to fill this gap. Tailored research and assistance, for instance through SDG Impact Standards training courses, will help African SGBs to grow commercially while delivering social and environmental benefits.

2.8. Marketing

Concerning the motivation to integrate ESG practices into the business, we can classify SGBs into two categories:

- SGBs Driven by Internal Values:

[25] "SDG Impact Standards Training for Businesses and Investors," SDG Impact, https://sdgimpact.undp.org/sdg-impact-standards-trainers.html

[26] ibid.
[27] ibid.

These businesses are motivated to integrate sustainable practices because of their core values of social responsibility. They aim to align with SDGs as part of their business ethics or mission driven goals.

- SGBs Driven by External Incentives:

These are businesses that incorporate sustainability into their operations primarily to attract investments or meet customer demands. These companies see ESG compliance not just as the right thing to do but also as a strategic advantage in attracting investment and enhancing their market position.

2.8.1. Current Marketing Efforts for SDG Standards in Africa

Marketing SDG standards effectively involve highlighting their direct benefits to economic growth, social inclusion, and environmental sustainability, thus making them attractive not only as ethical guidelines but also as practical tools for fostering development and attracting investment. Significant efforts have been made by African governments to incorporate SDGs and the aspirations of the African Union's Agenda 2063 into their governance structures, emphasizing strategic acceleration and prioritization of specific targets and indicators (UNECA).[28]

The United Nations Development Programme (UNDP), in collaboration with various African entities like the African Union Commission and the African Development Bank, regularly produces sustainability reports. These reports assess progress, identify challenges, and outline opportunities for SDG implementation across Africa. Such documents serve both as a marketing tool and a strategic guideline for further integrating SDG standards into national policies.[29]

- The UNDP has also developed the SDG Impact Standards to guide businesses and investors on embedding sustainability and the SDGs into their decision making processes. Helping organizations navigate through other existing principles and tools – this includes high-level principles such as the Operating Principles for Impact Management, the UNEP FI's Principles for Responsible Banking, and the UN Global Compact's Ten Principles.[30]

[28] United Nations Economic Commission for Africa. "Africa's progress towards achieving the SDGs and targets needs strategic acceleration – 2020 Africa Sustainable Development Report." February 28, 2022. Available at: https://www.uneca.org/stories/africa%E2%80%99s-progress-towards-achieving-the-sdgs-and-targets-needs-strategic-acceleration-%E2%80%93-2020.

[29] United Nations Development Programme. "2023 Africa Sustainable Development Report." Available at: https://www.undp.org/africa/publications/2023-africa-sustainable-development-report.

[30] United Nations Development Programme. "Practice Standards for SDG Impact." Available at: https://sdgimpact.undp.org/practice-standards.html.

3. Methodology

The main research questions to be answered are:

1. What is the business case and investment case for sustainability?
2. How can the SDG Impact Standards be leveraged to encourage Small and Growing Businesses (SGBs) to adopt these standards?
3. How are the SDG Impact Standards best deployed amongst SGBs?
4. What are the potential funding models for SDG Impact Standards training?

The business case and investment case have been previously discussed in the literature review. However, it is necessary to briefly revisit this topic to ascertain whether the findings of the literature review align with those of the interviews. This will help to determine whether the literature review accurately reflects the reality of impact investors and SGBs.

3.1. Analytical Framework

The following analytical framework shows how we approached the research questions. To achieve the goals of this research, we used a constructivist approach where we focused on understanding the perspectives and interpretations of the participants, emphasizing the context and meanings they assign to their experiences. In addition to qualitative research with a case study design, we interviewed SGB owners, accredited trainers, and investors to understand their opinions and experiences. This helped us identify their needs and challenges concerning the employment of SDG Impact Standards. From there, we identified the differences and similarities in the variables and finally, drew conclusions on how to improve the marketing of the SDG Impact Standards to SGBs. In table 1, we detail the variables related to each component of the research that we analyzed.

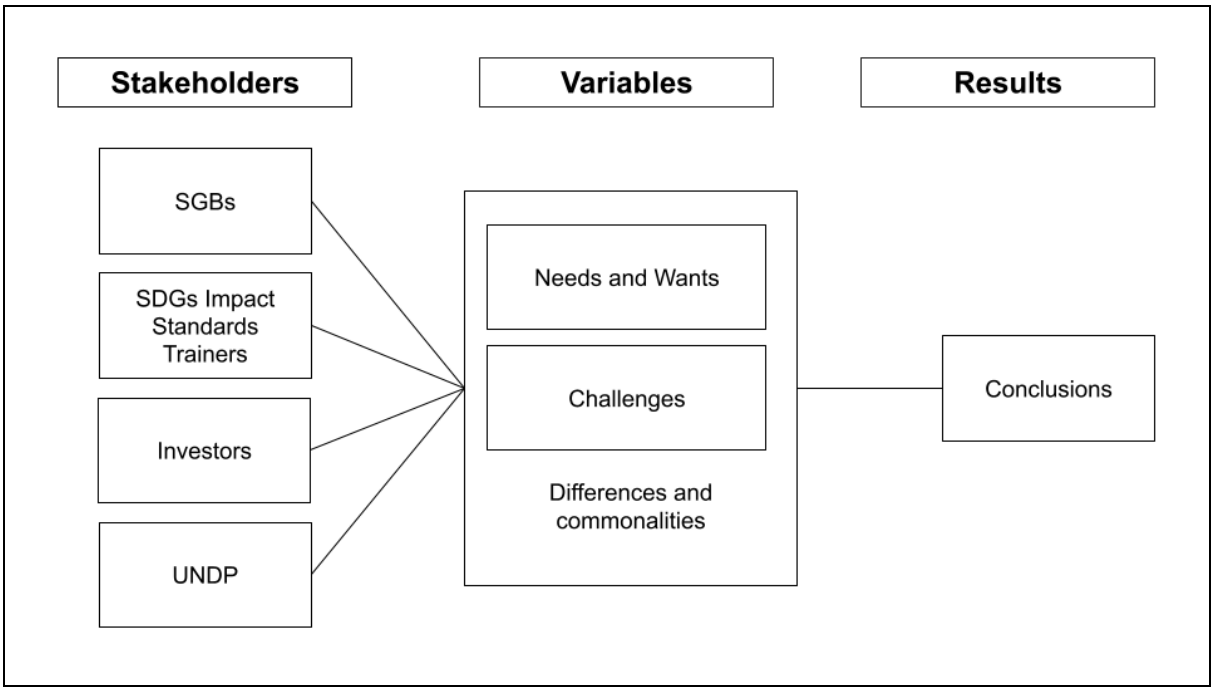

Figure 4: Analytical Framework
Source: Authors

Components	**Variables**
Stakeholders	SGBs, Impact investors, SDG Impact Standards trainers, UNDP, Social Value International.
Needs and Wants of Stakeholders	Financial support, Training and capacity building, Recognition and certification, Return of investment.
Challenges faced by SGBs	Access to finance, Limited resources
Challenges faced by Trainers	Pitching, access to SGBs
Value-added of SDG Impact Standards	Long-term sustainability, Credibility, Access to funding
Marketing Strategies	Pitching, Pricing

