

# UNEP FI Impact Radar (2022 edition) Frequently Asked Questions



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## 1. Why an Impact Radar? Why not just use the SDGs?

Many of the Impact Areas and Topics of the Impact Radar match the Sustainable Development Goals (SDGs), such as food, housing, climate, etc., but there are a few which are different.

This is because of the way in which the SDGs were constructed, in which some Goals are systems i.e., they are a collection of several Impact Areas.

- An example would be SDG 11: Sustainable Cities and Communities which combines various factors such as housing, infrastructure and disaster reduction.



In other cases, an Impact Area in the Impact Radar is spread over more than one SDG.

- An example would be "Biodiversity and ecosystems", which is reflected in SDG 6: Clean water and sanitation, SDG 11: Sustainable Cities and Communities, SDG 12: Responsible consumption and production, SDG 14: Life Below Water and SDG 15: Life on Land.

Other SDGs are closely connected and are therefore not necessarily specific or distinguishable.

- An example would be SDG 1: No Poverty which is in many ways an aspect or corollary of SDG 10: Reduce Inequalities and SDG 8: Decent Work.

For the purpose of impact analysis, it is important that Impact Areas and Topics are specific and distinguishable from each other, hence the existence of the Impact Radar, as a means of operationalizing the global frameworks in the specific context of private finance and business.

We have developed SDG Mappings, which chart the Impact Areas and Topics of the Impact Radar to the SDGs. The SDG Mappings were produced by UNEP FI as part its suite of tools and resources for Holistic Impact Analysis. The SDG Mapping can be found [here](#).

## 2. How were the Impact Areas and Impact Topics of the Impact Radar determined?

The main underlying principle for the determination of the Impact Areas and Topics of the Impact Radar was to strive for a collection of themes that would *holistically* capture all categories of environmental, social and socio-economic needs, so as to enable the implementation of impact management as per UNEP FI's unique holistic approach.

Some of the specific criteria which drove our identification of the Impact Areas and Topics:

- They are discrete, enabling clarity and eliminating overlap wherever possible
- They are concepts that are universally valid and relevant, to allow their use by all practitioners, regardless of their type, size, structure and operational context;
- They can be anchored in internationally recognized norms and definitions;

- They are formulated to allow their use for both positive and negative impact identification and assessment;
- Where possible, they are already in use, hence tested by practitioners for impact analysis.

The compilation of the Impact Radar is built on several years of experimentation and usage by a community of practice both within and beyond UNEP FI's membership as well as exchanges with peer and organisations.

### 3. Why are some topics not immediately visible in the Impact Radar? Where are Climate Change Adaptation, Climate Change Mitigation, Financial Health & Inclusion, Human Rights, Pollution, Nature?

Different terms are used by different organisations when describing sustainability topics, more often than not as a reflection of the differences in their specific purpose and audience/s.

The Radar was originally designed to help operationalise the UNEP FI holistic approach, with the aim of providing practitioners (financial institutions in particular) with a means to holistically understand the sustainability topics they may be impacting, positively or negatively, through the products and services rendered to their customers and clients. This drove the structure of the Impact Radar, which in turn explains why some topics may not appear at first view.

- The **Pillars** represent the “**objects**” of the impacts (*who or what is impacted*), the Impact Areas and Topics are the “**themes**” of the impacts. As per Figure 2 below, for each of the three pillars, a series of Impact Areas and Impact Topics have been identified.
- **Impact Areas** represent the **objectives** that are relevant and that are pursued for each of the three pillars. They respond to the question: ‘*what is the goal or objective that needs to be achieved?*’ (e.g. Integrity & security of person, Healthy economies, Climate stability, etc.)
- **Impact Topics** provide, where relevant, a further breakdown of the **constitutive elements** of the Impact Areas. They respond to the question: ‘*what are the constitutive parts of the goals/objectives, or, what is their achievement a function of?*’ (e.g. under “Livelihood”, there are the constitutive elements of “Employment, “Wages” and “Social protection”)

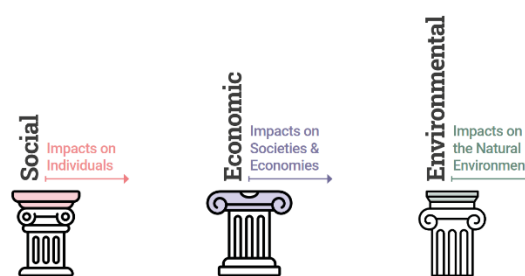


Figure 1: The three pillars of sustainable development: the basis of the Impact Radar

