KfW Impact Insights Financial Year 2025

The impact of our financing and promotional activities

Table of contents

3 Foreword

4 A shared understanding of impact

6 KfW's impact at a glance

7 Strengthening competitiveness

- 7 Companies promoted/financed
- 9 Entrepreneurs supported
- 11 End users connected to fibre-optic infrastructure
- 12 Digitalisation measures promoted
- 13 **Deep Dive** – KfW's contribution to Germany's economic development

14 Protecting climate and environment

- 14 Greenhouse gas emissions avoided or reduced
- 15 Renewable energy generation capacity installed
- 16 Size of protected areas promoted
- 18 **Deep Dive** – Development Finance – Opportunities for European Companies

20 Securing livelihoods

- 20 Newly created or secured jobs
- 21 People benefiting from education
- 22 Housing units promoted

23 The collection of impact data at KfW

24 Endnotes and image sources | Imprint

Disclaimer

This publication provides information on selected impact indicators relating to KfW's financing and promotional activities. It is primarily addressed to KfW's business partners, shareholders, employees and other stakeholders, rather than consumers as defined in Section 13 of the German Civil Code (BGB). In particular, it does not constitute an offer to enter into a contractual relationship or an invitation to submit such an offer. The content has been compiled by KfW with due care and to the best of its knowledge. However, KfW is under no obligation to update the data and statements contained herein and, to the extent legally permissible, excludes any liability for damages that may arise from the use of the information provided. All texts, images, graphics, trademarks and logos used in this publication are protected by copyright and other intellectual property rights.

Dear readers,

Putting the results of our activities at the centre of what we do is central to our identity at KfW Group. As Germany's promotional bank, we support the country's economy while also working internationally to help shape a sustainable future. In doing so, the United Nations Sustainable Development Goals (SDGs) and our corporate strategy, KfWplus, provide us with a clear sense of direction.

KfW Impact Insights provides transparency on the expected impact of our financing and promotional activities with a focus on these goals. In 2025, we realigned our impact management framework with our current strategic priorities and initiated the further development of relevant impact indicators. As a result, we derived a set of selected indicators that demonstrate the expected impact of our new business in 2025 on strengthening competitiveness, climate protection, and securing livelihoods.

This publication is intended to demonstrate one thing above all: **we take impact orientation seriously.** At the same time, our dialogue with stakeholders repeatedly shows that comprehensive impact measurement is highly complex. The indicators published here reflect only part of the overall impact of KfW's new commitments. Misinterpretation of individual figures cannot be ruled out, and statements about future developments are inherently subject to risk and uncertainty.

For this reason, this publication not only presents impact figures, but also provides technical and methodological context, allowing us to address the limitations, risks and opportunities of impact measurement openly and transparently. At the same time, we want to work together with our stakeholders to advance the topic of impact management further. We therefore welcome your feedback at nachhaltigkeit@kfw.de.

I hope you enjoy reading this report!

Jürgen Kern

Jürgen Kern
Chief Sustainability Officer, KfW

A shared understanding of impact

Managing Impact as part of our strategic agenda

As one of the world's largest promotional banks, KfW plays a key role in achieving sustainability goals. We provide funding and financing to governments, municipalities, companies, financial institutions, and private individuals to support improvements in living conditions, protecting the climate and the environment, and strengthening economic competitiveness.

Within our KfWplus corporate strategy, strengthening competitiveness and resilience is a top priority. Mobilizing private capital is a key lever in this context, as current economic conditions clearly highlight the need for private investment to modernise Germany. The way we manage our impact is a decisive factor in implementing this agenda. This is why we are developing a group-wide impact management framework that systematically captures the impact of our financing and promotional activities.

Our goal is to increase the transparency for stakeholders regarding the expected impact of KfW's financing and promotional activities. At the same time, we aim to use the insights gained from our impact data within KfW to improve the effectiveness of our work further.

Based on the KfW Impact Insights, which were published for the first time in 2025, this report provides an overview of the expected group-wide impact of KfW's new commitments in financial year 2025.

KfW Impact Management: Methodology, opportunities and limitations

KfW's understanding of impact is based on a "theory of change", which describes the process from the resources deployed, through the products and services funded and financed, to the longer-term impact at societal level.