Table 1: Variables
Source: Authors

3.2. Data Collection

To collect the data, we performed desk research and conducted semi-structured interviews with key actors in the sector. To ensure we maximized the number of respondents to base our results on, we then conducted an online questionnaire for trainers and entrepreneurs. The online survey was aimed at entrepreneurs and was based on a set of interview questions previously outlined. The online questionnaire has been distributed among business owners who have engaged with the 4IP Group.

Interviews were used to gain a stronger understanding of the SDG Impact Standards ecosystem, how the different actors interact and work together, and the main challenges that each actor, and the rollout of the standards as a whole, faces. The interviews were conducted both in-person and online and participants were selected through purposive sampling, based on their expertise. We selected business owners who have pitched at 4IP Group Impact Investor Circle's E-Pitching Series, Lion's Den Series and accredited trainers. Furthermore, two individuals from international organizations, one from an impact investing firm, and one from another impact investing organization were interviewed in order to gain valuable insight from the perspective of experts in the finance and impact investment sectors.

3.3. Data Analysis

Through a thematic analysis, we identified factors influencing the experiences, views, and opinions of the relevant actors within the impact investing community. The cases were compared and contrasted to identify patterns and commonalities across different stakeholders, and we compared our interview findings to our desk research throughout.

3.4. Research Limitations

Due to the time constraint of the research, the number of interviewees and case studies was limited. Since the SDG Impact Standards are still new, it is difficult to assert how companies have benefited from it in the long term.

Another limitation was the external validity of our research conclusions. Due to the differing characteristics of each sector and country, the results might not be applicable to other cases with different characteristics. For example, our data collection is based largely on low income countries, many of which have immature financial systems, economies, and impact investing industries. The extent to which our research can be applied to, say, high income countries and other regions of the world is therefore very limited. To continue to fill the knowledge gaps, further studies with a larger and more heterogeneous sample will be needed to allow greater external validity, i.e., to allow the research conclusions to be extrapolated more widely to different countries/sectors.

4. Results

4.1. What is the business case and investment case for sustainability?

Aligning with consumer values by integrating sustainable practices offers a compelling business and investment case for African companies. Rising consumer awareness and demand for sustainable products enable businesses to differentiate themselves in a competitive market, attracting and retaining loyal customers willing to pay a premium. This alignment not only enhances brand reputation but also builds trust, particularly among the youth and communities valuing social cohesion and environmental stewardship. Furthermore, adopting sustainable practices opens new market opportunities and leverages government incentives, all contributing to financial performance and regional economic growth. This is particularly true for SGBs since they are more nimble and more able to pursue niche market opportunities.

One of the trainers interviewed, Yuegn Pillar, mentioned an isolated but interesting example of how the UN contracts/tenders explicitly favor companies with the SDG-Impact standards training, therefore providing a strong incentive for any company involved in UN service provision to take the training. This is an isolated example, but nonetheless reflects how businesses will change when their customers demand it. It also reflects how the SDG agenda can propagate through the private sector, i.e. these SDG-aligned service providers then demand SDG/sustainability alignment from their own suppliers, and so on. The substantial power of consumer interests is also reflected in the fact that, as per Yugen's experience, around half of companies taking the training are in the tourism sector, a sector whose customers are very significantly interested in sustainability, as reflected by the dramatic rise in ecotourism in Africa. Interestingly, a BCG survey showed almost 60% of African consumers feel that it is their responsibility to act in the face of climate change, compared to 20% who said so in global peer countries.[31] Alignment to customer interests is clearly one of the most significant drivers of corporate sustainability action.

Adopting the SDG Impact Standards presents a compelling business and investment case for African SGBs. These standards not only enhance operational sustainability but also significantly increase the likelihood of attracting investment from impact investors. By committing to measurable social and environmental outcomes, SGBs align with the growing demand for responsible investment, making them more appealing to investors focused on ESG criteria and giving them a competitive edge in the competition for capital. In the African context, where social and environmental challenges are profound, impact investors are particularly keen to fund businesses that contribute to the SDGs. An interviewee from the UNDP further asserted that the

[31] Sqalli, Zineb. Boston Consulting Group. Available at: https://www.linkedin.com/pulse/african-consumers-feel-personally-responsible-take-action-sqalli/

adoption of these standards and alignment with the SDGs helps enable businesses to raise capital. Yugen (trainer) also highlighted the importance of this, mentioning that this is a key part of his marketing strategy when trying to sell the training course to businesses.

Another notable incentive for businesses is the fact that regulation is substantially increasing. As a policy specialist in the finance sector explained, there is also the fact that businesses are taking action not due to regulation itself, but rather the threat, or expectation of, higher regulation in the future. The expert noted that this can be a significant reason for businesses improving their sustainability credentials and/or adopting the SDG Impact Standards. The attraction here is for businesses to get ahead of the regulators, adapting their business model and practices before they are inevitably forced to by regulation. An interviewee from the UNDP also mentioned the growing force of regulation and how the SDG Impact Standards can help businesses adapt to it.

4.2. What are the main advantages of the SDG Impact Standards?

It is noteworthy that despite having considerable experience in the field of sustainability consultancy and training, Yugen (SDG Impact Standards trainer) only recently, in December 2023, obtained accreditation from UNDP as an accredited trainer. While he could already claim to have trained a considerable number of individuals, he asserts that the UNDP certification has given him a greater credibility in the market. He observed that a conventional ESG training certification lacks the vocabulary provided by the UNDP certification, which places a greater emphasis on strategy and management. This highlights the pivotal role of these impact standards, which are concerned with the management systems and decision-making practices of a business, with the objective of embedding sustainability at the very core. Indeed, strategies and management practices resonate a great deal with entrepreneurs, making it easier for them to embed sustainability and SDG-alignment in their businesses by doing what they know best, namely structuring their company.

