

»» German Financial Cooperation

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KFW

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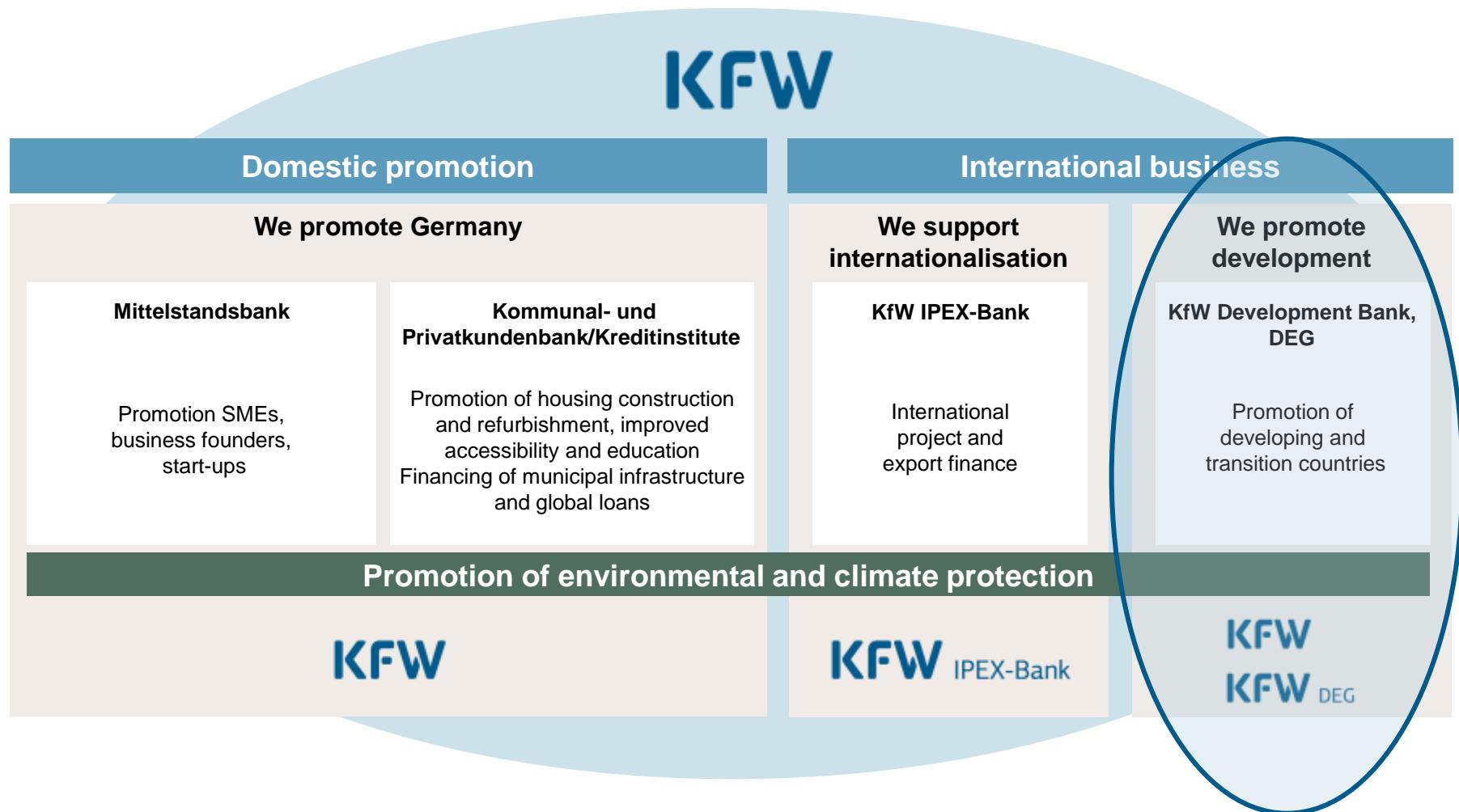
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»» German Financial Cooperation – Who we are?

