



Federal Ministry
for Economic Cooperation
and Development



Partners in
Transformation
ImpactConnect

KFW DEG

ImpactConnect

We finance progress



ImpactConnect

THE PROGRAMME

ImpactConnect provides attractive loans to German companies to assist them with their investments in developing and emerging countries. The program supports companies as a long-term partner through its many years of experience and the network of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH. ImpactConnect is funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented by DEG. Since the start of the program in 2019, the focus has been on Africa. Now, after more than 90 successfully provided financings, the program is being expanded globally and will be available in all countries of the [OECD DAC list](#) in Africa, America, Europe and Asia*.

WE FINANCE PROGRESS

ImpactConnect is focused on four additional impact categories. Companies that exceed country and industry standards in these areas and successfully implement our impact categories can receive interest rate reductions.

The impact categories include:

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

Interest rate reductions of up to 75 basis points (bp) may be granted per impact category. The interest rate can be reduced by an overall maximum of 150 bp. The reduction is not granted retrospectively, but 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 500,000 to EUR 10 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 local 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

* Subject to a positive case-by-case assessment.

PLEASE CONTACT US!

Visit our website: www.deginvest.de/ImpactConnect
or reach out to: ImpactConnect@deginvest.de

Better jobs

- Living wage
- Certified working conditions

Female empowerment

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

Fair and sustainable supply chains

- Quality label
- Supply chain initiatives

Reduction of the carbon footprint

- CO₂ reduction targets
- Renewable energies
- Construction measures

ImpactConnect – Better Jobs

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ImpactConnect provides attractive loans to European companies to assist them with their investments in developing and emerging countries. The programme supports companies as a long-term partner through its many years of experience and the network of DEG – Deutsche Investitions- und Entwicklungsgesellschaft mbH.

Since the start of the programme, the focus has been on creating sustainable jobs. ImpactConnect is also focused on four additional impact categories. Companies that exceed country and industry standards in these areas are eligible to receive interest rate reductions.

Better jobs

Female empowerment

Fair sustainable supply chains

Reduction of the carbon footprint

ImpactConnect + BETTER JOBS

Companies that already have high standards with regard to better jobs or would like to implement these can receive interest rate reductions or a grant. A company can become eligible by adopting one of the following measures:

What we also promote: Better jobs

Living wage

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

1. Determine the regional living wage through ImpactConnect
2. Calculate the discrepancy
3. Develop an action plan
4. Implement living wage

Certified working conditions

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

75 bp*

25 bp

Up to 75 bp interest rate reduction if one of the criteria is met

* if living wage exceeds legal requirements

Living wage: A living wage is the wage 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 75 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 ImpactConnect team. If necessary, an action plan is developed to close the gap.

Certified working conditions: An interest rate reduction of 25 bp is granted for certified working conditions that exceed the legal requirements and the social minimum standards of ImpactConnect. 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.

ImpactConnect – Female empowerment

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Better jobs

Female empowerment

Fair and sustainable
supply chains

Reduction of the carbon
footprint

ImpactConnect + FEMALE EMPOWERMENT

In developing and emerging countries, 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. ImpactConnect is committed to equality of opportunity and the economic empowerment of women. On these issues ImpactConnect 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 or can provide a 2X certification receive an interest rate reduction of 75 bp.



What we also promote: Female empowerment

Basic 2X ESG (human rights along value chain, gender based violence and harassment safeguarding)

Governance & Accountability (strategic action, management system, gender data)

2x Challenge requirements	At least one 2X criterion must be met				
	Founder/owner	Management	Female employees	Supply chain	Products for women
	<ul style="list-style-type: none"> ≥ 51% female ownership 	<ul style="list-style-type: none"> ≥ 30% - 50%* share of women in senior management 	<ul style="list-style-type: none"> ≥ 25% - 50%* share of women in the workforce 	<ul style="list-style-type: none"> Commitment to women in supply chain 	<ul style="list-style-type: none"> Products or services that enhance well-being of women/girls and/or drive gender equality
	<ul style="list-style-type: none"> or ≥ 50% female founders 	<ul style="list-style-type: none"> or ≥ 30% - 50%* share of women on management board 	<ul style="list-style-type: none"> and A qualitative indicator 	<ul style="list-style-type: none"> and A qualitative indicator 	
		<small>*depending on country & sector</small>	<small>*depending on country & sector</small>		

