



 **AfricaConnect**  
We finance progress



# »»» AfricaConnect

## We finance progress

### THE PROGRAMME

AfricaConnect provides attractive loans to European companies to assist them with their investments in Africa. The programme is there to support companies as a long-term partner through its many years of experience in the African continent and the network of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. Since the start of the programme, the focus has been on creating sustainable jobs.

AfricaConnect is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by DEG.

### WE FINANCE PROGRESS

AfricaConnect is also focused on four other socio-environmental themes. Companies that exceed country and industry standards in these areas and successfully implement impact goals can receive interest rate subsidies.

The impact themes include:

- Better jobs
- Female empowerment
- Fair and environmentally aware supply chains
- Reduction of the carbon footprint

Interest rate reductions of up to 100 bp may be granted per impact theme. The interest rate can be reduced by an overall maximum of 200 bp. The reduction is not granted retrospectively, but rather after the defined targets have been achieved.

### CONDITIONS

- Loans in EUR, USD and many local currencies
- Terms of 3 to 7 years
- Loan amounts from EUR 750,000 to EUR 5 million
- Usually unsecured
- Attractive conditions, with interest rate reductions for projects that have a particularly strong impact
- Support for implementing international environmental and social standards
- Access to the DEG network and wide-ranging expertise in developing and emerging-market countries based on 60 years of experience

### WHAT INFORMATION IS NEEDED?

- A description of your company
- The last two audited annual financial statements of the European group and the African subsidiary
- A qualitative and quantitative business plan that shows sustainable development over the coming years
- An organisational chart showing the corporate structures of the company and of the group
- Evidence of a strong economic link to the EU, e.g. registered office of the group of companies
- A description of the developmental impact of the investment, in particular the planned jobs

### PLEASE CONTACT US!

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<https://www.deginvest.de/Unsere-Lösungen/AfricaConnect/>

#### Better jobs

- Living wage
- Certified working conditions

#### Female empowerment

- Female founders/owners
- Female managers
- Fair conditions for female employees

#### Fair and environmentally aware supply chains

- Labelling
- Business initiatives

#### Reduction of the carbon footprint

- Action plans
- Renewable energies
- Building measures

# AfricaConnect Better jobs

## THE PROGRAMME

AfricaConnect provides attractive loans to European companies to assist them with their investments in Africa. The programme is there to support companies as a long-term partner and, with its many years of experience and DEG's network, it is able to facilitate investments on the African continent.

Since the start of the programme, the focus has been on creating sustainable jobs. AfricaConnect is also focused on four other socio-environmental themes. Companies that exceed country and industry standards in these areas are eligible to receive interest rate subsidies.

Better jobs

Female empowerment

Fair and environmentally aware supply chains

Reduction of the carbon footprint

## AfricaConnect + BETTER JOBS

Companies that already have high standards with regard to better jobs or would like to implement them can receive interest rate reductions or a grant. This can be done by adopting one of the following measures:

### What we also promote: Better jobs

#### 1. Living wage

Proof of an external audit/certification, e.g. SAI, fair wage. Or:

1. Determine the regional living wage through AfricaConnect
2. Calculate the discrepancy
3. Draw up an action plan
4. Implement the living wage

1%\*

#### 2. Certified working conditions

- Social & ethical certificates, such as SA8000, For life and similar
- Certificate of high occupational health and safety standards: ISO45001

0.5%

#### 3. Further training measures

- Training programmes that are not mandatory to do the current job, but are considered as further training measures
- Up to 50% of the costs

≤EUR 200k grant

Up to 100 bp interest rate reduction if one of the criteria is met

Grant

\* if living wage exceeds legal requirements

**Living wage:** A living wage is one that enables workers and their families to enjoy a reasonable standard of living. Companies that pay all employees at least a living wage receive a 100 bp interest rate reduction. This can be officially verified by means of recognised certificates such as *SAI* or *fair wage*. Alternatively, it may be calculated using the *Roadmap on Living Wages* from *IDH – The Sustainable Trade Initiative* together with the AfricaConnect team. If necessary, an action plan is then drawn up to close the gap.

**Certified working conditions:** An interest rate reduction of 50 bp is granted for certified working conditions that exceed the legal requirements and the social minimum standards of AfricaConnect. High standards with regard to working hours and employee rights, for example, can be demonstrated with the *SA8000* and *For life* certificates. The *ISO45001* certificate is also accepted as evidence of particularly high occupational health and safety standards.

**Further training measures:** AfricaConnect supports these with a non-repayable grant of up to EUR 200k. They include courses that go beyond the mandatory training needed to do the current job. The grant can cover up to half of the costs incurred.

# AfricaConnect

## Female empowerment

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### AfricaConnect + FEMALE EMPOWERMENT

In Africa, as elsewhere, women remain at a disadvantage in terms of economic participation. Young women in particular are often treated less favourably, receive lower wages and face worse working conditions compared to men. AfricaConnect is committed to equality of opportunity and the economic empowerment of women. On these issues AfricaConnect follows the principles of the *2X Challenge*, a G7 initiative that represents an outstanding international standard, especially used by development banks. It provides the framework for supporting female entrepreneurship and management, and equal employment conditions in particular.

As borrowers, companies that meet the *2X Challenge* criteria receive an interest rate reduction of 100 bp.