An expert on financial policy making also explained how the SDG Impact Standards differ from other IMM standards and frameworks, explaining that these standards are designed to compliment and interoperate with other frameworks/standards. The expert noted that one of the advantages of these standards is that, because they task themselves with embedding sustainability into decision making and organizational frameworks, therefore giving entrepreneurs a better clarity of what sustainability means in their business and context, they enable businesses to make better decisions about which other impact frameworks/standards to adopt.

The SDG Impact Standards have the unique advantage of being endorsed by UNDP, which sets them apart from other sustainability frameworks. This backing from the UNDP, a globally respected authority, adds significant credibility and trust to the standards. It assures investors, businesses, and stakeholders of their robustness and alignment with international development goals. The UNDP's credibility helps businesses gain a competitive edge in securing investments and fosters a unified approach to tackling global sustainability challenges.

4.3. How are the SDG Impact Standards best deployed amongst SGBs?

From the perspective of entrepreneurs, there appears to be a considerable degree of willingness to comply with ESG standards and to pursue more sustainable business practices. They seem to be aware of the necessity to transform their SGBs by making their activities more sustainable in order to enhance their resilience and attract further investment. Nevertheless, while there is a willingness to comply with ESG standards, there appears to be a discrepancy between the demand side, as represented by entrepreneurs, and the supply side, as represented by trainers. This issue may be attributed to constraints on marketing strategies. To illustrate, in our research we encountered a company with a strong interest in learning how to make its business more sustainable, but they were completely unaware of the existence and potential applicability of the SDG Impact Standards. This illustrates a flaw in the marketing strategy, and highlights that the SDG Impact Standards remain a niche within the African market.

A strong marketing strategy may be constructed around the following three primary pillars:

- **Free samples**: Free samples of courses are a powerful way to raise awareness on the Standards, on the feasibility of implementing them, and finally on their effectiveness. As previously outlined in the literature review, the rationale is that trainers should not monetize the knowledge of the SDG Impact Standards themselves, particularly given that they are publicly accessible online. Instead, they should aim to sell the implementation of the Standards. This would entail marketing their ability to provide feedback on the implementation of the Standards and to monitor the performance of SGBs. This links well to one promising pricing strategy, that is product bundling.
- **Avoid undervalue pricing**: In a context where there is no benchmark price, pricing the training too low could signal that the training lacks value. This issue is compounded by the perception among SGBs that courses from certified trainers should be free, influenced by the availability of free short online courses.
- **SDG Investor Maps**: Investor maps represent a valuable tool for both investors and trainers. They assist investors in identifying promising sectors for advancing SDGs, namely those that can be financed and trained effectively to deliver significant impact. For companies, the map can serve as an effective marketing tool, allowing trainers to leverage it to persuade SGBs to undergo training. Indeed, the certification on the map can enhance SGBs'

visibility and therefore attract more impact investors. Indeed, the investors we interviewed were actively using the SDG Investor Maps.

In a more general context, our research identified additional minor recommendations that complement the three main marketing pillars. To begin with, there are a number of obstacles to be overcome in order to raise awareness. While there are numerous trainers deployed across the African continent, it appears that only a select few are consistently delivering training. One trainer based in South Africa (Yugen Pillay) who has trained approximately 400 individuals reported that he is engaged in this activity on a full-time basis, however all seven trainers we surveyed were delivering the training on a part-time basis. Yugen explained that he is driven by the desire to train people to do better and make genuine progress on the sustainability agenda. It seems that personal values, on the part of trainers, play an important role in their engagement with delivering training. Pillay also noted that a significant proportion of trainers do not actively market their accreditation status on their LinkedIn profiles. Three of the seven trainers we surveyed do not advertise their training accreditation or training activities on linkedin or any other platform. This lack of visibility may lead to the underutilisation of trainers, underscoring the necessity for improved promotion and recognition of certified trainers in the sector.

One of the promising strategies our research identified is product bundling. This is evidenced by Yugen's experience. This involves combining several products or services into a single offering, which is sold at a lower price than if the individual units were sold separately.[32] To illustrate, Yugen offers a three-pronged service comprising initial training, subsequent consulting to ascertain the efficacy of management practices, and assistance for small companies to be included in investor maps. This structure enables SGBs to perceive the long-term benefits of enrolling in a SDG Impact Training, thereby adding an incentive to participate. Product bundling also is more attractive for trainers since it diversifies their product mix and allows for repeat business, hence helping to boost the case to take up training as a full-time profession. Our survey identified that many trainers also offer capital raising services which they often bundle in with the training course, here the fee is based on a percentage of the funding round, typically in the low single digits. Further, all seven trainers that we asked said that they offer services that compliment the training course, largely capital raising and IMM support services.

An issue concerning the pricing model, which can also be leveraged as a marketing strategy, is the establishment of a benchmark price for the training. The price varies considerably depending on the region where the training is delivered, the format and the value placed on the service by the trainers. The material and assistance provided by the trainers to the SGBs is also a factor. One trainer we interviewed is aware of charging a price that is higher than his competitors, but the trainer notes that these

[32] Stefan Stremersch and Gerard J. Tellis, "Strategic Bundling of Products and Prices: A New Synthesis for Marketing," *Journal of Marketing* 66, no. 1 (January 1, 2002): 55–72, https://doi.org/10.1509/jmkg.66.1.55.18455.

prices are far lower than comparable courses in other parts of the world. This trainer firmly believes that trainers should not undervalue the price of the course too much, as the price signals the value of the course and the trainer's knowledge and expertise.

This reasoning is supported by a parallel case known as the ‘market for lemons’, discussed by the economist George Akerlof, which analyzes the problem of informational asymmetry.[33] A market average low price for the training persuades SGBs that this is the value of the training and drives out of the market expensive training which might offer more complete services. If high-quality training is delivered for prices that are too low, the market might become flooded with lower-quality training offerings. Over time, the general perception of training quality declines, which may result in the exclusion of high-quality trainers from the market. Furthermore, the added value of adopting the standards themselves may also be called into question. In conclusion, given the difficulty in agreeing on a standard price for the training at this stage of deployment, it is important to maintain a relatively high price in order to signal the superior quality of the training, hoping that informed clients (SGBs) will recognize the value and be willing to pay for it or alternatively, to seek out alternative sources of funding.