Time bound commitment to meeting another 2X criterion

or proof of a 2X certification

75 bp interest rate reduction for meeting the 2X Challenge

All four requirements of the 2X Challenge must be fulfilled to meet the challenge. The Basic 2X ESG requirements relate to fundamental environmental and social standards including respecting human rights along the value chain and implementation of measures to protect employees against gender-based violence and harassment (GBVH). For example, this can be covered by being compliant with ILO core labour standards and having a zero GBVH tolerance policy. Governance & Accountability reflects the commitment to female empowerment by covering gender within strategic actions, e.g. action plans supporting gender equity, and management systems, e.g. regular monitoring of gender-related measures, as well as regularly collecting gender data. In terms of the five 2X criteria, certain minimum thresholds that reflect country-sector standards must be met and/or qualitative requirements need to be implemented. Further information on the different requirements can be found on the 2X website ([here](#)).

ImpactConnect – Fair and sustainable supply chain

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Better jobs

Female empowerment

Fair and sustainable supply chains

Reduction of the carbon footprint

ImpactConnect + FAIR AND SUSTAINABLE SUPPLY CHAINS

ImpactConnect 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 75 bp. There are two approaches to implementation.

What we also promote: Fair and sustainable supply chains

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, Rainforest Alliance, FSC

75 bp

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

75 bp

75 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 along the supply chain. Depending on the label, industry and product, 50-80% of revenue must be generated with products bearing quality labels. ImpactConnect accepts Fairtrade, Rainforest Alliance or FSC quality labels, among others. An interest rate reduction will be granted after only one year from the start of certification if the company can sufficiently demonstrate that the certification will be implemented promptly.

Supply chain initiatives: Companies can join 'supply chain initiatives' that require member companies to commit to implementing certain standards along the supply chain. The initiatives also offer support for risk assessment and the step-by-step implementation of fair and sustainable supply chains. To receive an interest rate reduction from ImpactConnect, 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 ImpactConnect include, for example: Sedex, BSCI Amfori and SAI.

ImpactConnect – Reduction of the carbon footprint

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Better jobs

Female empowerment

Fair and sustainable
supply chains

Reduction of the carbon
footprint

ImpactConnect + REDUCTION OF THE CARBON FOOTPRINT

Reducing CO₂ emissions is an essential part of the fight against climate change. Companies that are committed to this goal can receive an interest rate reduction from ImpactConnect. Companies become eligible by meeting one of the three following criteria:

What we also promote: Reduction of the carbon footprint

CO₂ reduction targets

1. Assessment of the carbon footprint by consultants
2. Registration & declaration of commitment for CO₂ reduction targets under the Science Based Targets initiative (SBTi)
3. Setting of CO₂ reduction targets (within 24 months)

Renewable energies

Business models based on the expansion of renewable energies

Construction measures

- 20% reduction or substitution of energy consumption through implementation of measures, such as PV systems
- Consideration of building efficiency in new buildings through a LEED-certification

75 bp from declaration of commitment

75 bp

25 bp

Up to 75 bp interest rate reduction if one of the criteria is met

CO₂ reduction targets: To promote a long-term reduction in CO₂ emissions, ImpactConnect supports companies that set ambitious targets in this area with an interest rate reduction of 75 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, ImpactConnect follows the principles of the *Science Based Targets initiative (SBTi)*. Based on scientific findings, the initiative advises on, verifies and certifies targets to reduce 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 a 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 developing and emerging countries, companies whose business models revolve around the expansion of renewable energies receive a 75 bp interest rate reduction.

Construction measures: Companies can receive an interest rate reduction of 25 bp for projects involving construction 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 energy. For greenfield projects or the construction of new buildings, it is important to consider building efficiency. For this reason, LEED-certification "Gold" or "Platinum" is taken into account with an interest rate reduction.