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»» A bank with a wide array of functions



»» 65 years of KfW

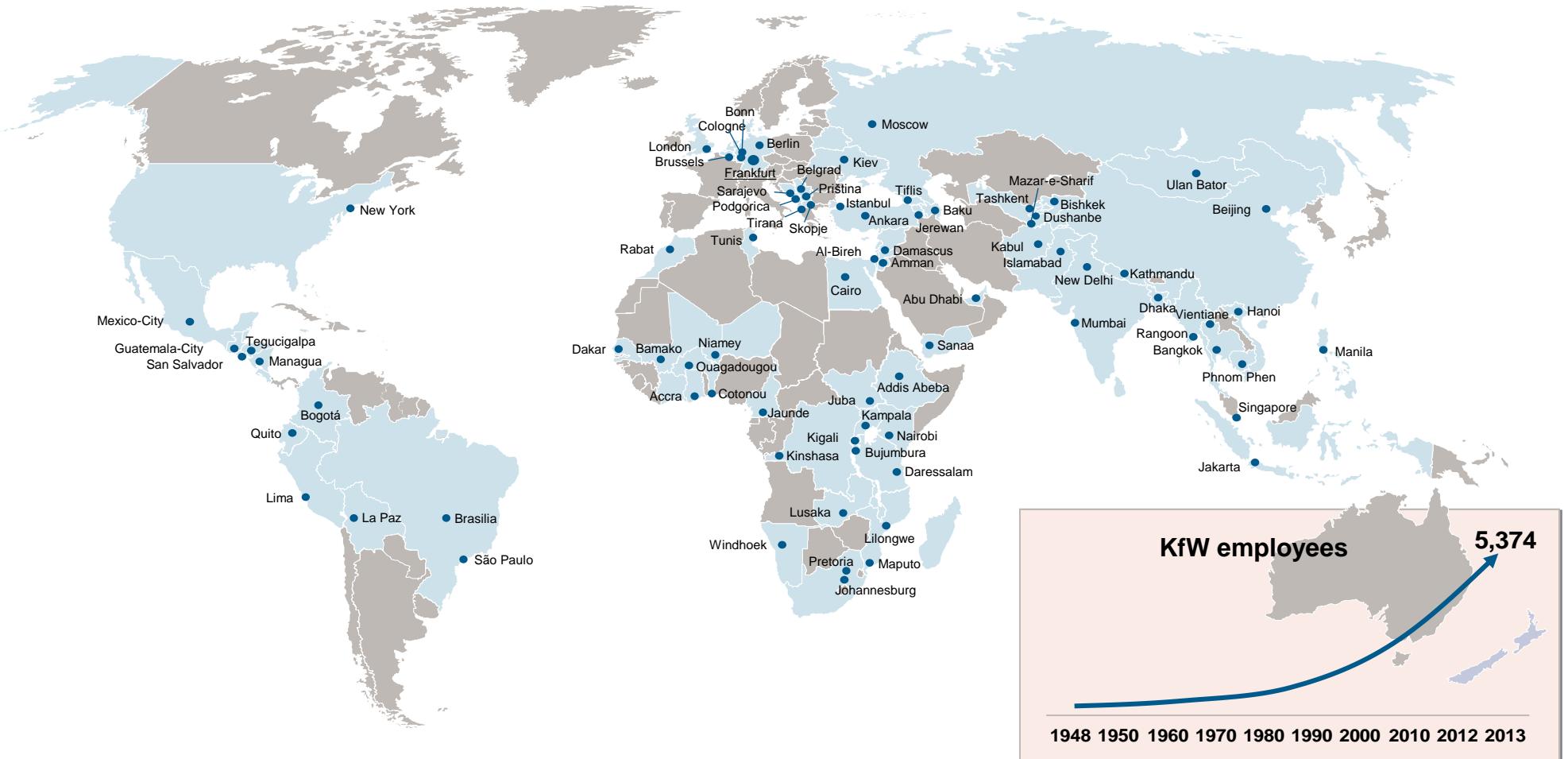
Financing with a public mission



- › Promotional bank of the Federal Republic of Germany
- › Established in 1948 as Kreditanstalt für Wiederaufbau
- › Shareholders: 80% Federal Republic, 20% federal states
- › Headquarters: Frankfurt am Main
Branches: Berlin, Bonn and Cologne
- › Representative offices: 80 offices and representations worldwide
- › Balance sheet total 2013: EUR 464.8 billion
- › Financing volume 2013: EUR 72.5 billion
- › 5,374 employees (2013)
- › Best long-term rating: AAA/Aaa/AAA