In addition to the aforementioned pricing challenge, the companies perceive that these courses should be free because many similar (but shorter and not as advanced) courses are offered for free online. Consequently, it is challenging to price the appropriate training courses accurately, as companies can be reluctant to pay high prices due to the misperception that they can obtain the same course for free as advertised on the internet. It is therefore important, in the marketing of the training courses, to stress the elements of the training that cannot be replicated through an online course, such as the tailored, personal advice that entrepreneurs can receive, the 1:1 contact with an accredited trainer, and the potential follow-on services such as implementation or IMM support. In essence, the objective of free online courses, such as those provided by the UN, is to pique the interest and build awareness of the SDG Impact Standards. Once this initial interest has been generated, companies are encouraged to pursue further training through paid programmes, which are led by the professional trainers.

Furthermore, it is important that investors tailor their training approach to align with the specific needs of the companies in question. While the UN training provides a solid foundation, it is essential that trainers tailor the pitch of the training for the business that they are talking to. The UN training is primarily focused on achieving net zero emissions, which is a significant goal, but the African market has other pressing and diverse needs. Therefore, trainers should market the pitch specifically for the African market. Consequently, when trainers present their proposals to companies, they must emphasize the fact that by implementing SDG Impact

[33] Jonathan Levin, “Information and the Market for Lemons,” *The RAND Journal of Economics* 32, no. 4 (January 1, 2001): 657, https://doi.org/10.2307/2696386.

Standards, companies are more likely to attract a greater number of investors. This is crucial as there remains a lack of awareness of the fact that (impact) investors are increasingly willing to compromise financial returns in favor of impact. One of the interviewees, an expert on economic development, further asserted this point, explaining that this should certainly be a key aspect of the marketing strategy, and highlighting that even traditional investors are now paying close attention to sustainability.

Yugen presented a compelling case study demonstrating the optimal deployment of SDG Impact Standards in Namibia and underscoring the pivotal role of prior research in this endeavor. Firstly, he conducted an analysis of the SDG reports for Namibia, with the objective of determining the country's performance with respect to each of the SDGs. Subsequently, he examined which Namibian companies are engaged in sustainability-related activities or that consider sustainability in their operations, and compiled a list of these companies. Subsequently, he compared the SDGs on which the companies are focusing with the SDGs on which the government of Namibia is focusing. The objective is to attempt to align the activities of companies that address sustainability with the sustainability goals of the state. The underlying assumption is that by implementing the Impact Standards framework, it becomes easier for companies to align their activities with the government's sustainability goals.

This case study demonstrates that by enhancing the alignment between companies and the country in terms of SDGs, there is greater potential for the formation of partnerships that can facilitate a more robust impact framework. Furthermore, aligning companies' efforts in promoting sustainability with the efforts made by the state in which they are based increases the opportunities for partnership to have a larger impact, while also making it more financially sustainable for smaller companies. In such a scenario, leveraging the National Advisory Boards for impact investment (NABs) is key to overcoming funding constraints.

A related potential recommendation at the higher level is the following: prior to pitching, it would be beneficial to conduct extensive research on companies in order to gain insight into the factors that could influence their decision to adopt the SDG Impact Standards. Furthermore, research should be conducted to identify which sectors have the greatest potential to contribute to the achievement of the SDGs. It is recommended that companies in these sectors are provided with training, as there is a strong likelihood of their success. This strategy demonstrates the value of investor maps as a valuable addition to prior research; indeed, as mentioned, the investors that we interviewed were actively using the SDG Investor Maps. However, it is important to acknowledge that this tool presents some limitations; in order to be most effective, the maps should include more SGBs and start-ups as they are typically more innovative than well-established companies.

With regard to the question of the most suitable recipients of the Standards, our interviewees presented an additional argument that is worthy of consideration. They argued that training is typically more effective in terms of results when conducted with SGBs. When training large companies, it is common practice to send sustainability officers, a relatively recent introduction. However, this does not necessarily guarantee that their messages will be heard by CEOs, who are the decision-makers with the power to transform the core of their business. Conversely, when training SGBs, since they cannot yet afford to employ the same number of employees as larger companies, they attend the training themselves. In this instance, the trainer exerts a more profound influence since they are able to interact directly with the entrepreneur who is in a position to implement immediate and foundational changes.

Finally, It is of the utmost importance to maintain the long-term credibility of the course and, consequently, of the trainers. To do this, it is important that SDG Impact Standards trainers adopt some kind of screening methods to ascertain which companies are better qualified leads, and thus who is a good fit to adopt the Standards. It is recommended that only those SGBs that are able to successfully implement the standards be trained. Otherwise, if all companies are trained without any criteria, there is a risk of impact washing and a degrading of the standards' credibility, which is detrimental to the broader impact investing ecosystem. Further, it should be ensured that certification is not granted to companies that fail to implement the Standards. It is insufficient to merely enroll in the course, rather companies need to implement the knowledge gained and, ideally, achieve tangible results before they are granted certification.

4.4. What are the potential funding models for SDG Impact Standards training?

One of the most promising potential funding models that we have identified is for impact investors to directly pay for the SDG Impact Standards training course for their portfolio companies. This has strong potential since impact investors are often well-funded, and they have a strong incentive to provide this training to their companies since it gives greater credibility as to their impact as investors. The fact that impact investors in Africa are largely impact-first gives yet more credibility to this strategy.[34] A policy specialist in finance asserted the viability of this funding model, further giving an example of a partnership the UNDP has with a private impact investing fund to provide their portfolio companies with the SDG Impact Standards training course. Furthermore, as explained by one of our interviewees, there may be instances where impact investing firms assume the role of intermediaries between SGBs and either DFIs or foundations, as they are unable to cover the costs of training themselves. Given the rise of blended finance, the use of technical

[34] Hand, D., Sunderji, S., Pardo, N. (2023) 2023 GIINsight: Impact Investing Allocations, Activity & Performance. The Global Impact Investing Network (GIIN). New York.

assistance facilities (funded largely by DFIs, foundations or other providers of impact-first, catalytic capital within the blended finance structure) to fund the training is also a promising option. One of using impact investors which was raised by one of our interviewees is that they often already have their own IMM framework and approach that they have developed, and may not be receptive to introducing these new standards. However, one must return to the core feature of the SDG Impact standards: they are designed to compliment other IMM frameworks rather than compete with them, they are tasked with building sustainability into the core, not about developing random yet more metrics and taxonomies.

