The SDG mapping of KfW Group

Background information and methodological notes

20 September 2019

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In 2015, the global community adopted the 2030 Agenda for sustainable development in its three dimensions – environmental, social and economic. At the core of the 2030 Agenda are 17 universal objectives for sustainable development – the Sustainable Development Goals (SDGs).

Committed to responsible banking, KfW[1] contributes to the achievement of all SDGs by promoting and financing states, municipalities, companies and private individuals in Germany, Europe and worldwide. Since there is no standardised procedure for reports on SDG (financing) contributions to date, KfW has developed its own group-wide SDG mapping.

KfW's annual SDG mapping creates transparency regarding the contribution of KfW's annual new commitments to achieving the SDGs. In other words, it shows the positive effects expected from KfW's financing activities. In total, the SDG mapping uses over 1,500 sets of standard financing data, which are assigned to the SDGs on the basis of a uniform group-wide understanding of the SDGs.

The SDG mapping was developed as part of KfW's internal project "KfW Roadmap Sustainable Finance". The objective of the project is to make KfW even more sustainable in terms of financing. Taking into account the findings of the SDG mapping, the roadmap team will develop appropriate management options by mid-2020.

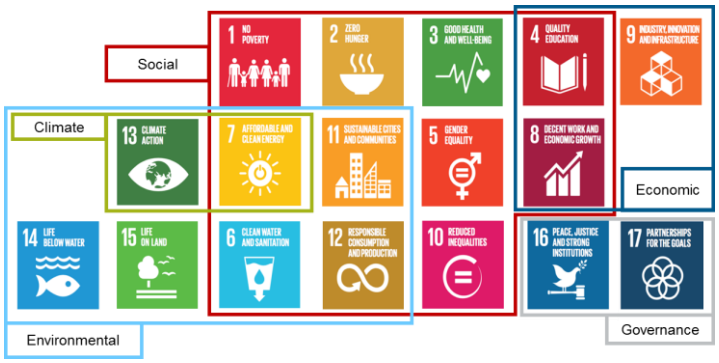
The 2030 Agenda and the role of KfW

The 17 SDGs and their 169 sub-objectives form a target system applicable to all countries for improving economic, ecological and social living conditions by the year 2030 (see figure 1). The implementation and the level of ambition are determined by the countries themselves according to their starting position and requirements.

KfW pursues the goal of improving living conditions in Germany, Europe and worldwide in a sustainable manner. KfW is already committed to the SDGs under its promotion and financing mandate, comprising the following key fields: climate action and environmental protection (i.a. SDG 6, 7, 12, 13, 14, 15), innovation (i.a. SDG 9), small and medium-sized enterprises and start-ups (i.a. SDG 8), infrastructure investments by municipalities, communities and municipally owned enterprises (i.a. SDG 9, 11), student and educational loans (i.a. SDG 4, 10), export and project finance (i.a. SDG 7, 8, 9), as well as the promotion of developing countries and emerging economies (i.a. SDG 1, 2, 3, 5, 16, 17).

However, so far there are no harmonised, standardised indicators for (promotional) banks to report on their (financing) contributions to the SDGs. KfW therefore decided to address the matter itself.

Figure 1: The 17 objectives for sustainable development



Source: KfW data based on the UN SDGs.

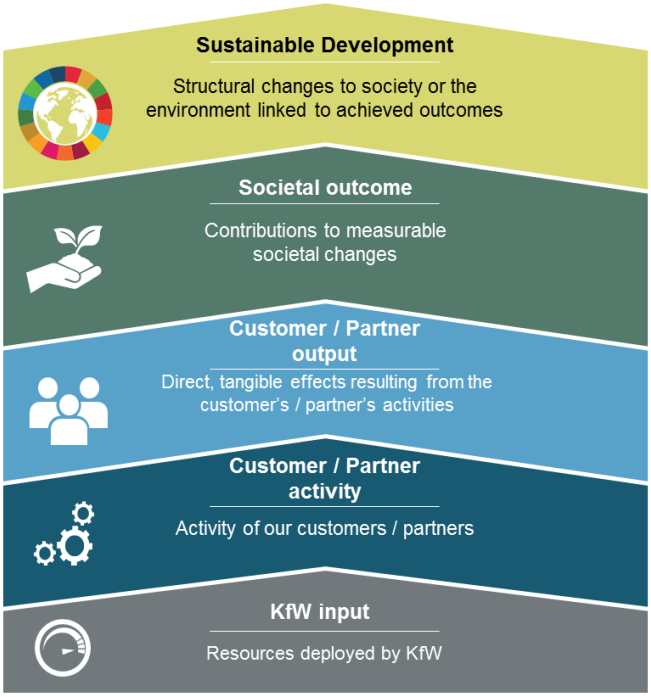
Starting point: KfW's understanding of impact

KfW's understanding of impact in terms of sustainable development forms the starting point for the SDG assignment of KfW's financing data. It is derived from the Theory of Change (theoretical impact chain). The basic idea is to show the process from the financing to the desired change. The relationships between the financial resources used (input), the customer or partner activities co-financed (activity) and the results of the customer or partner (output) as well as one or more desired development effects (outcome) and effects for society (impact) are derived (see figure 2).

Based on this impact chain, KfW aims to contribute to sustainable development and thus to the SDGs in two main ways:

- **Financing of sustainable customer and partner activities:** For example, financing a wind farm for the energy transition (i.a. SDG 7 and 13), small and medium-sized enterprises for broad-based growth (SDG 8) or municipal infrastructure for sustainable transport (SDG 11).
- **Supporting the customer towards a more sustainable business management:** This is done on the one hand by co-financing accompanying measures for corporate finance, e.g. improving personnel management for high-quality, decent work (SDG 8), implementing and advising on energy efficiency programmes (SDG 7) or by accompanying private customers in construction (SDG 11). On the other hand, KfW also promotes this transition through strict requirements and by supporting the companies' compliance with international environmental, social and governance standards (i.a. SDGs 5, 10, 12, 13, 14, 16).