#### What we also promote: Female empowerment

	Founder/owner	Management	Female employees	Products for women
2X Challenge: At least 1 criterion must be met	<ul style="list-style-type: none"> <li>≥ 51% female ownership</li> </ul>	<ul style="list-style-type: none"> <li>≥ 20-30% share of women in senior management (depending on sector)</li> </ul>	<ul style="list-style-type: none"> <li>≥ 30-50% share of women in the workforce (depending on sector)</li> </ul>	Products or services that specifically or mainly benefit women
	<ul style="list-style-type: none"> <li>Female founder</li> </ul>	<ul style="list-style-type: none"> <li>≥ 30% share of women on management board</li> </ul>	<ul style="list-style-type: none"> <li>A qualitative indicator</li> </ul>	
	1%	1%	1%	1%

100 bp interest rate reduction for meeting the 2X Challenge

One of the above criteria must be met in order to meet the challenge.

Qualitative indicators include measures that are not required by law in the country concerned. Examples are anti-discrimination policies or closing the gender pay gap.

## Fair and environmentally aware supply chains

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Better jobs
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### AfricaConnect + FAIR AND ENVIRONMENTALLY AWARE SUPPLY CHAINS

AfricaConnect supports companies that implement environmental and/or social standards along the supply chain and have them verified by third parties with an interest rate reduction of 100 bp. There are two approaches to implementation.

#### What we also promote: Fair and environmentally aware supply chains

##### 1. Quality label

- The company may use quality labels for its own products which exceed market and industry standards
- 50-80% of revenue covered by quality label, depending on sector
- The following quality labels and similar:  
*Fairtrade, Rainforet Alliance, FSC*

1%

##### 2. Supply chain initiatives

- Membership of a supply chain initiative and implementation of the requirements
- After 3 years' membership, 2/3 of the suppliers with a high risk profile must be audited
- The following initiatives and similar:  
*Sedex, BSCI Amfori, SAI*

1%

100 bp interest rate reduction where one of the criteria is met

**Quality label:** Quality labels are affixed to products and give guidance to consumers choosing a product. To obtain such a label, products must meet defined environmental or social standards, either along the whole supply chain or in production/raw materials. Depending on the label, industry and product, 50-80% of revenue must be generated with products bearing quality labels. AfricaConnect accepts Fairtrade, Rainforest Alliance or FSC quality labels, for example. An interest rate reduction will be granted after only one year from the start of certification if the company can sufficiently demonstrate that certification will be implemented promptly.

**Supply chain initiatives:** Companies can join 'supply chain initiatives' that require member companies to commit themselves to implementing certain standards along the supply chain. The initiatives also offer support for risk assessment and step-by-step implementation of fair and environmentally sustainable supply chains. To receive additional support from AfricaConnect, two thirds of supplier companies with an elevated risk profile must be audited by independent auditors within three years. Initiatives that meet the requirements defined by AfricaConnect include, for example: *Sedex, BSCI Amfori and SAI*.

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## Reduction of the carbon footprint

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### AfricaConnect + REDUCTION OF THE CARBON FOOTPRINT

Reducing CO<sub>2</sub> emissions is an essential part of the fight against climate change. Companies that define this as a goal can receive an interest rate reduction from AfricaConnect. They can do this by meeting one of the three following criteria:

What we also promote: Reduction of the carbon footprint		
CO <sub>2</sub> reduction targets	Renewable energies	Building measures
<ol style="list-style-type: none"> <li>1. Assessment of the carbon footprint by consultants/certification</li> <li>2. Registration &amp; declaration of commitment for CO<sub>2</sub> reduction targets under the Science Based Targets initiative (SBTi)</li> <li>3. Setting of CO<sub>2</sub> reduction targets (within 24 months)</li> </ol>	<p>Business models based on the expansion of renewable energies</p>	<ul style="list-style-type: none"> <li>• Implementation of measures that demonstrably reduce the carbon footprint, such as PV systems</li> <li>• 20% reduction or substitution of energy consumption</li> </ul>
1% from declaration of commitment	1%	0.5%
Up to 100 bp interest rate reduction if one of the criteria is met		

**CO<sub>2</sub> reduction targets:** To bring about a long-term reduction in CO<sub>2</sub> emissions, AfricaConnect would like to support companies that set ambitious targets in this area with an interest rate reduction of 100 bp. Such targets are aimed at achieving either a significant reduction of the carbon footprint by 2030 or 'Net-Zero' by 2050. For this purpose, AfricaConnect follows the principles of the *Science Based Targets initiative (SBTi)*. Based on scientific findings, the initiative advises on, verifies and certifies targets for reducing greenhouse gases generated by companies. The process involves assessing the carbon footprint, registering with the initiative and making a declaration of commitment to pursue the targets, setting reduction targets and validation by the initiative. The interest rate reduction is granted on receipt of the declaration of commitment.

**Renewable energies:** The expansion of renewable energies plays a key role in achieving climate neutrality. To support the positive impact of climate-neutral energy systems in Africa, companies whose business models are centered on the expansion of renewable energies receive a 100 bp interest rate reduction.

**Building measures:** Companies can receive an interest rate reduction of 50 bp for projects involving building measures such as the installation of solar systems that demonstrably reduce the carbon footprint. The measure(s) must lead to a 20% reduction or substitution of energy consumption through renewable electricity.