



»»» KfW

Development Bank
Facts and figures

KFW

KfW Development Bank

What do we do?

KfW has been helping the German Federal Government achieve its goals with respect to development policy and international cooperation for over 50 years. Our role in the field of German development cooperation is that of an experienced bank and an institution specialising in development policy. On behalf of the German Federal Government, primarily the Federal Ministry for Economic Cooperation and Development (BMZ), and the European Union (EU), we promote and support programmes and projects that mainly involve state actors in developing and emerging economies – from their conception and execution through to monitoring their success. In doing so, we act in line with the 2030 Agenda for Sustainable Development, the 17 Sustainable Development Goals (SDGs) and the Paris Agreement on climate change. In 2019, KfW Development Bank committed EUR 8.8 billion in new financing in order to help its partner countries achieve their development and climate goals.

Where do we operate?

KfW Development Bank supports projects and programmes in Sub-Saharan Africa, North Africa and the Middle East, Asia, Latin America and South-East Europe. We help partner countries to create better living conditions, while protecting the climate and the environment at the same time. Africa is a priority in the work we do – in 2019, KfW began to implement initiatives as part of the G20 Compact with Africa initiative. A total of around EUR 744 million was committed for this pur-

»»» Present in almost
70 countries



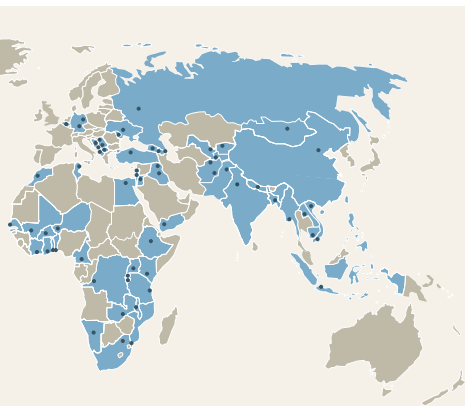
pose. This included EUR 98 million, earmarked for the new Special Initiative for Training and Employment set up by the BMZ, as well as EUR 100 million for the new AfricaGrow umbrella fund. The aim of these initiatives is to promote important economic reforms and create permanent jobs, primarily in the private sector.

Present in almost 70 countries

To bring us closer to our partners, we have 70 regional offices in addition to our offices in Frankfurt, Berlin and Brussels. New offices were set up in the Iraqi cities of Baghdad and Erbil in 2019.

Which sectors do we promote?

We finance investments and reform programmes in a range of sectors including health, education, water supply, energy and financial system development. The types of projects and programmes we support depend on the local needs and conditions. Two examples clearly illustrate how we work to promote the private sector, protect the environment and safeguard the climate. First, as part of the InsuResilience initiative, we are assisting Armenia with developing agricultural insurance products. Small farmers can insure their harvests against hailstorms, frosts and fires, which have been fundamental threats to their livelihoods. Second, the eco.business Fund is branching out into Africa, having previously operated only in Latin America. This fund is used to issue loans for “green” production methods, with the aim of preserving biodiversity and strengthening sustainability in the agricultural, forestry, fishing and eco-tourism industries.



Funding

Where does our funding come from?

KfW Development Bank receives part of its funding for projects and programmes from the German federal budget. Last year, this figure amounted to around EUR 3.8 billion. We also use funds received from other public-sector clients such as the European Union (EUR 585 million in 2019) or raised on the capital market, which we refer to as KfW funds. In 2019, these KfW funds totalled around EUR 4.5 billion. This allows us to multiply the impact of the budget funds used.

Customised financing

The type of funding we opt for depends on the size of a country's debt, its economic output and level of development, the performance capacity of the project partner, and the type of project or programme in question. The funding instruments used include pure, non-repayable financial contributions, loans from budget funds (standard loans), loans financed by KfW with interest subsidised by grants from the German Federal Government (development loans), loans financed by KfW at near-market conditions (promotional loans) and equity participations.

In poor and underdeveloped countries, we mainly use financial contributions and budget-funded standard loans, which are offered on soft terms. A large proportion of these, 43%, went to Africa and the Middle East (close to EUR 3.5 billion). We use development and promotional loans in advanced developing countries and emerging economies for projects that are both useful from a development policy perspective and economically profitable. The partner countries benefit from the favourable refinancing conditions obtained by KfW on account of its AAA rating, the subsidising of interest partly by using German Federal Government funds and the partial assumption of risk by the German Federal Government.