Figure 2: KfW's impact chain for sustainable development



Source: KfW.

The reference framework for the SDG mapping

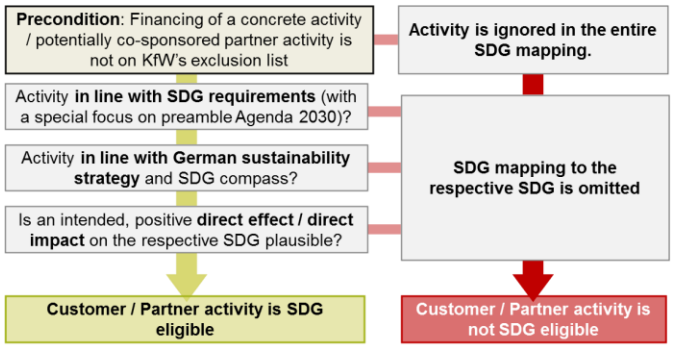
The 17 SDGs offer some room for interpretation. KfW has therefore used further reference documents, based on the 2030 Agenda, to analyse the co-financed customer and partner activities for their positive contribution to sustainable development – along KfW's impact chain.

The reference documents, which at the same time serve as an assessment scheme for "SDG eligibility", include the following:

- **The 2030 Agenda:** In accordance with the 2030 Agenda[2], it is key to i) achieve the well-being of all human beings, ii) promote the protection of ecosystems, iii) increase prosperity, iv) ensure peace and v) strengthen international cooperation and collaboration. In its preamble, the 2030 Agenda refers to the overarching principle of "leaving no one behind".
- The **German Sustainable Development Strategy:** With the German Sustainable Development Strategy 2016[3], the German government has defined how it intends to achieve the 17 SDGs in Germany, support them worldwide and pursue them in cooperation with international organisations. Amendments can be found in the 2018 version[4].
- **KfW's sustainability mission statement:** KfW's sustainability mission statement[5] refers to the 2030 Agenda, the Paris Climate Agreement of 2015 and the German Sustainable Development Strategy. The sustainability mission statement serves KfW as an overarching reference framework for its financing activities. This is supplemented by specific sustainability guidelines for every business-area as well as sector guidelines and the KfW exclusion list[6].
- **SDG compass for companies:** The SDG compass[7] provides guidance on how companies – a significant proportion of KfW's customers – can align, manage and measure their business activities and strategies and their effects with the SDGs.

Based on these reference documents, KfW checks whether a co-financed customer or partner activity is SDG-eligible or not (see figure 3). This is recorded in an SDG positive list – based on KfW's SDG understanding (see Appendix II).

Figure 3: Test grid for SDG eligibility



Source: KfW.

Data basis and mapping keys

So far, there are no harmonised, standardised indicators for (promotional) banks to report on their (financing) contributions to the SDGs.[8]

The UN has defined 232 indicators for the global monitoring of SDG progress. However, these primarily provide a framework for national SDG plans. The same applies to the 63 indicators adopted by the German government as a signatory to the 2030 Agenda, in the context of the "German Sustainable Development Strategy".

In order to nevertheless present KfW's SDG contribution in a transparent manner, KfW analysed its standard data for new financing activities with regard to data fields which enable a statement on the intended, positive effect on sustainable development in the sense of KfW's understanding. In other words, it was determined for each business area which data fields are available at outcome, output, activity and input levels of the KfW impact chain (see figure 4). The specific characteristics were assigned to the SDGs on the basis of KfW's understanding of the SDG if a directly intended, positive effect can be derived (see figure 3 and cf. Appendix I, II).

In this procedure developed by KfW, around 1,500 financing-related impact indicators, "development markers" and strategic targets (outcome level), purposes (output level) and selected economic sectors (customer activity level) were assigned to SDGs throughout KfW group:

- **Impact indicators:** For example, the KfW subsidiary DEG (Deutsche Investitions- und Entwicklungsgesellschaft) uses its Development Effectiveness Rating[9] to measure the services of its costumers on the basis of impact indicators in five key effectiveness categories – good and fair employment, local income, development of markets and sectors, environmentally sound management, and benefits for local communities – and to make the SDG contribution of its costumers transparent.

- **Development markers:** KfW Development Bank and DEG use policy markers to report to the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Development Assistance Committee of the Organisation for Economic Cooperation and Development (OECD DAC). For example, the "gender marker" (GG marker) is used to report on financing activities that target "Gender equality". In KfW's SDG mapping, this marker was assigned to SDG 5 "Gender equality" and SDG 10 "Reduced inequalities". In addition to the standardised development markers, DEG uses further internal SDG development markers.
- **Common reporti**ng standard purpose codes: For reporting to the OECD DAC, KfW Development Bank follows the Common Reporting Standard (CRS)[10] and uses the CRS purpose code, amongst other things. This indicates the area of development promotion. For example, CRS code "11220 Primary education" was assigned to SDG 4 "High-quality education".
- **Strategic targets:** The KfW climate ratio used for mapping is a fixed component of the strategic target system and anchored in KfW's target ratio on climate and environmental protection. Financing activities that contribute to the KfW climate ratio, such as the promotion of renewables, energy efficiency, climate adaptation as well as climate and environmentally friendly mobility, are classified under SDG 13 "Measures for climate protection".
- **Products and programmes:** In domestic promotion, including KfW Capital, special products and programmes are set up to specifically achieve one or more sustainable objectives, in which the product or programme denomination clearly reflects the intended use and the desired objective. KfW High-Tech Start-up Fund, for example, which finances technology start-ups in Germany with venture capital to promote high-tech and start-ups, was assigned to SDG 8 "Decent work and economic growth" and SDG 9 "Industry, innovation and infrastructure" due to its focus on innovation and economic development.
- **Purposes:** In the area of domestic promotion, purposes are recorded for all financing activities within a programme or product. They are assigned to the SDGs in accordance with the programme and product descriptions. For example, corporate loans with the purpose of facilitating a barrier-free city are assigned to SDG 8 "Decent work and economic growth" as well as to SDG 10 "Reduced inequalities" and SDG 11 "Sustainable cities and communities", because KfW wants to use this programme both to promote enterprises (secure jobs) and to support inclusion (reduce inequality).
- **Economic sectors:** The reporting of DEG and KfW IPEX-Bank to BaFin (German Federal Financial Supervisory Authority) is based on the EU industrial classification "NACE" (Nomenclature statistique des activités économiques dans la Communauté européenne).[11] KfW has assigned the NACE codes to the SDGs insofar as a direct contribution to the achievement of the SDGs can be derived. For example, NACE 63 "Telecommunications" and NACE 64 "Computer programming" have been assigned to SDG 9 "Industry, innovation and infrastructure".

