

»» Overview of KfW Development Bank Facts and figures



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 development 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), 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 2014 alone, KfW Development Bank committed EUR 7.4 billion worldwide to 357 new projects and programmes.

Where do we operate?

KfW supports development programmes – and consequently prospects for the future – in Africa, 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. The list of partner countries is more heterogeneous and dynamic than ever before.

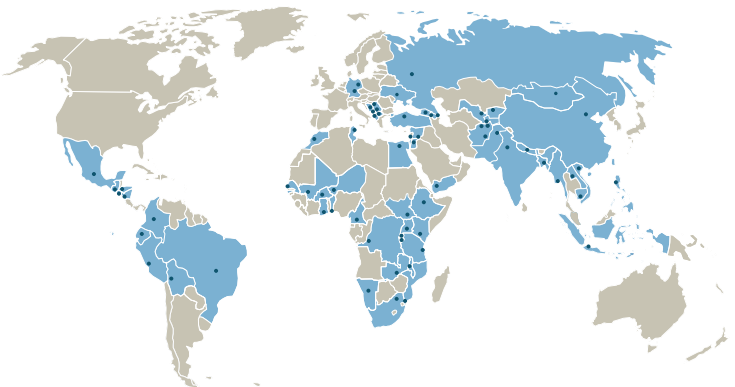
»» Present in
almost
70 countries

We work with developing and emerging economies and are increasingly active in countries involved in conflict.

To bring us closer to projects and programmes in partner countries, we have regional offices in almost 70 countries in addition to our offices in Frankfurt, Berlin and Brussels.

Which sectors do we promote?

We finance investments and reform programmes in a range of sectors including health, education, water supply, energy, rural development and financial system development. The type of projects that we support depends on the local needs and conditions. Here are three examples of new projects launched in 2014: in Morocco we are involved in financing the world's largest solar energy farm, which will supply electricity to 1.3 million people, in Mauritania we are promoting modern radar systems to prevent illegal fishing and help secure fish stocks in order to preserve the livelihoods of the local population in the long term, and in Bangladesh we are supporting the construction of schools that provide protection for almost half a million people in the event of flooding.



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 almost EUR 1.7 billion. We also use funds raised on the capital market, which we refer to as KfW funds. In 2014, these KfW funds totalled around EUR 5.4 billion, or 73 % of the amount that we provided for development financing on behalf of the German federal government. This is how we help the German federal government to achieve its goals and fulfil its international obligations with respect to development financing.

Customised financing

The type of funding opted 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. Funding models range from pure non-repayable financial contributions to loans featuring a mix of financial contributions and KfW funds loaned at near-market conditions. We mainly use financial contributions and very low-interest standard loans from budget funds in poor, underdeveloped countries. Hence, almost 40 % of German federal government funding flowed into Sub-Saharan Africa in 2014.

We issue loans exclusively from KfW's own funds at near-market rates (FC promotional loans) or mixes of our own and budgetary funds (development loans) in advanced and emerging economies to finance projects that are useful from a development policy perspective and economically profitable at the same time. In cases where we use our own funds, partner countries benefit from the cheap refinancing conditions obtained by KfW through its AAA rating and a partial risk assumption by the German federal government.





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 (BMZ). We also act on behalf of other government departments like the German Federal Foreign Office, the Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety, the Federal Ministry for Economic Affairs and Energy and the Federal Ministry of Education and Research. In addition, we use funds from other donors, for instance the European Union for development projects.

Who do we work with?

Regardless of the client and financing partner, responsibility for programmes always lies with an institution in the partner country. These institutions are mostly ministries, government authorities, state development banks or other public sector authorities. They execute the projects and programmes financed by KfW and are responsible for their success. However, we also work indirectly via banks with private institutions or with civil society organisations in fragile states. 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 the EU Commission and other European institutions like the European Investment Bank (EIB) and the Agence Française de Développement (AFD), as well as with multilateral development banks like the World Bank.