»» Worldwide presence

80 representative offices



»» International business: We promote development

KfW Development Bank

We promote economic and social progress in developing and emerging countries to improve people's lives

Task	<ul style="list-style-type: none">› As the development bank of the German Federal Government, we provide support and advice for reform processes and investments in developing and emerging countries
Objectives	<ul style="list-style-type: none">› Sustainably improve economic and social conditions› Poverty reduction› Climate and environmental protection› Promote the financial sector
Partners	<ul style="list-style-type: none">› Governments, other governmental and non-governmental institutions in developing and transition countries, and bilateral and multilateral donors
Financing volume 2013	EUR 5.3 billion



»» Efforts on resource mobilization for biodiversity conservation

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>>> KfW, a bank with double perspective

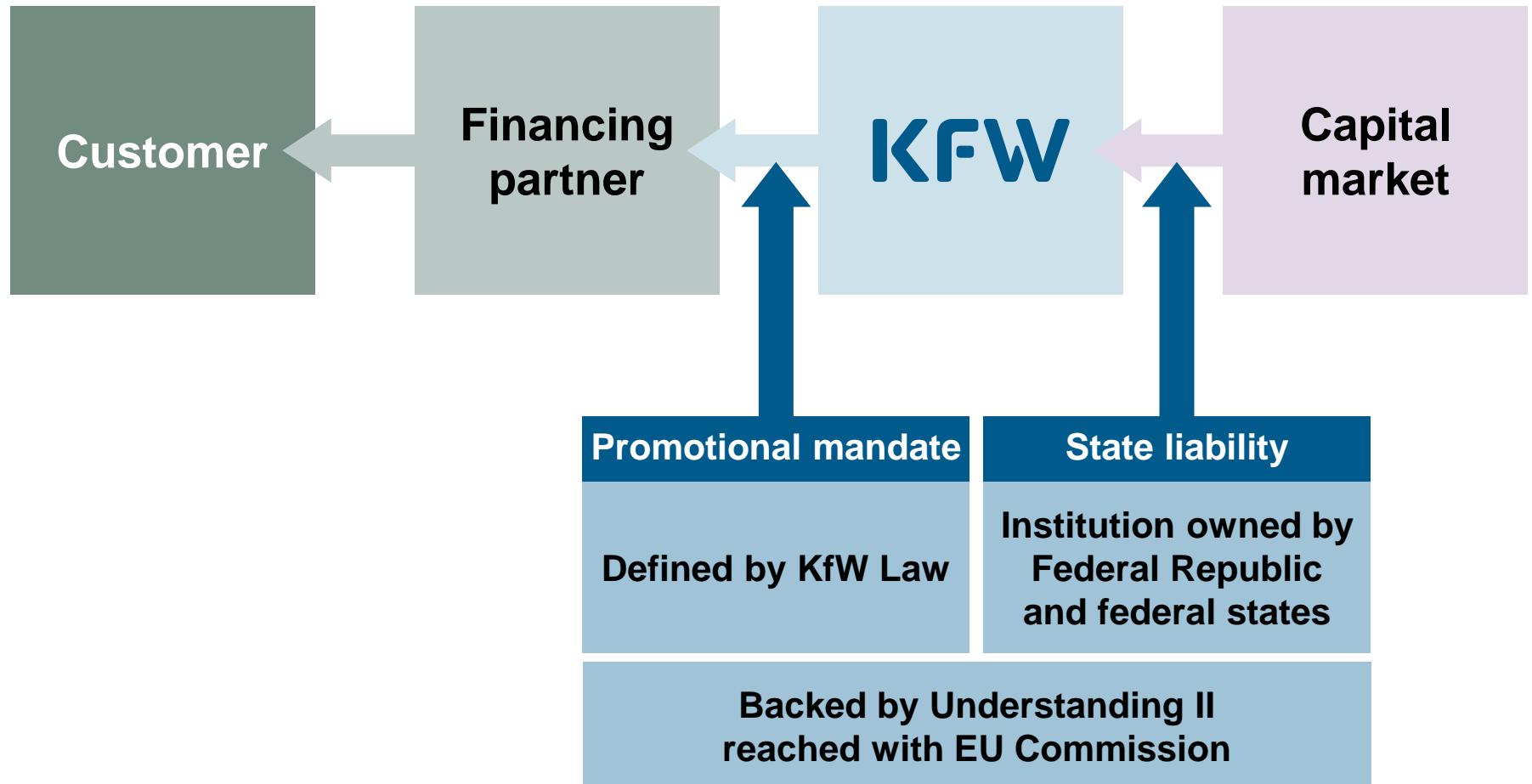
German Financial Cooperation

- Global goals – German commitments
- Result of bilateral consultation & negotiation (case by case)
- Result of the national portfolio of programmes and projects

Bank - Funding

KfW is one of the world's biggest and most active bond issuers on the international capital markets

»» Proven and successful business model



»» Funding

Triple-A-Rating of KfW bonds

Fitch Ratings **MOODY'S** **STANDARD & POOR'S**

Excellent ESG* Rating

SUSTAINALYTICS **oekom research** **imug**

Awards

The World's Safest Bank Most Impressive Funding Team in its Sector Kangaroo Bond of the Year in its Sector Best Issuer in its Sector

- › Funding takes place almost completely on the international money and capital markets, particularly in euros and US dollars. Other important currencies are the Australian dollar, British pound, Japanese yen and Canadian dollar.
- › The offer of different currencies, maturities and structures is targeted in particular at institutional investors.
- › KfW regularly receives awards from the specialised press and investors for its successful capital market activities. KfW bonds are also an important investment category for sustainable investors and have received top ratings in 2013 from renowned, independent SRI agencies.
- › Issuing planned for 2014: EUR 65 to 70 billion

* ESG = Environment, Social, Governance; Situation of January 2014



»» Strategic reflexions and learning lessons

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Main Challenge 1

Availability of high-quality finance proposals

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Starting point

- › Access to funding is not the issue (see German Government commitment of 500 Mio EUR per year globally), but **lack of convincing proposals is a limiting factor**