Due to the heterogeneity of KfW's operational business areas and the corresponding reporting obligations, four "mapping keys" specific to the business areas were developed (see figure 4). However, they are all based on the uniform SDG understanding throughout group in accordance with KfW's understanding of impact.

Figure 4: Group-wide SDG mapping system based on the four business areas

Database, which provides information on the intended positive effects on the achievement of the SDGs	Domestic	International		
		DEG	Development Bank	IPEX
Impact indicators (quantitative / qualitative)		x		
Development markers (OECD DAC / BMZ marker)		x	x	
Strategic target value (KfW climate ratio)	x	x	x	x
KfW product categories	x			
Standardized purpose codes (OECD-CRS-Codes)			x	
KfW internal purpose codes	x			
KfW internal sector classification		x		x
Economic sector classification (EU NACE)		x		x
Volume of new financing commitments	x	x	x	x

Source: KfW, own data and development.

Annual reporting: preparation and interpretation of results

For the annual evaluation of KfW's contributions to achieving the SDGs, the KfW approach links the new financing volumes committed each year to the SDGs. The achievement of the SDGs is expected to be supported by a positive effect from the co-financed customer or partner activities. This is done through the classification of financing data as described in the section “Data basis and mapping keys”.

The collected data is visualised in a final step (see figure 5). The financing volumes per SDG are shown in up to four corresponding colour segments. In line with the increasing segment area (from the inside out), the financing volume assigned to the respective segment is also increasing. The largest individual SDG volume is used as the maximum reference value. This corresponds to 100%. Accordingly, the financing volumes of 0% – 14.3% of the largest individual SDG volume are assigned to segment 1, 14.4% – 35.7% to segment 2, 35.8% – 64.3% to segment 3, and 64.4% – 100% to segment 4.

As clearly demonstrated by the new commitments in 2018, this means – with the largest individual SDG volume of EUR 33.4 billion for SDG 8 – volume allocation limits of up to EUR 4.77 billion (segment 1), EUR 11.93 billion (segment 2), EUR 21.47 billion (segment 3) and EUR 33.4 billion (segment 4).

The figure thus transparently shows KfW's main contributions to achieving the SDGs. The newly committed financing activities in 2018, for example, show that KfW makes the largest contributions to SDG 8 “Decent work and economic growth” (to the amount of EUR 33.4 billion), SDG 13 “Climate action” (EUR 28.7 billion), SDG 7 “Affordable and clean energy” (EUR 27.4 billion) and SDG 11 “Sustainable cities and communities” (EUR 25 billion) (see KfW Sustainability Portal).

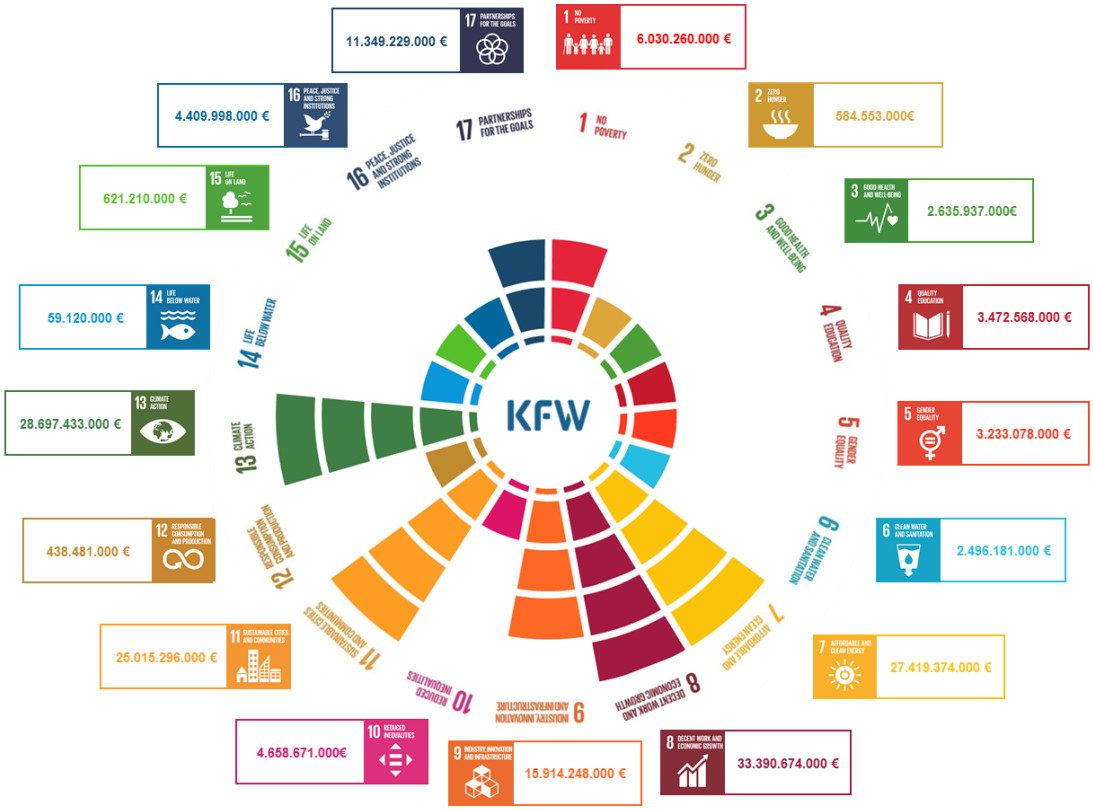
Multiple SDG contributions of financing activities

