



## »» 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 2016 we committed EUR 7.3 billion worldwide to 328 new projects and programmes.

## Where do we operate?

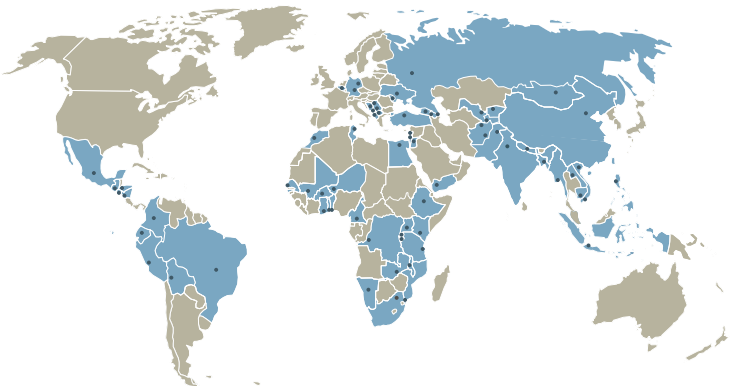
KfW Development Bank supports development programmes in Africa, Asia, Latin America and South-East Europe. We help partner countries to create better living conditions, while protecting the climate and the environment at the same time. The list of partner countries is more heterogeneous and dynamic than 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 Caribbean archipelagic states to protect their coastlines against flooding and erosion, for example, in Lebanon we are financing vocational training colleges and social centres for the education and further training of young refugees and, in doing so, creating better prospects for people in a crisis-hit region. In India and Latin America, we are promoting the construction of environmentally friendly mobility systems and energy-efficient housing. In Africa, we are promoting the African Risk Capacity (ARC), an insurance system that protects African states against the consequences 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 1.9 billion. We also use funds raised on the capital market, which we refer to as KfW funds. In 2016, these KfW funds totalled around EUR 5.1 billion. 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 42% of the budget funds went into sub-Saharan Africa in 2016. 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 2016

## Financial instrument

	In m EUR
Non-repayable financial contributions	1,817
Standard loans	92
Development loans	1,776
of which budget funds	30
of which KfW funds	1,745
Promotional loans	3,366
Delegated funds	239
<b>Total</b>	<b>7,290</b>

## Source of commitment funding

	In m EUR
Budget funds	1,940
KfW funds	5,112
Delegated funds	239
<b>Total</b>	<b>7,290</b>

## Commitments by region

	Budget funds		Total commitments	
	In m EUR	%	In m EUR	%
Sub-Saharan Africa	812	42	1,286	18
Asia and Oceania	325	17	2,783	38
Europe and Caucasus	136	7	873	12
Latin America	103	5	1,150	16
North Africa/Middle East	489	25	968	13
Supraregional	75	4	231	3
<b>Total</b>	<b>1,940</b>	<b>100</b>	<b>7,290</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>1,769</b>	<b>24</b>
Education	405	6
Health	242	3
Population policies	118	2
Water and sanitation	442	6
Government and civil society	533	7
Other social infrastructure and services	29	0
<b>Economic infrastructure and services</b>	<b>3,209</b>	<b>44</b>
Transport and storage	410	6
Energy generation and supply	2,096	29
Banking and financial services	692	9
Private sector and other services	9	0
<b>Production sectors</b>	<b>209</b>	<b>3</b>
Agriculture, forestry and fishing	187	3
Industry, natural and mineral resources, mining, construction	17	0
Trade and tourism	5	0
<b>Multisectoral/cross section</b>	<b>1,069</b>	<b>15</b>
Environment in general	203	3
Other multisectoral measures	867	12
<b>Humanitarian aid</b>	<b>260</b>	<b>4</b>
<b>Other</b>	<b>775</b>	<b>11</b>
<b>Total</b>	<b>7,290</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 projects selected via random sampling several years after their completion and evaluates whether the desired outcomes have been sustainably achieved. Overall, around half of the financed projects are subjected to evaluation. 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.



**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 results and outcomes that are brought about 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 4.8 billion in funding on behalf of the German Federal Government in 2016 – corresponding to almost 66% of all new commitments – will generate annual savings of around 4.7 million tonnes of carbon dioxide emissions in the years to come.

## **Peace and security**

With the commitments entered into in 2016, around EUR 575 million are being spent on 30 projects to help refugees. These projects will aid around 9 million refugees and residents in the communities that take them in.

## **Support to the financial sector**

New commitments totalling approximately EUR 700 million allow banks, funds and microfinance institutions to issue around 1.2 million loans with a total volume of EUR 4.2 billion, mainly to small enterprises.

## **Health**

47.2 million people benefit from the new commitments entered into in 2016 in the fields of reproductive health and healthcare infrastructure. Around 42% of the commitments are aimed at directly improving the health of mothers and children.

### **Water and sanitation**

Through the new programmes and projects agreed in 2016 in the field of municipal sanitation, we are able to reach 14.5 million people, 32% of whom are living below the poverty line.

### **Energy supply**

The energy projects committed to last year on behalf of the German Federal Government help give around 2.6 million people their first access to a modern supply of energy.

### **Education**

The commitments totalling EUR 404.7 million will reach around 2.7 million people, 1.6 million of whom are living below the poverty line.



# 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

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