



»» KfW Development Bank
Facts and figures 2020

KfW Development Bank

What do we do?

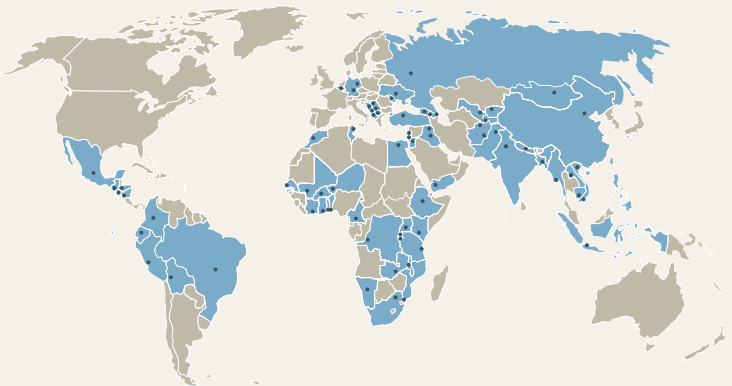
KfW has been supporting the German Federal Government in achieving its development policy and international cooperation goals for more than 50 years. Our role in German development cooperation is both that of an experienced bank and an institution specialising in development policy.

On behalf of the German Federal Government, primarily the Federal Ministry for Economic Cooperation and Development (BMZ), and the European Union, 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.

Important help in a difficult year

In 2020, KfW Development Bank committed around EUR 11 billion to finance new development projects to support partner countries in achieving development and climate goals and to decisively improve living conditions. Despite the particularly difficult challenges during the pandemic, funding reached a significantly higher level than in previous years.



»»» Present in almost 70 countries

A large share comprised projects under the BMZ's Corona Emergency Programme. KfW committed funds totalling EUR 4 billion, of which just under EUR 3 billion was disbursed in 2020. The areas supported included health, food security, social security and liquidity for companies and states. This made it possible to implement around 118 projects in a total of 42 countries – most of them in Africa and the Middle East.

In addition, the topics of climate protection and digitalisation were not overlooked. For example, KfW Development Bank is supporting the BMZ Hydrogen Alliances with Morocco and Tunisia to develop innovative projects in the field of renewable energies. In Morocco, the first industrial plant for the production of green hydrogen and its downstream products is planned to generate 10,000 tonnes of hydrogen per year.

Where do we operate?

KfW Development Bank promotes projects in Africa, the Middle East, Asia, Latin America and South Eastern Europe. Africa is a focus of our commitment, accounting for 35 % of the promotional budget. Last year, EUR 3.8 billion in new financing was committed. For many African countries, the focus was on overcoming challenges in the wake of the Covid-19 pandemic. For example, the Corona emergency aid programme Force Covid-19 in Senegal and the Corona emergency aid for Ethiopia were each supported with EUR 100 million.

Which sectors do we promote?

We finance investments and reform programmes in different sectors such as water supply, 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.

For example, in the context of the Covid-19 pandemic, the topic of "One Health" has become significant. The strategy aims to link all relevant sectors needed to improve health. Humans, animals and the environment are considered as a unit. Only if they coexist and thrive together as much as possible can the survival of all be ensured. To this end, KfW Development Bank, on behalf of BMZ and EU, is promoting the development of sound health systems on the one hand and at the same time the protection and preservation of natural livelihoods – with funding of EUR 100 million in 2020.

Funding

Where does our funding come from?

Most of the funds used to finance the projects are KfW's own funds, i.e. money that we raise on the capital market. In 2020, this amounted to EUR 6.4 billion. In addition, KfW Development Bank receives funds from the federal budget – around EUR 4 billion last year. In addition, we also use funds from other public clients such as the European Union – just under EUR 470 million last year.

Customised financing

The type of funding 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, but also 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 budget funded standard loans primarily in poor and weakly developed countries. A large proportion of these, 35 %, went to Africa (just under EUR 3.8 billion). 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.



Serbia, water supply

Clients and partners

Who do we act on behalf of?

KfW Development Bank's main client is the 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 Energy (BMWi) 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 institutions in the partner country – usually ministries, government agencies, state promotional banks or other government agen-



India, Bevinahalli solar plant

cies. They are responsible for implementing the projects financed by KfW. However, we also work together with non-governmental organisations, private foundations or 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 intensively 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

Our figures 2020

Commitments by financing instrument

	EUR million
Non-repayable financial contributions	3,835
Standard loans	218
Development loans	3,720
Promotional loans	2,739
Delegated funds	471
Total	10,983

Source of commitment funding

	EUR million
Budget funds	4,053
KfW funds	6,459
Delegated funds	471
Total	10,983

Commitments by region

	Budget funds		Total commitments	
	EUR million	%	EUR million	%
Africa	2,019	50	3,866	35
Asia and Oceania	480	12	2,906	26
Europe and Caucasus	236	6	1,074	9
Latin America	125	3	1,264	12
Middle East	914	22	1,367	13
Supraregional	279	7	507	5
Total	4,053	100	10,983	100

