

# »» 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 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 2015 we committed EUR 6.7 billion worldwide to 307 new projects and programmes.

## **Where do we operate?**

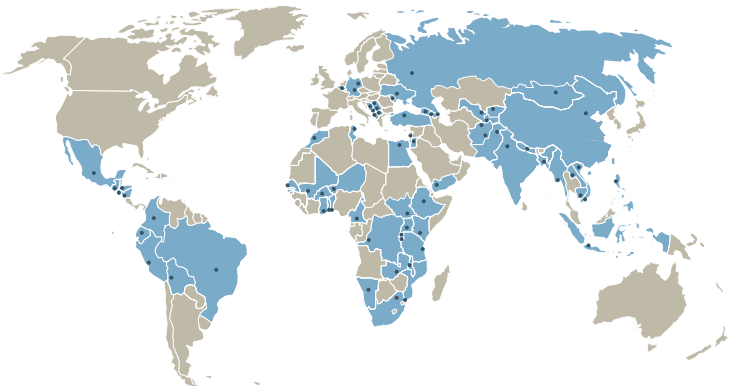
KfW Development Bank supports development programmes in Africa, Asia, Latin America and South-East Europe. We help partner countries to create better living conditions, while protecting the climate and the environment at the same time. The list of partner countries is more heterogeneous and dynamic than ever before. We work with developing and emerging countries, and we are also increasingly active in crisis-hit regions.

**»» Present in almost  
70 countries**

To bring us closer to our partners, we have regional offices in almost 70 different 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 and financial system development. The type of projects that we support depends on the local needs and conditions. While we are helping cities in Brazil and China create smart, climate-friendly mobility systems, for example, in Mali we are helping farmers irrigate their fields more efficiently in order to improve the prospects for people in a crisis-hit region. And in Mozambique we are financing the restoration of a river channel and tidal barrier in order to protect the population in the coastal city of Beira against frequent floods as a result of climate change.



# 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 2.2 billion. We also use funds raised on the capital market, which we refer to as KfW funds. In 2015, these KfW funds totalled around EUR 4.3 billion, or approximately two-thirds of the amount that we provided for development financing on behalf of the German Federal Government. This allows us to multiply the impact of the budget funds used.

## 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. 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.

We mainly use financial contributions and low-interest standard loans from budget funds in poor, underdeveloped countries. Hence, almost 44% of the budget funds went into sub-Saharan Africa in 2015. We use development and promotional loans in advanced developing and emerging economies for projects that are both useful from a development policy perspective and economically profitable at the same time. The partner countries benefit from the favourable refinancing conditions obtained by KfW on account of its AAA rating, the partial subsidising of interest using German Federal Government funds and the partial assumption of risk 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 such as 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 the 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 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 the EU Commission and other European institutions such as the European Investment Bank (EIB) and the Agence Française de Développement (AFD), as well as with multilateral development banks such as the World Bank.

# Our figures for 2015

## Financial instrument

	In m EUR
Non-repayable financial contributions	1,821
Standard loans	324
Development loans	1,573
of which budget funds	23
of which KfW funds	1,550
Promotional loans	2,734
Delegated funds	211
<b>Total</b>	<b>6,662</b>

## Source of commitment funding

	In m EUR
Budget funds	2,167
KfW funds	4,284
Delegated funds	211
<b>Total</b>	<b>6,662</b>

## Commitments by region

	Budget funds		Total commitments	
	In m EUR	%	In m EUR	%
Sub-Saharan Africa	944	44	1,606	24
Asia and Oceania	411	19	1,995	30
Europe and Caucasus	80	4	939	14
Latin America	151	7	925	14
North Africa/Middle East	549	25	955	14
Supraregional	31	1	242	4
<b>Total</b>	<b>2,167</b>	<b>100</b>	<b>6,662</b>	<b>100</b>



