



## »»» KfW Development Bank Facts and Figures 2021

# KfW Development Bank

## What do we do?

KfW Development Bank has been supporting the German federal government in achieving its development policy and international cooperation goals for more than 50 years. Development cooperation has become very important in recent years. This is true both quantitatively – since 2013 annual FC commitments have increased from about EUR 5 billion to EUR 9 billion (2021) – and in terms of political and public attention.

On behalf of the German federal government, primarily the Federal Ministry for Economic Cooperation and Development (BMZ), and the European Union, we promote and support projects with predominantly state actors in developing countries and emerging economies – from their conception and execution through to monitoring their success.

In doing so, we act in line with the United Nations' 2030 Agenda and the Sustainable Development Goals (SDGs) described therein, as well as the resolutions of the Paris Agreement on climate change of 2015.

## Which sectors do we promote?

We finance investments and reform programmes in different sectors such as water supply, renewable energy, financial system development, health and education. The type of projects

funded depends on local needs and conditions, and often several sectors benefit directly from the respective measure.

## Transition to a sustainable economy

In 2021, KfW committed EUR 8.6 billion to financing new development projects in order to support partner countries in achieving their development and climate goals and to significantly improve living conditions. After record commitments in 2020 during the pandemic, commitments in 2021 were at about the same level as before the global coronavirus crisis.

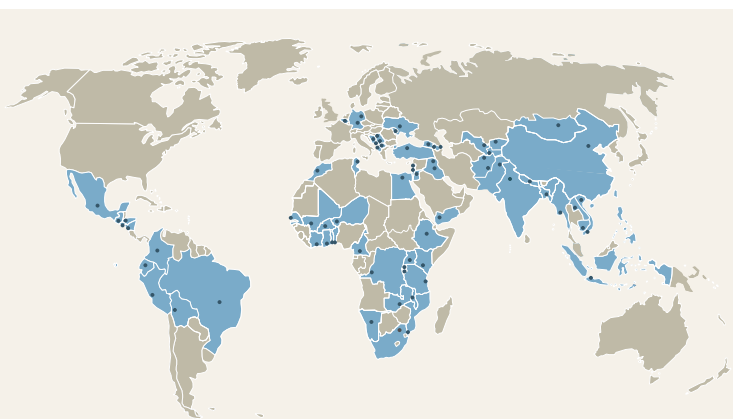
Essential global goods can only be protected with the participation of developing countries and emerging economies: not just the climate, but also peace and stability, among other things, and – as the pandemic has shown – health.

Since 2020, we have been conducting “climate mainstreaming”. In other words, systematically examining all projects for potential for positive climate impacts, as well as for risks. In doing so, we have become more and more accurate in measuring the specific greenhouse gas effects of our financing.

For us, climate change mitigation goes hand in hand with biodiversity, which means the diversity of all animal and plant species as well as the ecosystems of our planet. Their conservation is a prerequisite and guarantee for balance in nature and is the basis for our natural livelihood, for example in the form of food, energy sources, medicines and much more. KfW is one of the largest donors for biodiversity conservation worldwide, in particular forest and marine conservation. Commitments for projects in this area amounted to around EUR 685 million in 2021, an increase of almost 27% compared with the previous year.

## Where do we operate?

KfW promotes projects in Africa, the Middle East, Asia, Latin America and south eastern Europe. Africa is one focus of our commitment, accounting for 27% of the promotional budget, with Asia accounting for another 24%.

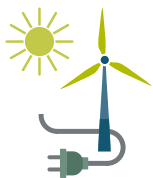


»»» Present in almost 70 countries

# What will be achieved?

The following examples show the concrete effects that are achieved in partner countries thanks to our support.

## Climate action and energy



The projects financed in 2021 will prevent the emission of 7.5 million tonnes of CO<sub>2</sub> per year in the future. As a result, 12.5 million people will be directly supported in tackling the consequences of climate change, while a further 114 million will be indirectly supported – for example through insurance. A total of 1.2 million people will receive first-time or improved access to a modern energy supply.

## Biodiversity – Protecting life under water and on land



With our new commitments, we are contributing to the preservation of 165 protected areas worldwide. An area of close to 130 million hectares is sustainably managed or protected, which will directly benefit almost one million people, with a good 2 million hectares of forest being sustainably reforested.

## Displacement, crises and migration



In 2021, around EUR 1 billion was committed for projects related to refugees. Support is provided for improving educational opportunities for children, employment promotion measures or the creation of housing, for example, as well as for food packages or medical care. The measures reached more than 9 million refugees.