Given the multidimensional SDG target system, KfW's co-financed customer and partner activities generally contribute to several SDGs at the same time. The methodology chosen, according to which KfW financing activities are assigned to the SDGs, takes this into account. On the one hand, impact indicators, development markers, strategic targets, purposes and economic sectors are assigned to several SDGs (see the examples mentioned for the intended use “Barrier-free city” or for the development marker “Gender marker”). On the other hand, there are usually several data points per financing project. For example, KfW Development Bank records at least one CRS code and different development markers for each financing project. If there is an overlap in the content of the available data points, the SDG in question is only assigned to the financing project once (cf. Appendix I “KfW Development Bank”).

Consideration of trade-offs between SDGs and negative side effects

Within the target system of the 2030 Agenda, there are SDG contributions that affect each other positively, but also those which generate trade-offs with view to other SDGs. Measures to promote sustainable agricultural production, for example, can make a positive contribution to food security and often also to poverty reduction. Accordingly, such contributions to SDG 1 “No poverty” and SDG 2 “Zero hunger” affect each other positivetly. However, it is also possible, and sometimes unavoidable, that efforts to promote one SDG may be at the expense of another SDG. One challenge, for example, is to

Figure 5: Visualisation of KfW’s contribution to the SDGs, example “New commitments 2018”



reconcile SDGs geared to economic growth (i.a. 8 and 9) with SDGs 14 and 15, which aim to protect ecosystems.

KfW's SDG mapping focuses on the positive effects of its co-financed customer and partner activities. At the same time, however, KfW attaches great importance to minimizing the mentioned trade-offs and any negative effects on the achievement of the SDGs. High environmental and social standards are therefore an integral part of all KfW's promotional activities. KfW adheres to international standards. These standards comprise the Equator Principles, IFC Performance Standards, World Bank Standards and sector-specific initiatives such as the Extractive Industries Transparency Initiative (EITI). All KfW Group programmes and projects in developing and emerging countries as well as worldwide export and project financing activities are subject to an Environmental and Social Impact Assessment (ESIA)[12] prior to their implementation. The aim of the ESIA is to identify, assess and manage any negative impacts and risks concerning local environmental and social aspects (including human rights) in the context of a project. This includes unintended effects, but also trade-offs that cannot always be resolved within the framework of SDG achievement. As an example, figure 6 illustrates the relationship between the IFC Performance Standards and the SDGs.

Figure 6: IFC Performance Standards and the SDGs

Source: KfW figure based on IFC presentation.

Conclusion and outlook

KfW's SDG mapping offers a standardised procedure for transparently reporting annually on the intended, positive contributions of KfW's newly committed financing activities to achieving the SDGs. The approach developed by KfW takes account of the fact that KfW's financing activities can support several objectives simultaneously, but does not claim to be exhaustive. Only those financing activities expected to make a direct contribution to sustainable development on the basis of KfW's impact understanding are assigned to the SDGs.

The SDG mapping was developed as part of KfW's internal project "KfW Roadmap Sustainable Finance". Its aim is to anchor sustainability even more deeply in KfW. Taking into account the findings of the SDG mapping, KfW's sustainable finance roadmap team will develop appropriate management mechanisms by mid-2020.

[1] As the Federal Republic of Germany's development bank, KfW promotes sustainable investments by private customers, companies, municipalities and public institutions in Germany. KfW also promotes export and project financing activities through KfW IPEX-Bank and sustainable development in developing and emerging countries through KfW Development Bank and DEG. KfW Capital invests in German and European venture capital and venture debt funds, thereby improving the supply of capital for innovative, technology-oriented growth companies.

[2] Further information on the 2030 Agenda and the Sustainable Development Goals can be found at: https://www.un.org/sustainabledevelopment/sustainable-development-goals/

[3] The German Sustainable Development Strategy 2016 can be found at: https://www.bundesregierung.de/resource/blob/975274/318676/3d30c6c2875a9a08d364620ab7916af6/2017-01-11-nachhaltigkeitsstrategie-data.pdf?download=1

[4] The German Sustainable Development Strategy 2018 (supplement to the 2016 version) can be found at: https://www.bundesregierung.de/resource/blob/975274/1546450/65089964ed4a2ab07ca8a4919e09e0af/2018-11-07-aktualisierung-dns-2018-data.pdf?download=1

[5] The KfW sustainability mission statement can be found at: https://www.kfw.de/nachhaltigkeit/Dokumente/Nachhaltigkeit/Nachhaltigkeitsleitbild.pdf

[6] The exclusion list and sector guidelines of KfW Group can be found at: https://www.kfw.de/PDF/Download-Center/Konzernthemen/Nachhaltigkeit/Ausschlussliste.pdf

[7] The SDG compass – guideline for corporate activities on the SDGs, can be found at: https://www.globalcompact.de/wAssets/docs/Sustainable-Development-Goals/Publikationen/SDG-Compass/SDG-Compass_German.pdf

[8] Cf. also KfW Research "The Sustainable Development Goals and their significance for banks", Dr Holger Höfling, https://www.kfw.de/KfW-Group/KfW-Research/index.jsp

[9] Further information about DEG's impacts and DEG's Development Effectiveness Rating can be found at: https://www.deginvest.de/DEG-Documents-in-English/About-us/What-is-our-impact/Policy-brief_EN_final.pdf

[10] Further information about the OECD Common Reporting Standard can be found at: http://www.oecd.org/tax/automatic-exchange/common-reporting-standard/

[11] Further information about the statistical classification of economic activities in the European Community can be found at: https://www.destatis.de/DE/Methoden/Klassifikationen/GueterWirtschaftklassifikationen/Content75/KlassifikationWZ08.html