Based on this impact model, overarching impact objectives (impact categories) were derived, each of which contributes to the relevant Sustainable Development Goals (SDGs). To assess KfW's contribution to these impact objectives, group-wide impact indicators have been defined.

For the financial year 2025, we selected ten impact indicators that are particularly relevant to KfW's strategic direction, while also taking into account data quality and availability (see p. 23, "Collecting Impact Data at KfW").

In 2025, the German Federal Government and KfW launched the Germany Fund (Deutschlandfonds) to mobilize additional private capital for future-oriented sectors. The federal government is providing public funds and guarantees amounting to around EUR 30 billion, with the aim of triggering investments of around EUR 130 billion in the coming years. KfW is coordinating the Germany Fund and intends to demonstrate the impact of its financing instruments.

Further details are available at:
kfw.de/deutschlandfonds

The indicators presented below reflect the **expected impact** (ex ante) considered at the time of commitment. They provide current insights into KfW's new business activities of the past financial year and can be used to develop the promotional business further. In some cases, assumptions are required to determine the expected impact. These are supported by robust methodologies and estimated procedures.

By contrast, achieved impact (ex post) can only be measured during or after project implementation, meaning that results only become available at a later stage. KfW analyses the impact achieved, among others, through evaluations of its **domestic promotional business** and the **KfW Development Bank** (see Deep Dive on p. 18), as well as through annual monitoring by the **Deutsche Investitions- und Entwicklungsgesellschaft (DEG),** a KfW subsidiary. Evaluations involve significantly higher costs and effort, including for customers. They are therefore conducted selectively and complement the group-wide reporting of expected impact.

Across KfW Group, negative effects are not offset against positive impacts. A meaningful comparison is complex, not least because conflict of objectives exist. For instance, new housing may generate positive social effects while the construction of houses inevitably involves resource consumption. To minimize negative impacts on people and the environment, KfW reviews planned projects for environmental and social compatibility and applies a group-wide exclusion list. Additionally, KfW has introduced sector guidelines to reduce and manage emissions-intensive business activities. The organisation has also already begun to take first steps towards quantifying negative impacts, for example through DEG's impact measurement approach. Furthermore, in line with the Partnership for Carbon Accounting Financials (PCAF) standard, KfW records financed greenhouse gas emissions for the Group.

Making our contribution to impact visible

With Impact Insights, we are taking an important step towards impact-oriented finance. The indicators selected for this publication cover around **96%** of the total business volume. This means, that KfW's new business contributes to at least one of the displayed indicators. Based on these indicators, we illustrate KfW's contribution to its own impact targets and the corresponding SDGs. In line with our strategic priorities, the focus is on the following impact objectives:

- **Strengthening competitiveness**
- **Advancing digital transformation**
- **Reducing greenhouse gas emissions**
- **Protecting biodiversity**
- **Improving housing conditions**
- **Creating and securing decent work**
- **Improving access to education services**

The outcomes presented below reflect only the share that can be attributed to KfW's financing contribution. They do not represent the overall project outcomes.

DEG's Development Effectiveness Rating (DERa) evaluates the positive and negative contributions that clients make to sustainable development, as well as the changes that have occurred since the investment was made. Based on the DERa assessment, DEG can engage in a dialogue with its clients, provide incentives for transformation, and at the same time manage the overall quality of its portfolio.

Further details are available at: deginvest.de/Our-impact/Wir-messen-Wirksamkeit/

Alongside the detailed presentation of selected indicators, this publication includes project examples under the heading "Impact Stories". In some cases, the figures displayed relate to projects financed in previous financial years. They are intended to merely bring the impact of individual projects to life.

Further details on the methodology of KfW's group-wide impact management are available at: kfw.de/impact

KfW's impact at a glance

Selected information on the expected impact of KfW's new business in the financial year 2025:

Strengthening Competitiveness

130,000
companies
are promoted and financed[1]