Another potential funding avenue is to use DFIs, the rationale being that they are well-funded, impact-focused and can bring valuable expertise and networks. One expert we interviewed said that she would like to see higher DFI involvement and does see a route for DFIs to play a part in funding the training courses. However, she highlighted that DFIs often prefer to work with more developed and mature ecosystems, with the SDG Impact Standards perhaps being too niche and new for DFIs to become interested.

An expert from an international organization also explained the UNDPs role and how they view the issue of funding. The key point here is that the UNDP does not foresee itself as a long-term funder of the training courses, but instead they are focusing on building a strong private sector ecosystem for the SDG Impact Standards by facilitating the environment for trainers to build the market. For example, they are providing funding to the training the trainers course through a partnership with Social Value International. They are also providing the training within the Growth Stage Impact Ventures Programme in Nigeria, a competition for SDG-aligned businesses. She highlighted a key issue here, namely that the UNDP, a public body, should not be directly funding the training for private companies as this would be seen as giving unfair resources to one company over another, whilst she also highlighted capacity and funding constraints on the UNDP’s side. However, the UNDP is currently willing to do this for the purpose of ecosystem building, proof-of-concept, and as a learning experience to better understand gaps in the market.

Further, philanthropic foundations may offer a funding route for the training courses. This is because they are often dedicated to social impact, willing to back niche and perhaps more risky projects, and they are keen to have a catalytic effect. Indeed, they are often used to fund pilot projects. Two of our interviewees, one an expert in development finance and one in impact investing, raised the prospect, unprompted and independently, of using foundations as funding route for the training course. Further, one trainer we surveyed is already using foundations for financial support when businesses are unable to afford the whole fee.

There are also other potential partnerships which could bring funding, for example, educational institutions, and commercial banks/financial institutions. Further, Yugen raised an example of a partnership he has built with a university, through which they cover half the cost and provide accommodation and the venue.

5. Avenues for Future Research

In this research, we discussed various marketing strategies that can be implemented on the marketing of the SDG Impact Standards. However, these recommendations can be made more accurate by a deeper understanding of the topic through further research including a quantitative design. This may include further understanding SGBs' current awareness and perceptions of sustainability and the various IMM standards on offer, this would help to address the "total confusion on the differences between ESG, sustainability, Impact, etc" that one trainer described. On the topic of funding models, it would be important to investigate the feasibility of models proposed. A cross-regional comparison between the state of training in Asia, where the state of training is more advanced and see if it can apply ot africa. Of particular interest should be understanding the role that impact investing firms and foundations could play, as well as the role of the increasingly popular technical assistance facilities within blended finance models.

One suggestion is to survey the SGBs participants of the Lion's Den Series who were introduced the SDG Impact Standards training prior to the event and verify whether they decided to take the SDG Impact Standards training. Another suggestion is to survey the SGBs who have already taken the SDG Impact Standard training in order to verify what were the benefits for these companies and if it has helped them to attract investment.

6. Conclusion

Given the pivotal role that Small and Growing Businesses (SGBs) play in the African economy as major contributors to income generation, production, and employment, it is crucial that they operate sustainably.[35] This is particularly important given both the immediate need of Africa's development challenges and the pressing issue of global climate change. In order to facilitate the transition of SGBs towards a more sustainable business model and their role as leaders of the Impact Revolution, the SDG Impact Standards represent a valuable instrument.

There is considerable confusion surrounding the numerous standards, frameworks, and certifications claiming to demonstrate corporate commitment to sustainability. The distinguishing feature of the UNDP-created standards is their design, which integrates sustainability at the core of a business, making it the foundational step for a company seeking to transform its practices sustainably. In a time where greenwashing concerns are rampant, it is crucial to focus on frameworks that embed

[35] Claudette Rabie, Michael C. Cant, and Johannes A. Wiid, "Training and Development in SMEs: South Africa's Key to Survival and Success?," *Journal of Applied Business Research* 32, no. 4 (June 30, 2016): 1009–24, https://doi.org/10.19030/jabr.v32i4.9717.

sustainability deeply into corporate foundations, rather than treating it as an add-on or a checkbox exercise.

Despite their potential, these standards are not widely adopted. This study aimed to identify the obstacles hindering the dissemination and implementation of the SDG Impact Standards. The research findings indicated that African SGBs are willing to align with sustainability principles, yet they do not undergo the requisite training for two main reasons:

Firstly, it is evident that some SGBs are unaware of the available training opportunities. This highlights the need for improved marketing strategies for the SDG Impact Standards. Additionally, many SGB owners underestimate the benefits that such training can offer. To raise awareness, several proposals were made, including offering free samples, collaborating with the public sector through National Advisory Boards (NABs), and partnering with impact investing firms in the private sector. It is also crucial for trainers to market their accreditation to enhance credibility. Tailoring their pitch to meet the specific needs of their clients is essential, especially due to the diverse nature of African SGBs and the varying economic, regulatory, sustainability, and political environments that they operate.

Secondly, SGBs are often constrained by limited financial resources, which prevents them from investing in employee skills development and makes the costs associated with training prohibitively expensive. To address this issue, we explored alternative funding models for SGBs aimed at covering or reducing training costs. DFIs, Impact investors, foundations, and the UNDP all emerged as current or potential supporters and funders of the training courses. Leveraging impact investors seems a promising route, particularly due to the rise of blended finance and their technical assistance facilities, whilst funding directly from foundations could also be a promising avenue.

In conclusion, the primary obstacle to advancing sustainable business practices is the lack of financial resources, particularly in the African context. While SGBs recognize the pressing need for an Impact Revolution, investors often struggle to view impact as an integral part of return on investment, remaining more focused on financial returns—though this perspective is shifting as impact investing gains prominence. A significant barrier to investment in sustainability is the misconception that financial returns must be sacrificed for environmental and social benefits. Our research has shown that sustainability is simply a good financial decision, and no longer needs to be rooted in moral decisions. Future research should focus on identifying specific barriers to the adoption of SDG Impact Standards and developing targeted strategies to overcome these challenges, ensuring that the benefits of sustainable development reach all sectors of society and enabling the private-sector led impact revolution that could help transform Africa’s financial system and development outcomes.