[12] Further information about the environmental and social impact assessment at KfW can be found here: https://www.kfw.de/nachhaltigkeit/KfW-Konzern/Nachhaltigkeit/Strategie-Management/Umwelt-Sozialvertr%C3%A4glichkeitspr%C3%BCfungen/

* The author would like to thank everyone who contributed to the present paper. Particularly: Dr. Karl Ludwig Brockmann, Matthias Börner, Nathalie Cahn, Luise Dietrich, Bettina Dorendorf, Sebastian Fenk, Dr. Jörg Fischer, Manuel Martin Herranz, David Heuer, Dr. Holger Höfling, Dominik Höhn, Christian Klauck, Carina Koch, Doris Kramer, Sabine Lehmann, Clarissa Maier, Elleke Maliepaard, Anne-Sophie Maurel, Thomas Möller, Klaus Müller, Hans Prassny, Dr. Sebastian Prediger, Justus Reich, Christiane Rudolph, Nico Schützhofer, Julia Seehausen, Patric Shirzadi, Heide Tribius, Nathalie Varhelyi, Sven Wabbels, Eugenia Wacker, Marco Winter.

Appendix I: SDG mapping methodology per business area

KfW's **domestic funding** supports private individuals as well as companies, municipalities and non-profit and social organisations.

The **specific intended purposes** of the funded investment measures are recorded for the majority of domestic funding business (PM / IK). The intended purpose provides information about the specific investment purpose of the measures funded by loans and grants. In **combination with the programme description**, which represents the overarching objective (e.g. energy-efficient refurbishment) and the overarching product category, which reflects the funding focus (e.g. public infrastructure), this degree of concretisation makes it possible to assign the programme to the SDGs. For the few programmes for which there are no intended purposes at the level of individual transactions, mapping is carried out based on the programme summary.

KfW Capital is a wholly owned subsidiary of KfW and invests in German and European venture capital and venture debt funds with support from the ERP Special Fund. The objective of KfW Capital is to improve the supply of venture and growth capital for innovative technology companies in Germany by investing in funds. This is intended to strengthen Germany as a centre of innovation in the long term. As they are focused on growth financing and innovation funding, KfW Capital's commitments are assigned to SDGs 8 and 9.[1]

DEG (Deutsche Investitions- und Entwicklungsgesellschaft) finances, advises and supports private companies, financial institutions, funds and project financiers operating in developing and emerging countries.

In order to make the SDG contribution of its customers transparent and to identify how the development effects can be increased, DEG uses the Development Effectiveness Rating (DERa) that it has developed. The projects of DEG's costumers are assessed using effectiveness indicators in five key effectiveness categories – good, fair employment, local income, development of markets and sectors, environmentally sound management and benefits for local communities. DEG records the SDG contributions of its customers in four ways within DERa:

i) Linking of **effectiveness indicators** with individual SDGs, considering predefined limit values. If, for example, more employees are employed in a company in compliance with the ILO labour standards, a contribution to SDG 8 is reported.
ii) Using **OECD development markers** such as the gender marker[2] for gender equality and the trade marker for trade-related development policy, further contributions to the SDGs are identified, for example to SDG 5 and SDG 17.
iii) Linking based on the **customer's business area (NACE code)**[3]. This applies to customers who are active in sectors that are particularly relevant to SDGs. For example, customers who are active in the health or education sector contribute to the respective SDG, e.g. Health to SDG 3 or Education to SDG 4.
iv) Selected SDG contributions, for which neither effectiveness indicators are available in DERa nor the industry is meaningful, are recorded via additional **DERa SDG markers**. For example, for SDG 2 "Zero hunger".

On behalf of the German Federal Government (primarily the German Federal Ministry for Economic Cooperation and Development (BMZ)), **KfW Development Bank** finances and supports programmes and projects that mainly involve public-sector players in developing and emerging countries – from the inception to implementation and success monitoring.

KfW Development Bank uses CRS codes for reporting to BMZ and OECD DAC. This also includes the **CRS purpose code**, which describes the sectoral assignment of projects and programmes. These CRS codes are assigned to the SDG goals for displaying the SDG contributions. Each relevant CRS code is assigned exactly one essential SDG. Only a few CRS codes are currently not used in KfW Development Bank's SDG mapping. These are CRS codes that either have no portfolio relevance or for which a clear, automated assignment to one of the 17 SDGs is not possible.

As a rule, an international development finance (DC) project contributes to the achievement of several SDGs. The new reporting methodology is designed to take this into account. Since only one CRS code is usually assigned to each project, other SDGs to which the programme or project under consideration contributes shall be identified using **standardised DC codes**. These codes exist for some central development policy fields of action and characterise the development policy orientation and objectives of the DC projects. They exist in parallel with the CRS codes and consist of the 1) cross-sectoral **OECD DAC policy markers**, the 2) **BMZ national codes for German DC** (e.g. code for poverty-oriented projects) and KfW internal codes (e.g. codes for urban development). Since a DC project often pursues (can pursue) several development policy objectives at the same time, a project can contribute to several DC codes. Conversely, a DC code can also be assigned to several SDGs.

In KfW Development Bank's SDG mapping system, a project contributes to an SDG via a DC code if the project has a code

[1] Since KfW Capital commenced operations in October 2018 and the investments committed in the fourth quarter were initially made in the form of agency agreements for KfW, the 2018 commitments of the KfW Capital business area are listed under "Domestic funding". As of 2019, KfW Capital will be shown separately in the SDG mapping.
[2] See Common reporting standard and DAC markers.
[3] The Statistical classification of economic activities in the European Community (French name: statistique des activités économiques dans la Communauté européenne), mostly referred to as NACE, is an economic classification system designed by the European Union on the basis of the United Nation's ISIC (International Standard Industrial Classification of all Economic Activities).

with the specification 1 (secondary objective) or 2 (main objective). In KfW's internal codes for urban development and social security, no distinction is made between the main and secondary objectives. Instead, they are designed as lean yes/no markers. Projects with an internal code contribute to the relevant SDG if the code has the specification "yes". Several relevant SDGs can be assigned to a project by linking the CRS codes with DC codes. If there is an overlap in the assignment of CRS codes and DC codes to the higher-level SDG, the SDG in question is only assigned to the project once. A project therefore cannot be assigned to the same SDG more than once.