35,000
entrepreneurs
are supported

245,000
end users
are provided with fibre-optic connections

7,000
digitalisation measures
are promoted

Protecting Climate and Environment

17.4 million
tonnes of greenhouse gas emissions
are saved or avoided annually

11,000
megawatts of renewable energy generation
capacity is being installed

24.9 million
hectares of protected areas
are promoted

Securing Livelihoods

1.6 million
jobs
are created or maintained

766,000
people
are benefiting from education

752,000
housing units
are promoted

Companies promoted / financed

KfW promotes companies at all stages of development, helping them to build a competitive future both nationally and internationally. Within KfW's **domestic promotional business,** support is focused in particular on Germany's small and medium sized enterprise (SME) sector, helping businesses to address current challenges, such as digitization and sustainable transformation. **KfW Capital,** a subsidiary of KfW, is dedicated to supporting start-ups and young tech companies whose innovative strength enhances Germany´s competitiveness. Our subsidiary **KfW IPEX Bank** supports the international success of German and European export companies. **DEG** finances and advises private-sector companies in developing and emerging economies. This includes German companies investing in these countries, as well as local businesses undertaking projects, such as the purchase of German equipment or components. This can improve market access and sales opportunities for German companies. **KfW Development Bank** also supports businesses in the Global South with the aim of strengthening local value creation.

For the financial year 2025, we expect that new financing and promotional commitments will benefit at least

130,000 companies.[1]

This includes not only large corporates, but also SMEs in Germany and abroad. KfW supports an estimated **9% of all SMEs in Germany** that take out a loan in a given year.[2]

Successfully promoting and financing these companies is a key step in the process of strengthening long-term competitiveness and economic growth in Germany and internationally (see Fig. 1).

Definition and calculation of the indicator

This indicator measures the total number of companies that are financed or promoted directly or indirectly, for example via financial intermediaries, through KfW's new business. Existing customers who did not receive new financing or promotional support during the reporting year are excluded from this indicator.

Contribution to KfW Impact Objective and SDGs

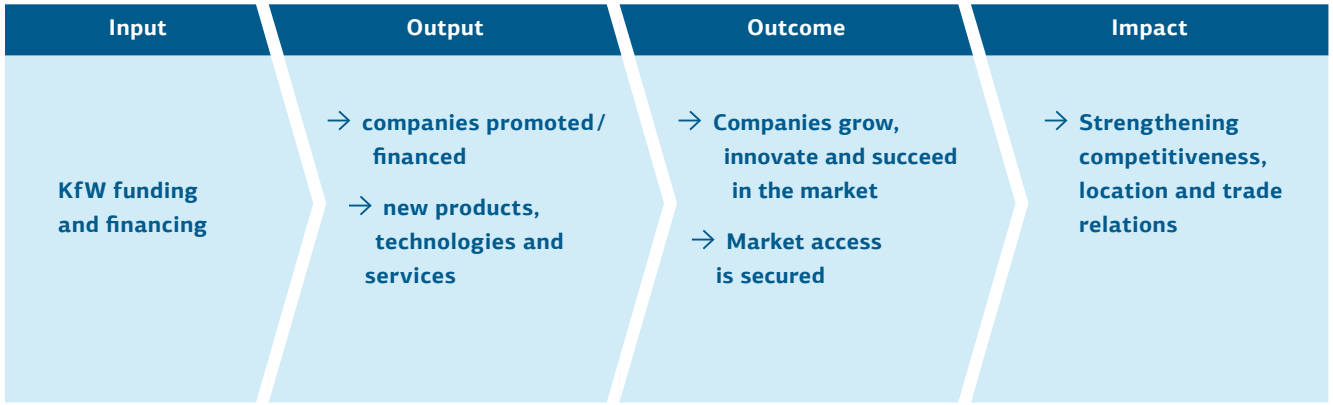


Figure 1: Theory of Change – promoting businesses helps achieve competitiveness in the long term

Impact Stories
Climate protection as a competitive advantage

Targeted promotional financing can help advance both the sustainable transformation of Germany's industrial base and the competitiveness of Germany as a business location – including the German heavy industry. A strong example is Fritz Winter Eisengießerei, a medium-sized family-run company based in Hesse. The company has steadily reduced its dependence on fossil fuels. Most recently, two electric crucible furnaces replaced an older melting furnace powered by coke and natural gas. Iron is now primarily melted using electricity at what is currently Germany's largest crucible furnace facility – a setup that is unique in Europe.

KfW supported the introduction of this new technology with a loan of more than **EUR 16 million,** complemented by a repayment grant of around **EUR 3.7 million** funded by the German federal government.

Over the lifetime of the new production facility, the company is expected to save around **31,000 tonnes of CO_2** per year while reducing annual energy costs by approximately **EUR 4.8 million.** At the same time, customer demand for resource-efficient production methods continues to rise. This enables the third-generation family business to secure a clear competitive edge in the market.