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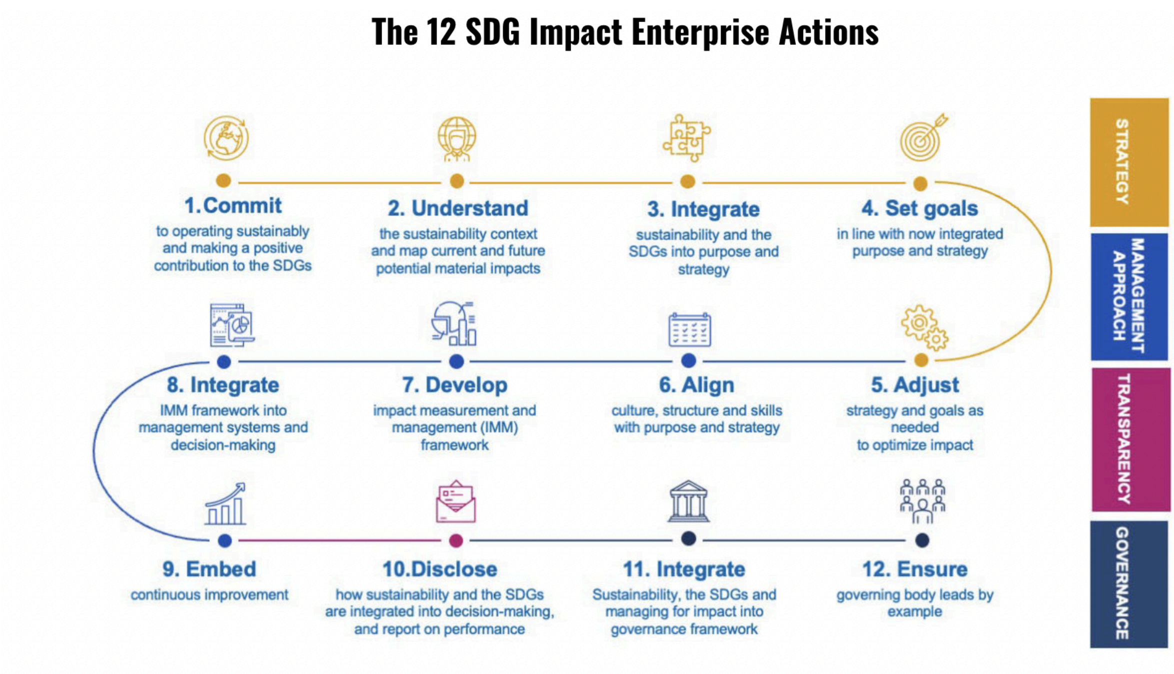
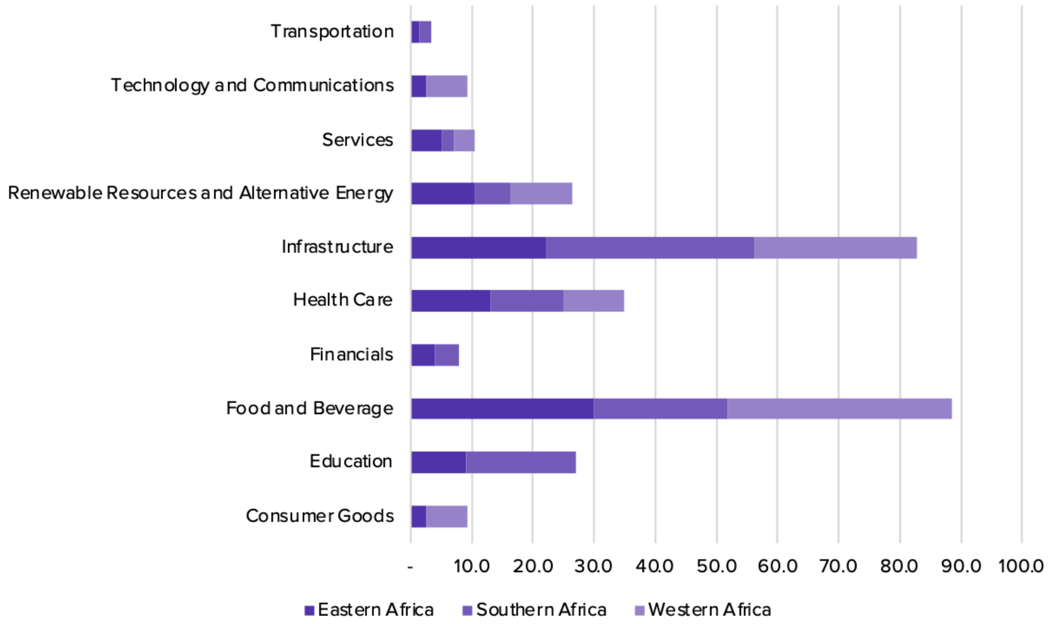
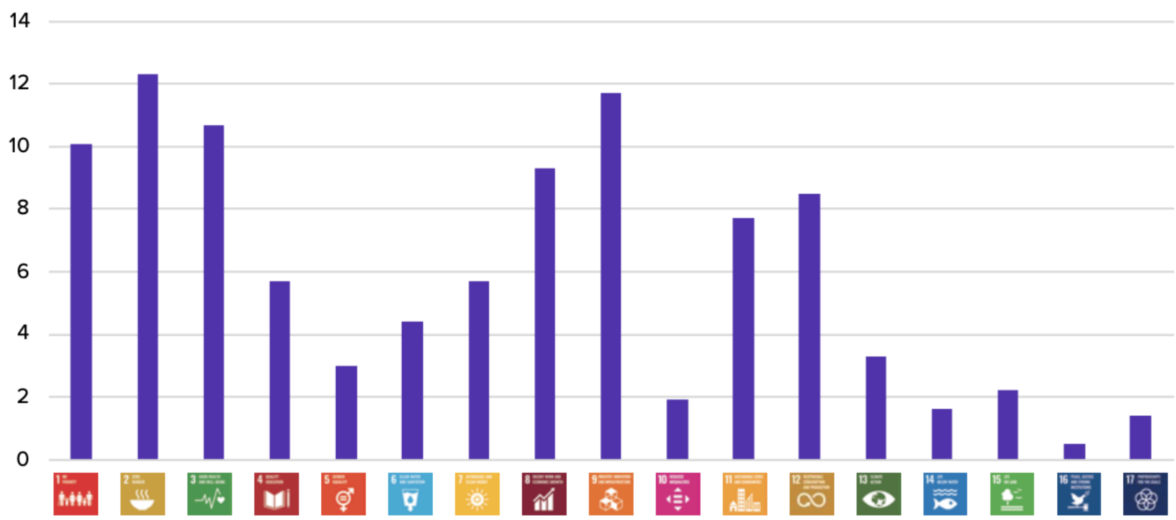
Annex A: The 12 SDG Impact Enterprise Actions