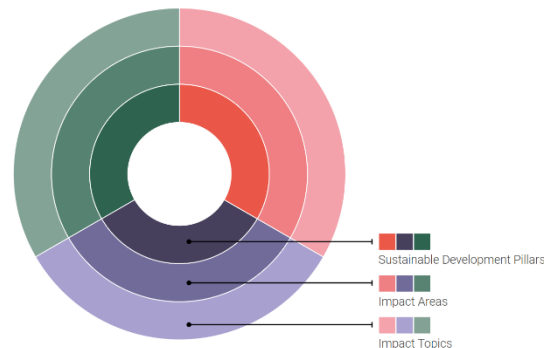


Figure 2: The Impact Radar structure

While some terms might not be immediately visible in the Impact Radar, it is holistic by nature and therefore all terms should be traceable to either an Impact Area (higher level) or an Impact Topic (more granular level) in the Radar.

Below we explore some of the most frequently sought for terms (Climate Change Adaptation, Climate Change Mitigation, Financial Health & Inclusion, Human Rights, Pollution and Nature) and how they map to the Radar nomenclature.

## Climate Change Adaptation

Adaptation is a response to a threat, the object of which is to protect lives, livelihoods and the economic systems they rely on.

### UNFCCC definition of Climate Change Adaptation

Adjustments in ecological, social or economic systems in response to actual or expected climatic stimuli and their effects. It refers to changes in processes, practices and structures to moderate potential damages or to benefit from opportunities associated with climate change. In simple terms, countries and communities need to develop adaptation solutions and implement actions to respond to current and future climate change impacts.

Source: <https://unfccc.int/topics/adaptation-and-resilience/the-big-picture/introduction>

As a result, this topic is treated in the social rather than in the environmental pillar in the Impact Radar. As such it is captured as part of the “Natural disasters” Impact Topic of the “Integrity & security of person” Impact Area.

### Definition of “Natural disasters” in the Impact Radar:

“Population’s ability to live free from the long-standing effects of natural disasters (containing weather events) including the displacement of population and worsened living conditions, additionally involving the limitation of natural resources such as drinking water.”





## Financial Health & Inclusion

The “Finance” Impact Topic of the Impact Radar contains both the Financial Health and Financial inclusion elements. The Impact Topic is contained within the wider Impact Area of “Availability, accessibility, affordability, quality of resources & services”.

### UNEP FI definition of Financial Health & Inclusion

**Financial Health** is considered as a state in which an individual, household, micro, small or medium-sized enterprise can smoothly manage their current financial obligations and have confidence in their financial future. This includes four elements:

- managing day-to-day finances to meet short term needs
- capacity to absorb financial shocks (resilience)
- capacity to reach future goals
- feeling secure and in control of finances (confidence)

**Financial Inclusion** is about ensuring access to financial products and services and “leaving no-one behind”, the central principle of the 2030 Agenda for Sustainable Development. Thus, it includes the provision of responsible saving, lending, investment, insurance, and advisory services (as relevant) that are available and accessible, along with the creation of opportunities for everyone to engage with the financial sector through suitable products and services and, where appropriate, support and advice that enables people to continue to benefit further into the future.

Source: <https://www.unepfi.org/industries/banking/guidance-on-financial-inclusion-and-financial-health-target-setting/>

### Definition of “Finance” in the Impact Radar:

“Population’s accessibility to the use of financial services by individuals and firms. Financial inclusion allows individuals and firms to take advantage of business opportunities, invest in education, save for retirement, and insure against risks. Financial health means a state in which an individual, household, micro, small or medium-sized enterprise can smoothly manage their current financial obligations and have confidence in their financial future. This includes four elements:

- managing day-to-day finances to meet short term needs;
- capacity to absorb financial shocks (resilience);
- capacity to reach future goals;
- feeling secure and in control of finances (confidence).”



## Human Rights

Human rights are associated with all the SDGs and are therefore not named as a standalone Sustainable Development Goal<sup>1</sup>. Similarly, Human rights are considered to be associated with all the Impact Areas and Topics and are therefore not isolated as a standalone Impact Area/Topic in the Impact Radar.

### UN definition of Human Rights

Human rights are rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.

Source: <https://www.un.org/en/global-issues/human-rights>

For the benefit of practitioners using frameworks such as the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, those human rights issues often identified as ‘salient’ by practitioners when implementing these frameworks) have been highlighted in the UNEP FI Impact Mappings and Impact Analysis Tools.

Specifically these highlighted issues are:

- “Modern slavery” and “Child labour” (under the Radar’s **“Integrity & security of person”** Impact Area);
- “Employment”, “Wages” and “Social protection” (under the Radar’s **Livelihood** Impact Area); and
- “Gender equality”, “Ethnic/racial equality”, “Age discrimination” and discrimination of “Other vulnerable groups” (under the Radar’s **“Equality & justice”** Impact Area).