KfW IPEX-Bank supports the German and European economies with project and export finance.

In order to present its customers' SDG contribution in a transparent manner, KfW IPEX-Bank assigns the **borrower's sector** (customer's "main activity") – NACE 2008 – to the SDGs. These NACE codes[4] form part of a harmonised European system designed to provide a comprehensive and complete description of economic activities. By using the NACE code system, KfW IPEX-Bank ensures that economic activities are structured at as detailed a level as possible according to a standardised system. In addition, the methodology is based on standardised rules so that it is suitable for future investments.

Although there are 1,000 NACE sub-sectors, some sectors are not specific enough. For example, the NACE key "Energy production (40100)" does not further distinguish between renewable energy and fossil energy production. KfW IPEX-Bank (as well as DEG) has therefore introduced further **specific internal sector keys** such as wind, solar or thermal energy. They are used in addition to the actual NACE codes for mapping. SDG 17 includes financing with guarantees for untied loans with borrowers in developing countries. These guarantees are particularly deserving of promotion for Germany and only apply to economically viable projects that are in the special interest of the Federal Republic of Germany or contribute to the economic development of the recipient country.[5]

[4] The Statistical classification of economic activities in the European Community (French name: Nomenclature statistique des activités économiques dans la Communauté européenne), mostly referred to as NACE, is an economic classification system designed by the European Union on the basis of the United Nation's ISIC (International Standard Industrial Classification of all Economic Activities).

[5] For more information on untied financial loans with borrowers in developing countries, see https://www.bmwi.de/Redaktion/DE/Artikel/Aussenwirtschaft/garantien-fuer-ungebundene-kredite.html

Appendix II: KfW's understanding of the SDGs

#	KfW SDG mapping
1	**End poverty in all its forms everywhere** Considerable progress has recently been made in international efforts to reduce poverty. Since 1990, extreme poverty has now fallen by more than two thirds. Nevertheless, poverty remains one of today's greatest challenges and alleviating poverty is a key objective of development cooperation. KfW is actively committed to overcoming extreme poverty in all its forms everywhere by 2030. In developing and crisis countries, KfW focuses its projects on alleviating poverty through direct (e.g. labour-intensive employment programmes, social transfers) and indirect (e.g. promotion of social infrastructure) contributions. It strengthens the partners' own responsibility and promotes the development of skills to help reduce poverty – while strictly observing human rights.
2	**End hunger, achieve food security and improved nutrition and promote sustainable agriculture** The "zero hunger" objective is one of the key social objectives of the 2030 Agenda. For developing and emerging countries, hunger and malnutrition represent a serious obstacle to development that has recently been exacerbated by conflicts and the consequences of climate change. Hunger mainly affects those who produce food themselves, i.e. small farmers and their families. Combating hunger and malnutrition is an integral part of KfW's commitment to promoting the development of rural areas. Sustainable agricultural promotion plays a major role in this. As the primary production sector, agriculture supplies the world's population with food – up to 80% of which comes from small-scale agriculture – and also provides employment and income from primary agricultural production or work in upstream and downstream sectors (40% of the world's population make their living entirely or partly from agriculture). Agricultural development therefore approaches the fight against hunger from three perspectives: improving self-supply in food, increasing income from agriculture and increasing food production for local, national and international markets.
3	**Ensure healthy lives and promote well-being for all at all ages** The "health objective" among the SDGs initially refers to challenges historically associated with developing countries. These include reducing maternal and child mortality, ensuring equal access to sexual and reproductive health services and rights (family planning), combating communicable infectious diseases (HIV; TB, malaria, etc.) as well as chronic diseases, and ensuring universal health care and security. SDG 3 also includes protection against global health risks such as pandemics. In addition, SDG 3 addresses further problem areas that also affect health and well-being in emerging and industrial countries: drug abuse, traffic-related hazards and diseases resulting from the improper use of chemicals and air, water and soil pollution. KfW's contributions to this development objective in domestic promotion and international business are correspondingly diverse. Promotion comprises infrastructure measures that are directly related to the health sector (e.g. hospitals), that ensure minimum hygiene standards (e.g. sewage treatment plants) or that enable health-promoting activities for the population (e.g. sports facilities). In its international activities, KfW focuses on basic health care, improvements in reproductive health and the prevention of infectious diseases and pandemics so that epidemics such as Ebola can be quickly controlled. KfW also contributes to the implementation of SDG 3 through its involvement in the private sector, for example by providing funding for manufacturers of medicines and hygiene products.
4	**Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all** Education is of key importance for individuals and society. Accordingly, SDG 4 focuses on areas including free primary and secondary education, more equal opportunities in access to education and improvements to the quality of education. The dynamic transformation of the economy and society also requires increased efforts for lifelong learning and the continuous development of vocational qualifications. KfW contributes to this by promoting investment in educational institutions both in Germany and internationally (e.g. kindergartens, schools and training centres). KfW is also involved in Germany with its own student loan programme, which covers all levels of university education and specifically grants funding regardless of the borrower's income and securities. In addition, there are promotional measures available for professional development and the attainment of high-quality vocational qualifications. On top of that, KfW also classes promotional measures that pursue the transfer of knowledge and creative skills outside the formal education system (e.g. libraries and cultural activities) as SDG contributions.