Annex B: IOAs by Priority Sectors and Region (%)



Annex C: Primary Addressed SDGs by IOAs (%)



Annex D: SDGs and selected indicators for sub-Saharan countries

#	Countries	SDG1	SDG2	SDG3	SDG4	SDG5	SDG6	SDG7	SDG8	SDG9	SDG10	SDG11	SDG12	SDG13	SDG14	SDG15	SDG16	SDG17
1	Angola	30.1	29.2	477.0	28.9	3.0	28.2	6.0	6.8	..	..	55.5	..	..	0.1	8.3	2.5	21.3
2	Benin	53.1	34.0	405.0	54.4	3.5	72.1	14.5	1.0	24.9	3.0	61.5	3.5	..	0.0	0.2	3.5	5.3
3	Botswana	18.2	31.4	129.0	83.9	.	92.3	23.9	18.2	33.4	..	..	..	3.0	0.0	1.4	..	18.5
4	Burkina Faso	55.3	35.1	371.0	30.3	3.5	75.8	1.4	3.1	21.9	3.0	65.8	4.0	..	0.0	0.3	3.5	9.4
5	Burundi	77.7	57.5	712.0	37.9	4.0	73.8	1.2	6.9	16.7	3.0	57.9	3.0	3.3	0.0	0.3	2.0	1.4
6	Cameroon	29.3	32.6	596.0	56.4	3.0	52.7	18.5	4.3	27.8	3.0	37.8	3.0	..	6.8	12.5	2.5	11.0
7	Central African Rep.	66.3	40.7	882.0	17.4	2.5	54.4	8.2	7.4	13.7	2.0	93.3	2.5	..	0.0	1.5	2.5	4.0
8	Chad	38.4	38.7	856.0	22.4	2.5	44.8	3.1	7.0	14.2	3.0	88.2	2.5	..	0.0	2.2	2.0	2.5
9	Congo, Dem. Rep.	77.2	42.6	693.0	43.5	2.5	31.2	5.8	8.0	32.5	2.5	74.8	3.0	..	4.3	19.9	2.0	3.0
10	Congo, Rep.	28.7	25.0	442.0	54.5	3.0	40.0	11.7	6.5	54.7	2.5	46.9	3.0	..	33.6	3.6	2.0	7.1
11	Cote d'Ivoire	29.0	29.6	645.0	40.1	3.0	68.8	29.0	4.0	21.5	2.5	56.0	3.0	2.5	2.1	3.4	3.0	14.6
12	Djibouti	18.3	33.5	229.0	46.4	3.0	64.7	13.0	..	..	3.0	65.6	2.5	..	0.2	0.5	2.5	10.7
13	Equatorial Guinea	..	26.2	342.0	..	..	31.5	43.0	7.9	..	..	66.2	..	..	2.7	1.5	..	18.9
14	Eritrea	..	50.3	501.0	35.5	3.0	53.3	12.0	7.2	..	2.0	..	2.0	..	0.0	0.8	2.0	1.0
15	Ethiopia	33.5	40.4	353.0	36.2	3.0	48.6	7.6	5.2	16.3	3.5	73.9	4.0	..	0.0	8.4	3.0	2.9
16	Gabon	..	17.5	291.0	..	..	66.7	44.9	19.7	52.8	..	37.0	.	..	9.3	3.0	.	9.8
17	Gambia	..	25.0	706.0	57.5	3.5	84.4	25.7	7.0	..	2.5	34.8	3.5	..	1.2	0.1	2.0	15.6
18	Ghana	..	18.8	319.0	67.1	4.0	84.0	41.0	2.4	26.3	4.0	37.9	4.0	3.3	1.7	1.9	4.0	18.9
19	Guinea	35.3	35.8	679.0	38.8	3.0	67.4	2.9	1.8	37.0	3.0	43.3	3.5	..	4.2	2.3	2.5	1.7
20	Guinea-Bissau	67.1	27.6	549.0	..	2.0	60.3	21.5	6.9	..	2.0	82.3	2.5	1.0	45.9	0.6	2.0	3.3
21	Kenya	..	26.0	510.0	67.6	3.5	56.8	6.7	9.2	19.5	3.5	56.0	3.5	4.0	10.0	8.8	3.0	43.4
22	Lesotho	59.7	33.2	487.0	52.2	4.0	77.0	10.2	26.2	..	3.0	50.8	3.5	2.5	0.0	0.3	3.5	11.0
23	Liberia	68.6	32.1	725.0	37.9	3.0	62.6	1.2	3.8	..	2.5	65.7	3.0	..	2.0	2.6	3.0	5.4
24	Madagascar	81.8	49.2	353.0	38.4	4.0	35.3	8.1	3.6	18.1	2.5	77.2	3.0	3.8	3.4	29.2	2.0	3.7
25	Malawi	70.9	42.4	634.0	39.5	3.5	89.1	2.0	7.5	16.2	3.5	66.7	3.5	1.8	0.0	3.5	2.5	5.8
26	Mali	49.3	35.8	587.0	43.5	2.5	64.1	11.9	8.1	19.3	3.0	56.3	4.0	..	0.0	1.5	3.0	7.0
27	Mauritania	10.9	22.0	602.0	29.9	3.5	57.1	4.4	31.0	..	3.0	79.9	3.0	..	32.3	1.3	2.5	10.7
28	Mozambique	68.7	42.1	489.0	24.5	3.5	37.0	5.4	22.6	20.1	3.0	80.3	3.5	4.0	18.0	7.2	3.0	5.9
29	Namibia	22.6	23.1	265.0	64.8	..	84.6	17.4	18.6	30.4	..	33.2	..	..	28.1	5.2	..	14.8
30	Niger	50.3	43.0	553.0	18.8	2.5	48.6	5.2	5.1	17.6	3.0	70.1	3.5	..	0.0	0.9	3.0	2.0
31	Nigeria	53.5	32.9	814.0	43.8	3.0	57.3	34.4	7.5	20.4	4.0	50.2	3.5	4.0	0.2	6.0	3.0	42.7
32	Rwanda	60.3	44.3	290.0	40.2	4.5	71.9	7.7	0.6	14.2	4.0	53.2	4.0	..	0.0	0.9	3.5	10.6
33	Senegal	38.0	19.4	315.0	40.1	3.5	67.3	26.6	10.0	23.6	3.0	39.4	3.5	2.8	14.4	1.0	3.5	17.7
34	Sierra Leone	52.3	37.9	1,360.0	43.4	3.0	47.8	1.2	3.3	7.6	3.5	75.6	3.5	3.0	7.8	1.3	3.0	2.1
35	Somalia	..	25.3	732.0	..	..	..	17.3	6.9	..	..	73.6	..	..	0.0	6.1	..	1.6
36	South Africa	16.6	23.9	138.0	98.2	..	81.4	66.9	25.1	28.7	..	23.0	..	..	13.4	20.7	..	49.0
37	South Sudan	..	31.1	789.0	..	2.5	56.9	3.5	..	..	1.5	95.6	2.0	..	0.0	..	2.0	15.9
38	Sudan	14.9	38.2	311.0	40.2	2.5	..	17.8	14.8	20.5	2.5	91.6	2.0	..	0.0	5.1	1.5	24.6
39	Swaziland	42.0	31.0	389.0	63.0	..	68.9	24.5	22.3	44.2	..	32.7	..	..	0.0	0.1	..	27.1
40	Tanzania	46.6	34.8	398.0	32.3	3.5	45.5	3.6	3.1	25.9	4.0	50.7	3.0	3.5	18.2	14.8	3.0	4.9
41	Togo	54.2	27.5	368.0	54.7	3.0	44.2	8.9	6.9	17.6	3.0	51.2	3.5	..	2.8	0.3	2.5	5.7
42	Uganda	33.2	33.7	343.0	27.6	3.5	75.8	8.1	3.8	20.4	3.5	53.6	3.5	..	0.0	2.8	2.0	17.7
43	Zambia	64.4	40.0	224.0	..	3.0	51.3	5.8	13.3	33.9	2.5	54.0	3.5	3.8	0.0	3.8	3.0	17.3
44	Zimbabwe	..	27.6	443.0	46.7	4.0	67.3	16.1	5.4	28.5	2.5	25.1	3.5	..	0.0	1.9	1.5	19.9