Coffee farmer in Guatemala

Clients and partners

Who do we act on behalf of?

KfW Development Bank's main client is the German Federal Ministry for Economic Cooperation and Development. We also act on behalf of other government departments such as the German Federal Foreign Office, the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, the Federal Ministry for Economic Affairs and Energy, and the Federal Ministry of Education and Research. Our most important international client is the European Union.

Who do we work with?

Regardless of the client and financing partner, responsibility for the programmes always lies with an institution in the partner country. These institutions are mostly ministries, government authorities, state promotional banks or other public



sector authorities. They implement the projects and programmes financed by KfW and are responsible for their success. However, we also work with non-governmental organisations, private foundations and UN organisations. It is essential that the joint project or programme fulfils the development policy criteria of the partner country and the German Federal Government.

In addition, we work very closely with other institutions involved in German and international development cooperation. In Germany, we mainly deal with the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). At an international level, we work closely with other European institutions such as the Agence Française de Développement (AFD), as well as with multilateral development banks such as the World Bank.



»» Thinking ahead
together

Solar power plant in Tozeur, Tunisia

Our figures 2019

Commitments by financing instrument

	EUR million
Non-repayable financial contributions	3,412
Standard loans	306
Development loans	2,459
Promotional loans	2,039
Delegated funds	585
Total	8,801

Source of commitment funding

	EUR million
Budget funds	3,764
KfW funds	4,452
Delegated funds	585
Total	8,801

Commitments by region

	Budget funds		Total commitments	
	EUR million	%	EUR million	%
Sub-Saharan Africa	1,593	42	2,055	23
Asia and Oceania	543	14	2,909	33
Europe and Caucasus	324	9	1,379	16
Latin America	346	9	858	10
North Africa / Middle East	825	22	1,427	16
Supraregional	133	4	172	2
Total	3,764	100	8,801	100

Commitments by OECD/DAC priority sector¹

	EUR million	%
Social infrastructure and services	3,351	38
Education	589	7
Health	335	4
Population policies	95	1
Water and sanitation	1,136	13
Government and civil society	819	9
Other social infrastructure and services	376	4
Economic infrastructure and services	3,616	41
Transport and storage	867	10
Energy generation, distribution and efficiency	1,870	21
Banking and financial services	880	10
Production sectors	668	8
Agriculture, forestry and fishing	470	5
Industry, natural and mineral resources, mining, construction	198	2
Multisectoral / cross section	820	9
Environment in general	405	5
Other multisectoral measures	415	5
Commodity aid and other general programmes	225	3
Humanitarian aid	112	1
Other	10	0
Total	8,801	100

Differences in totals are the result of rounding.

¹ Corresponds with the Creditor Reporting System (CRS) sector codes of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).

How do we work?

Everything starts with intergovernmental agreements

Agreements between partner countries and the German Federal Government that confirm the financing of specific programmes form the basis of the funding provided by KfW. KfW supports and advises its partners throughout the entire project cycle, from preparation and execution through to the operating phase. Through the whole process, the focus is on the targeted effects and sustainability of projects and programmes.

Assistance with invitations to tender

We assume joint responsibility for success from a development policy perspective. Local partners are responsible for preparing and executing projects and programmes. They draft the public tenders for consulting work, supplies and services, and sign the relevant agreements on them, subject to appraisal by KfW. When we appraise the documents, we check that the invitation to tender and the award of contracts are conducted fairly and transparently according to internationally recognised rules. The procurement guidelines are public. In all of the projects we promote, we take care to ensure that all parties involved comply with high international standards with regard to social aspects and efforts to fight corruption as well as protection of the climate and the environment.



How do our projects and programmes work?

Systematic quality assurance

Our aim is to identify the impacts of financial cooperation and establish how successful the projects and programmes are. Our evaluation department, which is an independent unit, appraises projects and programmes selected via random sampling several years after their completion, evaluating whether the desired outcomes have been sustainably achieved. Overall, around half of the financed projects are thus subjected to evaluation. Given that our funding is intended to achieve the most sustainable impact possible for the people in partner countries, this systematic evaluation helps to guarantee the quality of the work, enabling us to learn from the results for new projects and programmes.

We publish the results of all our evaluations. The success rate is high: around 80% of the projects funded by KfW Development Bank are evaluated as successful by the evaluation department.