5	**Achieve gender equality and empower all women and girls** SDG 5 aims to end all forms of discrimination against women and girls, to combat violence and exploitation and to improve equal, full and effective participation in leadership and decision-making at all levels and access to resources. The connection with political reform dynamics is obvious; particularly in the area of international project finance, KfW is often able to find suitable starting points for integrating gender aspects conceptually and thus improving women's rights, overcoming inequalities and tapping important development potential (e.g. through (vocational) education projects that specifically take women and girls into account, aligning infrastructure with women's needs or involving women and girls in decision-making processes). KfW Development Bank and DEG have developed a special "gender code" that indicates the extent to which a development project pursues gender equality as its main or secondary objective. In addition, KfW's international involvement in the private sector can contribute to SDG 5 if, for example, it benefits pre-school childcare facilities and thus enables mothers, in particular, to resume their careers.
6	**Ensure availability and sustainable management of water and sanitation for all** In many regions of the world, safe drinking water supply and adequate sewage disposal systems are still far from a matter of course. This leads to health risks, but also slows down social and economic development in the countries concerned. Efficient water management plays a decisive role – especially in view of climate change and the associated extreme weather events such as floods and droughts. In addition to access to safe water and sanitation for all, SDG 6 identifies the challenge of ending the contamination of water resources due to untreated wastewater and protecting water-connected ecosystems. Against this background, KfW's SDG 6 contribution includes both funding for water supply and sanitation as well as funding measures for modern waste management systems that prevent the contamination of water resources. In this context, the KfW environmental programme offers private and municipal companies in Germany access to financial resources at particularly favourable conditions.
7	**Ensure access to affordable, reliable, sustainable and modern energy for all** With SDG 7, the international community aims to achieve universal access to affordable, reliable, sustainable and modern energy worldwide. At the same time, this quadripartite illustrates that complementarities, but also conflicting goals, can occur not only between different SDGs, but also within one SDG. For example, the urgently needed development of renewable electricity generation capacities (sustainable and modern energy sources) is partly accompanied (in the case of wind energy and photovoltaics) by challenges in the area of security of supply (reliability), which may, among other things, necessitate the funding of additional investments in electricity grids and storage facilities (costs). KfW only considers its funding as an SDG 7 contribution if the underlying technologies either serve the further development of renewable energy sources or are economically and technically indispensable for the success of the energy sector transformation (e.g. gas infrastructure). Investments in energy efficiency are also an important component of KfW's commitment to SDG 7. KfW makes a substantial contribution to this with its promotional programmes for energy-efficient construction and refurbishment of buildings, which are accessible to private individuals as well as companies and municipalities.
8	**Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all.** By aiming for permanent, broad-based and sustainable economic growth for the benefit of full and productive employment and humane work for all, SDG 8 is a key area of KfW's promotional activities. The KfW contributions to SDG 8 are correspondingly diverse and large in volume. Within Germany, the KfW programmes for SME promotion, start-up capital, digitisation and innovation in particular have achieved a high profile. Strengthening the economic basis is also highly relevant for the implementation of SDG 8 so that KfW funding for public infrastructure and regional promotion, for example, is also included in the calculation of the SDG 8 contribution. In addition to development programmes to strengthen the private and financial sectors, large-volume export financing under SDG 8 is also taken into account in KfW's foreign operations. In order to contribute not only to sustainable economic growth but also to humane work worldwide with their funding, KfW Development Bank and DEG incorporate this objective into their underlying promotional concepts, anchor corresponding standards with the project partners into finance contracts and regularly monitor their application during the implementation phase (e.g. by monitoring progress on the project construction sites).

9	**Build resilient infrastructure, promoting inclusive and sustainable industrialisation and foster innovation** Similar to SDG 8 on economic promotion, KfW also achieves a particularly high volume of funding under SDG 9, since funding infrastructure, industrialisation and innovation is one of KfW's key promotional tasks. Accordingly, SDG 9 covers a broad spectrum of KfW programmes, ranging from energy-efficient refurbishment and charging infrastructure for electric cars to the telecommunications sector and the funding of innovative start-ups and growth companies, e.g. through the High-Tech Start-up Fund. In KfW's foreign operations, financing for the transport and raw materials sectors also makes important contributions to SDG 9 by promoting industrial processes within the partner countries and securing the basis for industrial production in Germany and Europe. Within the framework of international development financing, the focus of SDG 9 activities is on the expansion of sustainable transport infrastructure, in particular the expansion of local public transport.
10	**Reduce inequality within and among countries** The objective of SDG 10 is at the heart of the global effort to improve sustainability. Although political efforts to achieve a fairer distribution of income and improved equal opportunities have been intensified in some countries, inequality is still increasing in many places. On the other hand, there is a demand to give all people – regardless of age, gender, disability, race, ethnicity, origin, religion or economic or other status – the opportunity of self-determination and the chance to promote their social, economic and political inclusion. With its promotional activities, KfW supports sustainable development in Germany and worldwide that takes equal account of the economic, environmental and social dimensions. On the basis of this overarching focus, a large part of KfW's financing also contributes to the implementation of SDG 10. However, in terms of SDG mapping, KfW has tightened up its criteria with regard to SDG 10. As a consequence, financings that directly benefit vulnerable population groups (e.g. facilities for the disabled, refugee accommodation), specifically contribute to more equal opportunities (e.g. educational loans) or focus on poverty alleviation, barrier reduction in buildings and social security (the latter especially in developing countries) are taken into account as a contribution to SDG 10.
11	**Make cities and human settlements inclusive, safe, resilient and sustainable s** While about 55% of the world's population currently live in cities, according to UN statistics it will be 68% by 2050. Accordingly, an even greater proportion of social and economic activities will take place in urban environments in the future. With its focus on urban development, SDG 11 therefore ranges from integrative public spaces (e.g. green spaces), to reduced environmental pollution and sustainable transport systems (e.g. public transport) to the creation of adequate, safe and affordable housing. Depending on their stage of development, these challenges take on different forms, but in principle apply to the vast majority of urban centres worldwide. Against this background, the KfW contribution to SDG 11 in Germany includes the financing of municipal and social companies (e.g. care facilities for the elderly, kindergartens, water supply, development of building land), the promotion of residential property (e.g. "Baukindergeld" programme as a subsidy) as well as environmentally friendly measures for energy-efficient urban rehabilitation or for the improvement of energy efficiency in industry and commerce as well as in the private sector. With their commitment to socially integrative slum rehabilitation, social housing, sustainable transport systems and disaster prevention, KfW's foreign operations also make important contributions to SDG 11.
12	**Ensure sustainable consumption and production patterns** The separation of economic growth and resource consumption is one of the most complex challenges on the journey to a sustainable society. Against this background, SDG 12 substantiates the demand to establish sustainable consumption and production patterns. In addition to the efficient use of natural resources, this also includes the avoidance and professional management of waste, the halving of global food waste and the environmentally sustainable use of chemicals. With a view to its SDG 12 contribution, KfW accordingly takes into account the promotion of environmentally friendly production processes and factors, modern waste management systems (including recycling, waste water treatment and landfill remediation) and economic activities geared specifically to repair services. The promotion of electric and electric hybrid vehicles for public transport and commercial purposes also makes a further contribution.