Key stones

- › **Innovative and convincing** program structures with high-quality management and audit procedures as well as strong government and NGO commitment are called for - but as everybody in the audience knows that is easier said than done.

Further steps

- › It is necessary to make an extra effort to **develop high-end funding structures** at national level to concrete governmental commitments – involve your development partner early in your discussions.
- › Let's be innovative: Involve the national budget (e.g. Arpa4Life in Brazil), team-up regionally (e.g. Fondo SAM in Central America or Caribbean Biodiversity Fund)....

Main Challenge 2

Moving from grant to concessional loan financing

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Starting point

- › The size and scope of **grant funding will always be limited**, while the tasks and ambitions for nature conservation will ever grow

Key stones

- › It is mandatory that KfW + partners come up with **additional/new/innovative ideas** for funding conservation
- › Over the past years there has been much discussion on impact capital (loan based financing), but it is still very early days with regard to scope, performance and impacts of loan-based conservation issues

Further steps

- › Current approaches by KfW and partners include
 1. **Policy-based lending** for environmental reforms on national scale
 2. Concessional **loans for forest-management** investments
 3. **Debt-for-nature** restructuring

Main Challenge 3

From financing national parks to supporting private business

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Starting point

- › Biodiversity conservation does not only happen within protected conservation areas
- › It is necessary to promote sustainable natural resource management and biodiversity protection outside of protected areas.
- › Government efforts are limited in scope: **include the private sector**

Key stones

- › **Link between nature conservation and development** e.g. in bufferzones and corridors especially for the rural population.
- › Some of those schemes work very well, while some have yet to be improved – what are lessons learnt.

Further steps

- › KfW is currently developing a risk-structured investor fund (*Eco Business Fund*) to promote biodiversity conservation for **farmers, cooperatives and enterprises**:
- › Given the strong growing interest in producing (export-focused) products under recognized **sustainability standards** KfW believes that demand for tailored financing in this environment-responsible sector is increasing significantly.

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»» Thank you for your attention

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