Our figures for 2014

Financial instrument

	In m EUR
Non-repayable financial contributions	1,490
Standard loans	83
Development loans	2,847
of which budget funds	85
of which KfW funds	2,762
Promotional loans	2,596
Delegated funds	340
Total	7,356

Source of commitment funding

	In m EUR
Budget funds	1,658
KfW funds	5,358
Delegated funds	340
Total	7,356

Commitments by region

	Budget funds		Total commitments	
	In m EUR	%	In m EUR	%
Sub-Saharan Africa	640	39	1,233	17
Asia and Oceania	377	23	2,217	30
Europe and Caucasus	86	5	823	11
Latin America	142	9	1,201	16
North Africa/Middle East	332	20	1,345	18
Supraregional	81	5	537	7
Total	1,658	100	7,356	100

Commitments by OECD Development Assistance Committee priority sector¹

	In m EUR	%
Social infrastructure and services	1,589	22
Education	325	4
Health	267	4
Population policy/programmes and reproductive health	58	1
Water and sanitation	588	8
Government and civil society	324	4
Other social infrastructure and services	27	0
Economic infrastructure and services	4,358	59
Transport and storage	107	1
Energy generation and supply	2,837	39
Banking and financial services	1,408	19
Business and other services	5	0
Production sectors	396	5
Agriculture, forestry and fishing	380	5
Industry, construction, mineral resources and mining	16	0
Humanitarian aid	142	2
Other	872	12
Total	7,356	100

¹ Corresponds to 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 long after the start of operations. 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. They draft the public tenders for consulting work, supplies and services and sign the relevant agreements on them, subject to appraisal by KfW. In this appraisal, 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. For every project and programme that we fund, we ensure that all of the players involved satisfy high standards in terms of social issues, fighting corruption and climate and environmental protection.

How do our projects and programmes work?

Systematic quality assurance

Even after the execution phase itself is complete, we do not lose sight of our projects. Our evaluation department, which is an independent unit, takes care of that. It appraises around half of the projects financed by KfW several years after their completion via random sampling, and evaluates whether the target goals have been sustainably achieved. Systematic evaluation helps to guarantee the quality of the work carried out by KfW Development Bank, helping us to learn from it for new projects and programmes. We want to know what works, as well as how and why, so that we can achieve as much as possible for the people in partner countries with the funds employed.

We publish the results of all our evaluations. The current effectiveness rate is high: around 80% of the projects funded by KfW Development Bank are evaluated as long-term successes by the evaluation department.

What will be achieved?

The following examples show the progress that has been made in partner countries thanks to German Financial Cooperation.

Climate and environmental protection

KfW Development Bank is one of the biggest moneylenders worldwide in this field. Climate and environment projects, which received EUR 4.7 billion in funding on behalf of the German government in 2014 – corresponding to around 64 % of all new commitments – are expected to generate annual savings of around 10.5 million tonnes of carbon dioxide emissions in the years to come. This figure roughly equals the annual emissions of Luxembourg.

Peace and security

With the funds that we spent on peace and security last year, we have reached 15 million people in 22 different countries.

Support to the financial sector

Through its funding of financial institutions totalling EUR 1.4 billion in 2014, KfW primarily supported small businesses.

Health

The programmes for controlling infectious diseases approved last year alone targeted 41 million people worldwide.

Rural development

With our funds in the field of agriculture and irrigation, we reached around 5.5 million people worldwide in 2014.

Energy supply

Last year alone, energy projects and programmes approved on behalf of the German federal government helped to give around 2.1 million people access to a modern energy supply for the first time.

Education

In 2014, KfW reached 4.4 million people with its investments in education, most of them young people. The major part of the funds benefits people in Africa, the Middle East and Asia. Half of the target group lives below the absolute poverty line.



Would you like to find out more?

We are convinced that transparency can improve development cooperation. To this end, we make our data available online: our **transparency portal <http://transparenz.kfw-entwicklungsbank.de>** provides information about the origin, use and impact of both the public funds and KfW's own funds used for development – for each country and each project.

Our website **www.kfw-entwicklungsbank.de** also offers updated 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 and fighting corruption.

Our website **www.deginvest.de** offers information on the KfW subsidiary DEG, which also forms part of the business sector Promotion of developing countries and advises private companies on investments in developing and emerging economies. KfW's international business is rounded off by KfW IPEX-Bank: **www.kfw-ipex-bank.de**.

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 'Development in Focus' at the following address: **www.kfw-entwicklungsbank.de/newsletter**.



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Responsible banking

KfW is one of the world's leading promotional banks. It applies its decades of experience to improving economic, social and ecological living conditions at home and abroad on behalf of the German federal government and the federal states.

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 and emerging countries.

Photos

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