13	**Take urgent action to combat climate change and its impacts** The consequences of climate change are already causing serious social and economic problems in some countries. As a result of droughts, for example, crop failures are on the increase, conflicts over scarce water resources are intensifying, sea levels are rising and the destruction caused by hurricanes is increasing. Against this background, the "Climate SDG" is calling for immediate action to combat climate change and its impacts. Resilience and adaptability need to be improved, climate protection measures integrated into national policies and institutional capacities built up. In view of the considerable financing requirements for corresponding investment programmes, SDG 13 calls for compliance with and transparent implementation of international commitments. KfW contributes to this by making substantial funds available both in Germany and internationally for climate change mitigation and adaptation and by providing intensive support to its project partners in the design and implementation of the respective investments as required. In climate protection, KfW takes particular account of measures in the areas of renewables, energy efficiency, forest protection/reforestation and environmentally friendly mobility. In addition, KfW's SDG 13 contribution includes financing for measures to adapt to climate change. These include, for example, investments in climate-friendly drinking water supply or flood risk management.
14	**Conserve and sustainably use the oceans, seas and marine resources for sustainable development** Maritime ecosystems are under great pressure due to acidification, waste and nutrient pollution, overfishing and coastal degradation. Public awareness of the critical state of the oceans has also increased – at the latest since the UN Ocean Conference 2017 and the reports, for example, about whales that are increasingly dying due to plastic waste. A total of about 100 million tonnes of waste are currently floating in our oceans, with a further 6.5 million tonnes added each year. A "garbage patch" the size of Central Europe is currently floating in the Pacific Ocean alone, predominantly in the form of tiny particles below the surface of the water. To promote the protection and sustainable use of marine and coastal ecosystems, KfW, together with the BMZ, established the Blue Action Fund in 2016, whose partners include the Swedish Government and the Agence Française de Développement (AFD). The Blue Action Fund finances projects of international nature conservation NGOs in the areas of protection and sustainable use of marine ecosystems. In 2018, the European Investment Bank (EIB), the French Development Bank (AFD) and KfW also jointly launched the Clean Oceans Initiative which aims to provide long-term financing of EUR 2 billion and mobilise additional follow-up investment from the private sector. In addition to this initiative, KfW's SDG 14 contribution mainly comprises environmental programmes for wastewater purification and treatment as well as promotional measures for maritime protected areas and sustainable fisheries.
15	**Protect, restore and promote the sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss** The global loss of biodiversity is increasing rapidly. Scientists are talking of the sixth mass extinction in Earth's history. Around 1 million species are at risk of extinction. SDG 15 outlines the challenges involved and emphasises, among other things, the establishment of protected areas for terrestrial ecosystems and the fight against deforestation, soil degradation and desertification. These efforts are concerned with the protection and sustainable use of terrestrial ecosystems. Against this background, KfW's contribution to SDG 15 within Germany mainly comprises environmental programmes for soil and groundwater protection. KfW's international commitment to SDG 15 focuses on protected area management, sustainable forestry and fighting desertification.
16	**Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and set up effective, accountable and inclusive institutions at all levels** Violence, fragility and poor governance can be among the main obstacles to sustainable development. SDG 16 therefore aims to promote peaceful and inclusive societies. To this end, it calls for a significant reduction in all forms of violence, abuse and corruption, as well as a strengthening of the rule of law and efficient and transparent institutions. It also calls for decision-making processes at all levels to be demand-oriented, inclusive, participatory and representative. Since the individual objectives under SDG 16 are formulated with regard to societies suffering from violent conflicts, weak statehood or dysfunctional political systems, domestic KfW programmes are generally not taken into account when calculating the SDG 16 contribution. In the international arena, humanitarian aid, transitional aid, peacebuilding, violence prevention and reconstruction are an integral part of KfW's commitment and are becoming increasingly important. For example, the needs of refugees are addressed by social infrastructure measures, governments receive support for their efforts for peace and victim compensation, and digitisation measures contribute to greater efficiency and civic participation. KfW-funded reform programmes to strengthen human rights, security and justice, democratic participation and decentralisation as well as public financial management are also included in KfW's SDG 16 contribution.

17	**Strengthen the means of implementation and revitalise the global partnership for sustainable development** SDG 17 occupies a special position in the SDG classification by focusing on international partnership for the implementation of the remaining 16 SDGs. SDG 17 outlines a variety of approaches – ranging from increased North-South, South-South and triangular cooperation to trade agreements and progress measurement in sustainable development. However, SDG 17 places particular emphasis on the mobilisation of financial resources. In addition to domestic funding, it explicitly aims to ensure that developed countries honour their commitments in the area of public development cooperation. By implementing German Financial Cooperation (FC) and DEG's private sector commitment, KfW makes a direct contribution to this and thus also takes into account all new commitments of these business areas. In addition, KfW IPEX-Bank makes important contributions in its export and project finance business which are accounted for as a KfW contribution to SDG 17, especially when guarantees or sureties are implemented.