## Coronavirus emergency programme



2020 and 2021: Since the onset of the Covid-19 virus, KfW has contractually committed EUR 6.6 billion to support partner countries in combating the pandemic and its consequences, comprising EUR 2.7 billion in 2021 and EUR 3.9 billion in 2020. EUR 4.2 billion

has been disbursed. This encompasses 212 projects in 71 countries. About 44.5 million people were reached by the Emergency Covid-19 Support Programme from the last financial year.

## For a healthy life



More than 9 million people receive access to new or higher-quality drinking water as a result of the projects, about 3 million people benefit from improved sanitation and waste water disposal, and 250,000 people are better protected against heavy rain and flooding.

## Food security and agriculture



More than 2.7 million people will be less affected by hunger and malnutrition. 1.5 million people benefit from more environmentally and socially sustainable agriculture.

## Digitalisation



Digitalisation can be a game changer for developing countries: barriers to development are overcome and development stages leapfrogged. One example of this is mobile payment systems. FC's total portfolio with a dedicated focus on digital technologies comprises approximately EUR 4 billion in 183 projects with a digital focus.

## Education and employment



New education measures reached 2.2 million pupils, of whom almost 1.2 million were girls and women. KfW projects also created or secured around 2.4 million permanent jobs.

# 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 federal ministries, such as the German Federal Foreign Office (AA), the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the Federal Ministry for Economic Affairs and Climate Action (BMWK) and the Federal Ministry of Education and Research (BMBF). The most important international client is the European Union.

## Who do we work with?

Regardless of the client and financing partner, responsibility for implementing the projects always lies with the respective insti-

tutions in the partner country – usually ministries, government agencies, state promotional banks or other government agencies. They are responsible for implementing the projects financed by KfW. However, we also work with non-governmental organisations, private foundations and UN organisations. The condition is that the joint projects meet the development policy criteria of the partner country and the German federal government.

In addition, we cooperate closely with other institutions of German and international development cooperation. In Germany, this is primarily the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ). Internationally, 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

Kenya, geothermal power plant  
near Lake Baringo





# Funding

## Where does our funding come from?

Over half of the funds for financing the projects are KfW's own funds, i.e. money that we raise on the capital market. In 2021, this amounted to EUR 4.6 billion. KfW Development Bank also receives funds from the federal budget – around EUR 3.6 billion last year. In addition, we also use funds from other public clients such as the European Union – just under EUR 400 million last year.

## Customised financing

The type of funding and the amount we opt for depends on certain factors, for example the level of debt, the economic output, the level of development of the country; the capacity of the project partner, and the type of project in question. The financing instruments include pure grants, loans from budget funds (standard loans), KfW-financed loans with interest subsidised by federal grants (development loans), KfW-financed loans at near-market conditions (promotional loans) and equity participations.

We use grants and very favourable standard loans primarily in poor and weakly developed countries. We use development loans or promotional loans in advanced developing countries and emerging economies for projects that are both useful from a development policy perspective and economically viable. The partner countries benefit from KfW's favourable refinancing opportunities thanks to its AAA rating, as well as interest rates subsidised in part from federal funds and a proportionate assumption of risk by the German Federal Government or the European Union.

KfW mobilises funds via the capital market and increasingly also directly from private investors. In fund structures, public funds serve as anchor investments and as protection for private investors. In 2021, we invested in 30 new and existing Impact Funds (IF) with a volume of about EUR 575 million on behalf of the Federal Government and the EU. KfW has invested more than EUR 4 billion in a total of 80 funds.



Colombia, humidity measurement in Guanentá National Park

# Our commitments in 2021

## Commitments by financing instrument

	EUR million
Grants	3,408
Standard loans	200
Development loans	1,949
Promotional loans	2,628
Delegated funds	426
<b>Total</b>	<b>8,611</b>

## Source of commitment funding

	EUR million
Budget funds	3,626
KfW funds	4,559
Delegated funds	426
<b>Total</b>	<b>8,611</b>

## Commitments by region

	Budget funds		Total commitments	
	EUR million	%	EUR million	%
Africa Sub-Saharan region	1,789	49	2,158	25
Asia and Oceania	236	7	2,072	24
Europe and Caucasus	344	9	914	11
Latin America	168	5	1,535	18
North Africa/Middle East	778	21	1,089	13
Supraregional	311	9	843	10
<b>Total</b>	<b>3,626</b>	<b>100</b>	<b>8,611</b>	<b>100</b>