Evaluation reports

On our website, we offer summaries – arranged by country – of all our evaluation reports created since 2002:

<https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Evaluations/Results>

What will be achieved?

The following examples show the progress that has been achieved in partner countries thanks to our support.

Climate and environmental protection

Year after year for more than a decade, KfW has allocated over half of its new commitments to environmental protection and climate action. Thinking ahead, our commitments in 2019 will reduce greenhouse gas emissions by 7.3 million tonnes per year in the partner countries.

Displacement, crises, migration

KfW Development Bank currently has 138 ongoing refugee-related projects or programmes in 31 different countries. The total volume amounts to EUR 4.9 billion, of which EUR 949 million were committed last year. The focus regions for these efforts are the Middle East and East Africa. The activities promoted include food aid, water supply systems in refugee camps and hosting communities, housing and job creation, as well as funding for teachers' salaries.

Biodiversity and natural resource conservation

The new commitments we made last year will help to ensure the preservation and sustainable use of 109 million hectares of land in protected areas. Around one million individuals and their families will benefit from these efforts. Our promotional activities are also facilitating the sustainable use of 30 marine reserves.

Water and sanitation

The commitments in 2019 were used to provide or improve access to water supplies for around 14 million people. Some six million individuals have received access to sanitation and waste water disposal facilities.

Energy supply

Over two million people have received first-time or improved access to a modern energy supply as a result of commitments amounting to EUR 1.9 billion made in 2019. Additional installations can generate almost 2,000 megawatts of power from renewable energy sources.

Education

The EUR 512 million committed in 2019 are being used to expand access to education and improve the quality of education for around six million pupils. We are using funds amounting to EUR 321 million to improve vocational training and higher education for around 60,000 young people.

Farming and agricultural financing

The 2019 commitments are allowing us to help 2.53 million farmers and their families rehabilitate and sustainably farm 298,000 hectares of agricultural land. What is more, around one million agricultural businesses are now benefitting from access to financial services and working capital.

Special Initiative for Training and Employment

As part of the Federal Ministry for Economic Cooperation and Development's Special Initiative for Training and Employment, KfW Development Bank established the Investments for Employment FC facility in November 2019. Almost EUR 98 million of the Federal Ministry for Economic Cooperation and Development's cash funds were paid into the facility in December 2019, a figure expected to rise as high as EUR 400 million in the future. Competitive rounds will be launched to finance job-creating investments in the Federal Ministry for Economic Cooperation and Development's six reform partnership countries, with Rwanda and Egypt also to be included among them in the future. In total, the special initiative is intended to create up to 100,000 jobs and 30,000 traineeships.



Primary school children in Malawi receive additional lessons on IT-tablets

More information

Want to find out more?

We firmly believe that transparency can improve development cooperation. Which is why we make our data available online. Our **transparency portal (www.kfw.de/transparenz)** provides information about the origin, use and impact of both public funds and KfW funds used for development – for each country and each project.

Our website (**www.kfw-entwicklungsbank.de/en**) also offers up-to-date background information on development policy topics and our projects, as well as standard contracts and our guidelines on subjects such as the procurement of supply and work contracts, the assignment of consultants, fighting corruption, and complaints management.

In addition, **www.deginvest.de/en** offers information about the KfW subsidiary DEG, which contributes to KfW's work in the developing world and offers advice to private companies about investments in developing countries and emerging economies. KfW's international business is rounded off by KfW IPEX-Bank (**www.kfw-ipex-bank.de/en**).

Do you want to stay informed?

The KfW **electronic newsletter “Development in Focus”** regularly offers information in German and English on the current focus of activity, events and publications on development funding by KfW. You can subscribe to the newsletter at the following web address: **www.kfw-entwicklungsbank.de/newsletter**.



Vocational training in Zambia

Responsible banking

KfW is one of the world's leading promotional banks. On behalf of the Federal Republic and the federal states of Germany, it applies its decades of experience to improving economic, social and ecological living conditions at home and abroad.

KfW Development Bank is responsible for part of KfW's international business, in which its two subsidiaries KfW IPEX-Bank and DEG are also involved. While KfW IPEX-Bank is active in international project and export finance, DEG provides financing and consulting to private companies investing in developing countries and emerging economies.

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KfW Group

KfW Development Bank
Palmengartenstrasse 5–9
60325 Frankfurt am Main, Germany

Telephone +49 69 7431-0
Fax +49 69 7431-2944
info@kfw-entwicklungsbank.de
www.kfw.de

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