SDG1 No Poverty. Target – Eliminate poverty measured as income of $1.25 a day. Indicator – Poverty headcount ratio at $1.90 a day (PPP 2011) (% of population) 2011 data. Poverty data mostly for 2011. Some individual figures with a sign are for different years, but not earlier than 2006.

SDG2 No Hunger. Target – By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons. Indicator – Prevalence of stunting, height for age (% of children under 5) – 2014 data. Some figures are later or earlier than 2014, but not earlier than 2006.

SDG3 Good health and well-being. Target – By 2030, reduce the global maternal mortality ratio to less than 70 per 100,000 live births. Indicator – Maternal mortality ratio (modelled estimated for 100,000 live births) 2015 data.

SDG4 Quality education. Target – By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and Goal-4 effective learning outcomes. Indicator – Gross enrolment ratio, secondary, both sexes, %, 2014 data. Gross enrolment ratio, secondary, both sexes (%) data for 2014. Some figures are later or earlier than 2014, but not earlier than 2007.

SDG5 Gender equality. Target – End all forms of discrimination against all women and girls everywhere. Indicator – Country Policy and Institutional Assessment (CPIA) Gender equality rating (1 = low, 6 = high) – 2015 data. Data for Angola is for 2013.

SDG6 Clean water and sanitation. Target – By 2030, achieve universal and equitable access to safe and affordable drinking water for all. Indicator – Improved water source rural (% of rural population with access) 2015 data.

SDG7 Affordable and clean energy. Target – By 2030, ensure universal access to affordable, reliable and modern energy services. Indicator – Access to electricity, rural (% or rural population) 2012 data.

SDG8 Decent work and economic growth. Target – By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value. Indicator – Unemployment, total (% of labour force) (modelled ILO estimates) 2014 data.

SDG9 Industry, innovation and infrastructure. Target – Promote inclusive and sustainable industrialization and, by 2030, significantly raise industry's share of employment and gross domestic product, in line with national circumstances, and double its share in least developed countries. Indicator – Industry, value added (% of GDP) 2015 data.

SDG10 Reduced inequalities. Target – Adopt policies, especially fiscal, wage and social protection policies, and progressively achieve greater equality. Indicator – CPIA social protection rating (1 = low to 6 = high) 2015 data.

SDG11 Sustainable cities and communities. By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums. Population living in slums (% of urban population) 2014 data.

SDG12 Responsible consumption and production. Target – By 2030, achieve the sustainable management and efficient use of natural resources. Indicator – CPIA Policy and institutions for environmental sustainability rating (1 = low to 6 = high) 2015 data.

SDG13 Climate action. Target – Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. Indicator – Disaster risk reduction progress score (1 = low to 5 = high) 2011 data.

SDG14 Live below water. Target – By 2020, conserve at least 10 per cent of coastal and marine areas, consistent with national and international law and based on the best available scientific information. Indicator – Marine protected areas (% of territorial waters) 2014 data.

SDG15 Life on land. Target – By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular

Annex E: List of interviewees

Name	Role	Company/Organisation	Country
Yugen Pillay	Trainer	SusTRAINability Development Global (SDG)	South Africa
Anonymous	Entrepreneur	Anonymous	Tanzania
Anonymous	Policy Specialist in the Finance Sector	International Organisation	Switzerland
Anonymous	Associate Impact Manager	Impact Investing Company	Switzerland
Anonymous	Economic Development Specialist	International Organisation	Kenya
Sveta Banerjee	Impact Investing Expert	Impact Investing Solutions	Switzerland

Annex F: List of companies surveyed

Sector	Country	Stage of the company
Medtech	South Africa	Early stage company
Financial Services	Uganda	Mature company
Financial Services	Zambia	Early stage company
Recycling	Uganda	Early stage company