*The highlighted Impact Areas and Topics reflect ‘salient’ human rights topics.*

<sup>1</sup> An example of this is the right to a healthy environment, which covers both environmental and social rights, and is therefore not contained to one SDG. Further information on the right to a healthy environment can be found [here](#).



## Nature

Nature is a term used by UNEP FI and by UNEP more widely.

### UNEP definition of Nature

All the existing systems created at the same time as the Earth, all the features, forces and processes, such as the weather, the sea and mountains

Source: <https://www.unep.org/resources/report/state-finance-nature>

In the Impact Radar, Nature is captured by the “Biodiversity & healthy ecosystems” Impact Area, which contains five Impact Topics: “Waterbodies”, “Air”, “Soil”, “Species”, and “Habitat”. The latter are reflective of the various constituent elements of Nature.

### Definition of “Biodiversity & ecosystems” in the Impact Radar:

“Variety of living organisms from all sources including, terrestrial, marine and aquatic ecosystems and the ecosystems they are part of. This includes diversity within species, between species and of ecosystems varying from within waterbodies, soil and in the air.”



## Pollution

Pollution denotes a result or situation to be avoided, namely a category of negative impacts on the environment.

### UNEP definition of Pollution

The indirect or direct alteration of the biological, thermal, physical, or radioactive properties of any medium in such a way as to create a hazard or potential hazard to human health or to the health, safety or welfare of any living species.

Source: <https://leap.unep.org/en/knowledge/glossary/pollution>

As per the explanation at the beginning of this section, the nomenclature of the Impact Areas of the Radar focusses on desired outcomes rather than on the underlying issue/problem. Within this logic the Radar includes “Circularity” as an Impact Area and this Impact Area is further broken down into two core themes, “Resource intensity” which speaks to the management of resources (or inputs) such as water, energy, or raw materials, and “Waste”, which speaks to the management of waste (outputs). The latter can therefore be considered as the match for the notion of "Pollution".

Note that in the Sector/Impact Map, and Impact Tools the "Air", "Water", and "Soil" Impact Topics capture the likely locus of the pollution. The “Waste” Impact Topic must therefore be considered in conjunction with these other Impact Topics within the Environmental Pillar.

### Definition of “Circularity” in the Impact Radar:

Circularity is the model of production and consumption that involves the following processes:

- Reduce by design: reducing the amount of material used, particularly raw material, should be applied as an overall guiding principle from the earliest stages of design of products and services
- From a user-to-user perspective: Refuse, Reduce and Re-use
- From a user-to-business intermediary perspective: Repair, Refurbish and Remanufacture
- From business-to-business: Repurpose and Recycle.





## 5. Why is Energy under the Social pillar rather than the Environmental pillar?

The “Energy” Impact Topic is considered under the Social pillar because it speaks to individuals’ and societies’ need for access, availability, affordability and quality of energy. In short, this Impact Topic considers energy from the perspective of needs, and as a service.

*The Impact Topic of “Energy” can be found under the Impact Area of “Availability, accessibility, affordability, quality of resources & services”*

*Definition of “Energy” in the Impact Radar:*

“Population’s accessibility to modern energy, to include: household access to a minimum level of electricity and to safer and more sustainable cooking and heating systems.”



Energy as a resource, and the environmental impacts associated with energy production, distribution and usage is treated within the Environmental pillar, under the “Circularity” Impact Area, as part of the “Resource intensity” Impact Topic. Energy is one of the resources, alongside other key resources such as water and raw materials, for which less intense, more efficient usage is necessary, as part of the transition to more circular economic model.

*The Impact Topic of “Resource intensity” can be found under the Impact Area of “Circularity”.*

*Definition of “Resource intensity” in the Impact Radar:*

“Efficient use of limited, non-renewable natural resources (which cannot be regenerated after exploitation) and renewable natural resources (which can return to their previous stock levels by natural processes of growth or replenishment) in the process of exploiting nature for production and consumption purposes. Can also be read as resource security.”



This distinction was made due to the difference in purpose, with one being a service and the other being a resource.

## 6. Does the Impact Radar get revised? If so, how often?

The current version of the UNEP FI Impact Radar is the 2022 edition, this is a revised version based on the original Impact Radar which came out in 2018 following over three years of experimentation and usage by a growing community of practice both within and beyond UNEP FI's membership.

While there is no strict schedule for significant revisions, the Impact Radar is a living resource therefore may be subject to updating if/when relevant to do so.