Commitments by OECD/DAC priority sector¹

	EUR million	%
Social infrastructure and services	4,843	44
Education	637	6
Health	411	4
Population policies	44	0
Water and sanitation	960	9
Government and civil society	1,650	15
Other social infrastructure and services	1,141	10
Economic infrastructure and services	4,217	38
Transport and storage	561	5
Energy generation, distribution and efficiency	1,213	11
Banking and financial services	2,443	22
Production sectors	506	5
Agriculture, forestry and fishing	423	4
Industry, natural and mineral resources, mining, construction	83	1
Multisectoral / cross section	1,325	12
Environment in general	406	4
Other multisectoral measures	919	8
Commodity aid and other general programmes	85	1
Total	10,983	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

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 invitation 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 high international standards with regard to social aspects, anti-corruption and climate and environmental protection.



Guatemala, coffee farmer in San Juan Emita

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 a random sample 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 – because we want our funding to achieve the most sustainable impact possible for the people in the partner countries. We publish the results of all evaluations.

The success rate is high: more than 80 % of the projects promoted 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:

Results of our evaluations

What will be achieved?

The following examples show the progress brought about in partner countries thanks to our support.

Corona Emergency Programme

Despite difficult conditions, KfW Development Bank has made a substantial contribution to the implementation of the BMZ's Corona Emergency Programme. This involves measures to strengthen the health sector and social security systems, but also support for small and medium-sized enterprises and programmes for socio-economic stabilisation.

A total of more than EUR 100 million was provided, for example, for the procurement of respiratory equipment and tests. In India, around 325,000 COVID-19 tests, more than 3,000 oxygen concentrators and protective equipment for 22,000 health workers were procured.

In Morocco, we are supporting the national COVID-19 relief fund with a loan. Monthly support is provided to over 5 million private households through existing social security schemes.

Climate and environmental protection

KfW Development Bank allocates more than half of its annual new commitments in the area of environment and climate. The commitments in 2020 will reduce CO₂ emissions by 8.4 million tonnes per year in our partner countries. In addition, almost 15 million people in the affected regions will receive direct support in coping with the consequences of climate change.

Displacement, crises, migration

Currently, 138 ongoing refugee-related projects in 31 countries are being supported and funding of EUR 1.3 billion has been pledged. Regional focus: Near and Middle East, but also East Africa. Funding is provided for food aid, drinking water supply and teachers' salaries, among other things. More than 8 million refugees have been reached through the project measures.

Biodiversity and natural resource conservation

With the new commitments, we contribute to sustainable management in protected areas. The area of natural ecosystems is almost 9 million hectares, directly benefiting more than 300,000 people. With the help of the funding, sustainable man-

agement is also being carried out in marine protected areas, benefiting 190,000 people.

Water and sanitation

With the 2020 commitments, access to drinking water supply could be achieved or improved for around 11 million people. A good 1.8 million individuals have access to sanitation and wastewater disposal.

Energy supply

Committed subsidies amounting to EUR 1.9 billion enable a good 2.3 million people to access modern energy supply for the first time or improve their access to it. With additionally installed plants, more than 1,000 MW of electricity can be generated with renewable energy.

Farming and agricultural financing

With the commitments, we support 1.6 million farmers and their families in sustainable management of 23,000 hectares of agricultural land. In addition, around 830,000 farms will receive access to financial services. More than 4.5 million people benefit from the measures to overcome hunger and malnutrition.



Lebanon, road construction – employment promotion

More information

Want to find out more?

We firmly believe that transparency can improve development cooperation. That is why we disclose our data on the internet: Our **transparency portal KfW-Start (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)** 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 commissioning of consultants or on anti-corruption and complaints management.

The website **DEG – Deutsche Investitions- und Entwicklungsgesellschaft (deginvest.de)** provides information on KfW's subsidiary DEG, which is also part of the business area 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: **Export Finance | Project Finance (kfw-ipex-bank.de)**

Do you want to stay informed?

The **electronic newsletters “Development in Focus”** and **“KfW Research: Development Topics”** offer regular information in German and English providing news and updates from the field of development cooperation. You can subscribe to the newsletters at the following web address: **www.kfw-entwicklungsbank.de/newsletter**.



Lebanon, MSME financing

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 ecological 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

Cover: KfW / Jonas Wresch, **p. 5** KfW / photothek.net, **p. 6/7** KfW / Dawin Meckel / Ostkreuz, **p. 10** KfW / Jonas Wresch, **p. 13** KfW / Klaus Kirchmann, **p. 15** KfW / Création 9 s.a.r.l.



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

Last updated: May 2021

600 000 3250