Further details are available at:
kfw.de/über-die-KfW/Newsroom/Aktuelles/Mittelstand-stärken/Fritz-Winter.html

"As a third-generation family business, we take a long-term view and investing in Germany as a business location is very important to us".

Thomas von Reth,
Head of Development at Fritz Winter Eisengießerei

Entrepreneurs supported

Whether it is a mobile care provider or an innovative climate-tech start-up – entrepreneurs bring new business ideas to the market and turn them into a reality. In doing so, they contribute to prosperity and economic growth in Germany, while also playing an important role in addressing broader societal challenges as drivers of innovation. In the long term, this strengthens both the competitiveness and future viability of the German economy.

KfW supports entrepreneurs on their journey to founding a business by providing finance and advisory services. For the financial year 2025, KfW's support is expected to reach

35,000
entrepreneurs.

Through its financing activities alone, KfW reached **almost 10% of all entrepreneurs in Germany** who rely on external funding.[3] The KfW Entrepreneurship Monitor, a representative population survey on entrepreneurial activity in Germany, provides additional insight into national start-up trends.

Further details are available at:
kfw.de/About-KfW/KfW-Research/KfW-Gründungsmonitor.html

Definition and calculation of the indicator

This indicator measures the number of entrepreneurs associated with companies supported through KfW's financing and promotional activities, provided that the company was founded or acquired no more than five years before the investment date, or is about to be established. Where the size of the founding team is unknown, estimated values can be based on publicly available information (for example, 2.5 entrepreneurs per start-up). If no such estimate is available, at least one entrepreneur is counted. The indicator also includes entrepreneurs who receive advisory support via the KfW Founder Platform.

Contribution to KfW impact objective and SDGs

Impact Stories
Expanding access to venture capital for impact start-ups

Supporting technology-oriented entrepreneurs is a core part of **KfW Capital's** mission. As a subsidiary of KfW, KfW Capital improves access to growth financing by investing in high-performing venture capital (VC) and venture debt (VD) funds. These funds invest in young innovative companies, helping to close existing financing gaps, and thereby supporting growth and innovation. Through its commitments to venture capital funds in the financial year 2025, KfW Capital is expected to support **nearly 1,500 entrepreneurs.** Since the end of 2025, KfW Capital has also begun making direct co-investments in start-ups alongside managers from its existing fund portfolio. Although VC-backed start-ups present only a small share of all business formations in Germany, they play a disproportionate role in growth, innovation, and value creation.[4]

KfW Capital's portfolio also shows that impact and return can go hand in hand in venture investing. Over 15% of portfolio companies have a clear environmental impact orientation, while almost a quarter can be classified as having a social impact focus, primarily in the healthcare space. To reinforce this strategic direction, KfW Capital placed an additional emphasis on impact investing in 2025. Through its commitments to impact funds in 2025, i. e. funds that pursue measurable social and environmental objectives alongside financial returns, **more than 100 companies** are expected to receive financing. These companies are specifically developing innovative solutions to societal and environmental challenges. To assess whether such funds meet KfW Capital's impact standards, a new due diligence framework has been introduced to ensure that they can demonstrate a clear impact logic and robust impact measurement for their portfolio companies.

Impact fund example – investing in impact

Planet A Ventures is an impact fund that invests in European green-tech start-ups that develop innovative solutions to environmental challenges and scalable business models aligned with planetary boundaries. The fund evaluates its investments using life-cycle analyses in order to assess the positive impact of each investment. Its investment areas include, among others:

Start-up examples

PULSETRAIN develops battery technology designed to accelerate the transition to renewable energy systems.

44.01 uses mineralization to remove CO_2 from the atmosphere and convert it into rock.

AUAR automates the large-scale construction of timber homes to enable affordable and sustainable housing solutions.

End users connected to fibre-optic infrastructure

A high-performing digital infrastructure is a fundamental prerequisite for a future-ready and competitive economy. In this context, the rollout of fibre-optic networks is especially important, as these enable highly reliable internet connectivity with very high transmission speeds, while also offering low long-term energy consumption.

However, fibre expansion in Germany currently faces some challenges. One key issue is the slow migration of customers to the new technology. Similar obstacles can also be observed in countries such as Austria and the United Kingdom. Experience suggests that nationwide fibre deployment is best achieved through a combination of private-sector investment, targeted public funding and reduced bureaucratic barriers.