## Commitments by OECD/DAC priority sector<sup>1</sup>

	Mio. EUR	%
<b>Social infrastructure and services</b>	<b>4,265</b>	<b>49.5</b>
Education	884	10
Health	1,335	16
Population policy/programmes and reproductive health	112	1
Water and sanitation	814	9
Government and civil society	672	8
Other social infrastructure and services	448	5
<b>Economic infrastructure and services</b>	<b>1,642</b>	<b>19</b>
Transport and storage	577	7
Energy generation, distribution and efficiency	952	11
Private sector and other services	113	1
<b>Financial sector</b>	<b>981</b>	<b>11</b>
<b>Production sectors</b>	<b>933</b>	<b>11</b>
Agriculture, forestry and fishing	658	8
Industry, natural and mineral resources, mining and construction	275	3
<b>Multisectoral / cross section</b>	<b>780</b>	<b>9</b>
Environment in general	704	8
Other multisectoral measures	75	1
<b>Humanitarian aid</b>	<b>11</b>	<b>0.5</b>
<b>Total</b>	<b>8,611</b>	<b>100</b>

Differences in the totals are the result of rounding

<sup>1</sup> 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

KfW's funding is based on agreements between the partner countries and the German federal government in which funding is promised for specific projects. KfW supports and accompanies its partners throughout the entire project cycle: from preparation and implementation to the operational phase. The intended impacts and the sustainability of the projects are central to this.

### Assistance with invitations to tender

We assume joint responsibility for success from a development policy perspective. Local partners are responsible for preparing and implementing the projects. They put the contracts for advisory services, supplies and services out to public tender and – after review by KfW – conclude the corresponding contracts. When we review the documents, we make sure that tendering and awarding are fair and transparent according to internationally recognised rules. The procurement guidelines are public. In all the projects we promote, we attach importance to ensuring that all participants comply with strict international standards with regard to social aspects, anti-corruption and climate and environmental protection.



Madagascar, ring-tailed lemurs in Isalo National Park

## How do our projects and programmes work?

### Systematic quality assurance

We want to know what Financial Cooperation achieves and how successful the projects and programmes are. Our evaluation department, an independent staff unit, uses random sampling to appraise selected projects several years after they have been completed and assesses whether the intended effects have been achieved in the long term.

In total, about half of the projects are audited. This systematic evaluation helps to ensure the quality of the work and to learn from the results for new projects – as we want our funding to achieve the most sustainable impact possible for the people in the partner countries. We publish the results of all our evaluations.

**The success rate is high: More than 80% of the projects promoted by KfW Development Bank have been 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:

**Results of our evaluations**  
([kfw.de/transparent](https://www.kfw.de/transparent)).



# More information

## Want to find out more?

We firmly believe that transparency can improve development cooperation. That is why we disclose our data online: Our **transparency portal ([www.kfw.de/transparenz](http://www.kfw.de/transparenz))** provides information on the origin, use and impact of public funds and KfW's own funds used for development – at country and project level.

On our website **KfW Development Bank ([kfw-entwicklungsbank.de](http://kfw-entwicklungsbank.de))** you will also find up-to-date background information on development policy issues and our projects, as well as sample contracts and our guidelines on, among other things, the awarding of contracts, the appointment of consultants and on anti-corruption and complaint management.

The website **DEG – Deutsche Investitions- und Entwicklungsgesellschaft ([deginvest.de](http://deginvest.de))** provides information on KfW's subsidiary DEG, which is also part of the business sector Promotion of Developing Countries and advises private enterprises on investments in developing countries and emerging market economies. KfW's international business is rounded off by KfW IPEX-Bank: ([kfw-ipex-bank.de](http://kfw-ipex-bank.de)).

## Do you want to be kept up to date?

The electronic newsletter “KfW Research: Development Topics” gives regular information in German and English, with news and updates from the field of development cooperation. You can subscribe to the newsletter at the following web address: **[www.kfw-entwicklungsbank.de](http://www.kfw-entwicklungsbank.de)**



Mozambique, primary school in Maputo



# Responsible banking

KfW is one of the world's leading promotional banks. With its decades of experience, it works on behalf of the federal government and the federal states of Germany to improve economic, social and environmental living conditions at home and abroad.

KfW Development Bank is responsible for part of KfW's international business, in which the two Group subsidiaries KfW IPEX-Bank and DEG are also involved: While KfW IPEX-Bank is active in international project and export finance, DEG finances and advises private companies investing in developing countries and emerging market economies.

## Photo credits

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