## Commitments by OECD Development Assistance Committee priority sector<sup>1</sup>

	In m EUR	%
<b>Social infrastructure and services</b>	<b>1,777</b>	<b>27</b>
Education	352	5
Health	294	4
Water and sanitation	675	10
Government and civil society	298	4
Other social infrastructure and services	157	2
<b>Economic infrastructure and services</b>	<b>3,533</b>	<b>53</b>
Transport and storage	645	10
Energy generation and supply	1,770	27
Banking and financial services	1,118	17
<b>Production sectors</b>	<b>349</b>	<b>5</b>
Agriculture, forestry and fishing	349	5
<b>Other</b>	<b>1,004</b>	<b>15</b>
<b>Total</b>	<b>6,662</b>	<b>100</b>

Differences in totals are the result of rounding

<sup>1</sup> 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. 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. With all of the projects we promote, we take care to ensure that all parties involved comply with high international standards regarding 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**

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 objectives have been sustainably achieved. Systematic evaluation helps to guarantee the quality of the work carried out by KfW Development Bank, helping us to learn for new projects. We want to know what works, as well as how and why, so that we can achieve the most sustainable impact possible for the people in partner countries with the funds employed.

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.

# What will be achieved?

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

## **Climate and environmental protection**

KfW Development Bank is one of the biggest financiers worldwide in this field. Climate and environment projects, which received EUR 3.9 billion in funding on behalf of the German Federal Government in 2015 – corresponding to almost 60% of all new commitments – are expected to generate annual savings of around 11.6 million tonnes of carbon dioxide emissions in the years to come.

## **Peace and security**

With the commitments entered into in 2015, around EUR 645 million are being spent on 39 projects to provide direct assistance to refugees as well as to the villages and towns that are taking them in in the partner countries.

## **Support to the financial sector**

New commitments entered into last year allow banks, funds and microfinance institutions to issue around two million loans with a total volume of EUR 7 billion, mainly to small enterprises.

## **Health**

The health programmes committed to last year benefit a total of 141.7 million people worldwide. Around one-third of the commitments are aimed at directly improving the health of mothers and children.

## **Water and sanitation**

Through the new programmes and projects committed to in 2015 in the field of municipal sanitation, we are able to reach 10.8 million people, 3.1 million of whom are living in poverty.

### **Energy supply**

The energy projects committed to last year on behalf of the German Federal Government help give around 2.5 million people their first access to a modern supply of energy.

### **Education**

Commitments totalling EUR 352 million in the field of education in 2015 benefit around 3.4 million (mainly young) people. Almost half of these funds were committed to education projects aimed at improving the situation in connection with the refugee crisis in Syria and the surrounding region.



# More information

## Would you like to find out more?

We are convinced that transparency can improve development cooperation. That is why we make our data available online. Our **transparency portal [www.kfw.de/transparenz](http://www.kfw.de/transparenz)** 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](http://www.kfw-entwicklungsbank.de)** 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 and fighting corruption.

The website **[www.deginvest.de](http://www.deginvest.de)** offers information on the KfW subsidiary DEG, which contributes to KfW's engagement in developing and emerging countries supporting and financing private companies who invest in these economies. KfW's international business is rounded off by KfW IPEX-Bank: **[www.kfw-ipex-bank.de](http://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 the newsletter at the following Web address: **[www.kfw-entwicklungsbank.de/newsletter](http://www.kfw-entwicklungsbank.de/newsletter)**.



# 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

**Cover:** KfW Photo Archive/ausloeser photographie, **p. 5:** KfW Photo Archive/Florian Kopp, **p. 6, p. 13:** KfW Photo Archive/photothek.net, **p. 15:** KfW Photo Archive/Bernhard Schurian

Last updated: March 2016

KfW Group  
KfW Development Bank  
Palmengartenstrasse 5–9  
60325 Frankfurt am Main, Germany  
Telephone +49 69 74310  
Fax +49 69 7431 2944  
info@kfw-entwicklungsbank.de  
www.kfw.de