Based on KfW-promoted and financed projects in the financial year 2025, approximately

245,000
end users

are expected to gain access to high-speed internet via fibre. Of these **around 160,000 (65%) are located in Germany.** For reference, approximately 3.9 million users in Germany gained new fibre access in 2024.

Definition and calculation of the indicator

This indicator measures the absolute number of end users connected to the telecommunications network via fibre. “Connected end users” may include private households, businesses, public institutions and other types of users. End users are counted, if a fibre connection opportunity to the telecommunications network (home passed) is created for them.

Contribution to KfW Impact Objective and SDGs

Digitalisation measures promoted

Digital technologies of the future are key drivers of innovation and growth. They make processes and systems more efficient, improve resilience in times of crisis and open the door to new business models. Through its financing instruments and advisory services, KfW supports the responsible and inclusive development of digital transformation in both the Global South and industrialized economies. For the financial year 2025, KfW's financing and promotional activities are expected to support approximately

7,000
digitalisation measures.

Definition and calculation of the indicator

This indicator captures projects or supported companies that meet at least one predefined criterion for digitalisation measures. These criteria align with the European Union's digitalisation objectives.[5] For example, a project may qualify if it explicitly defines digital transformation or digitalisation as a project objective (or sub-objective); or deploys digital tools, technologies, or innovations that go beyond the current state of development in the relevant region. The indicator also includes companies that have completed the KfW Digitalisation Check, an online tool used in KfW's domestic promotional activities, and thereby receiving support for their digital transformation journey.

Contribution to KfW Impact Objective and SDGs

Impact Stories

Data centers as a key enabler of the digital future

Data centres store and process large volumes of data required for virtually all digital applications and therefore represent an important location advantage. Investment in data centres is rising in Germany and is also supported by KfW financing. A banking consortium consisting of KfW, **KfW IPEX-Bank,** and other national and international banks is providing **EUR 475 million** to Mainova WebHouse. This financing will support the development of two data centre campus in the Rhein-Main region, with a computing capacity of **at least 30 MW.** KfW IPEX-Bank is acting as the facility agent for the transaction. The project is intended to operate using 100% renewable energy.

Deep Dive
KfW‘s contribution to Germany‘s economic development

As Germany‘s public promotional bank, KfW plays a central role in supporting the country‘s economic development. With the 2025 update of our KfWplus corporate strategy, the competitiveness of Germany as a business location has moved even more firmly into strategic focus.

Calculations by the Fraunhofer Institute for Manufacturing Technology and Advanced Materials (IFMA) indicate that KfW‘s financing and promotional activities in the financial year 2025 are expected to stimulate approximately **EUR 51.3 billion in gross value added** in Germany. This is roughly on par with the value added generated by Germany‘s chemical industry and corresponds to approximately **1.1% of Germany‘s GDP.** KfW‘s impact is particularly significant in the construction sector. Here, KfW-supported activities are estimated to generate around **EUR 12.9 billion** in gross value added. This corresponds to approximately **6%** of the total value added in Germany‘s construction industry.[6]

Figure 2: Value creation effects through KfW funding and financing

Greenhouse gas emissions avoided or reduced

Many companies are now investing in measures to reduce their greenhouse gas (GHG) emissions, not only for environmental reasons, but also because resource-efficient solutions are increasingly cost-effective. Modern technologies generally have a lower carbon footprint and are more resource-efficient, helping to reduce costs while improving competitiveness. For many companies, lower energy costs are among the most important drivers of climate-related investment. KfW supports its clients and partner countries through a wide range of investments aimed at reducing GHG emissions (see example on p. 8).[7]

This includes support and financing for energy-efficient measures, renewable energy investments and ecosystem protection to avoid emissions resulting from environmental degradation. Whether in industrialized countries or in the Global South, it's not relevant where emissions are being reduced – every contribution matters if the goals of the Paris Agreement are to be achieved. For the 2025 financial year, KfW-supported and financed projects are expected to generate annual emission savings of approximately

17.4 million
tonnes of CO_2e per year.

These savings are expected to materialize over the lifetime of the financed measures. For reference: total GHG emissions in Germany declined by around 9 million tonnes of CO_2e in 2025 compared with the previous year.[8]

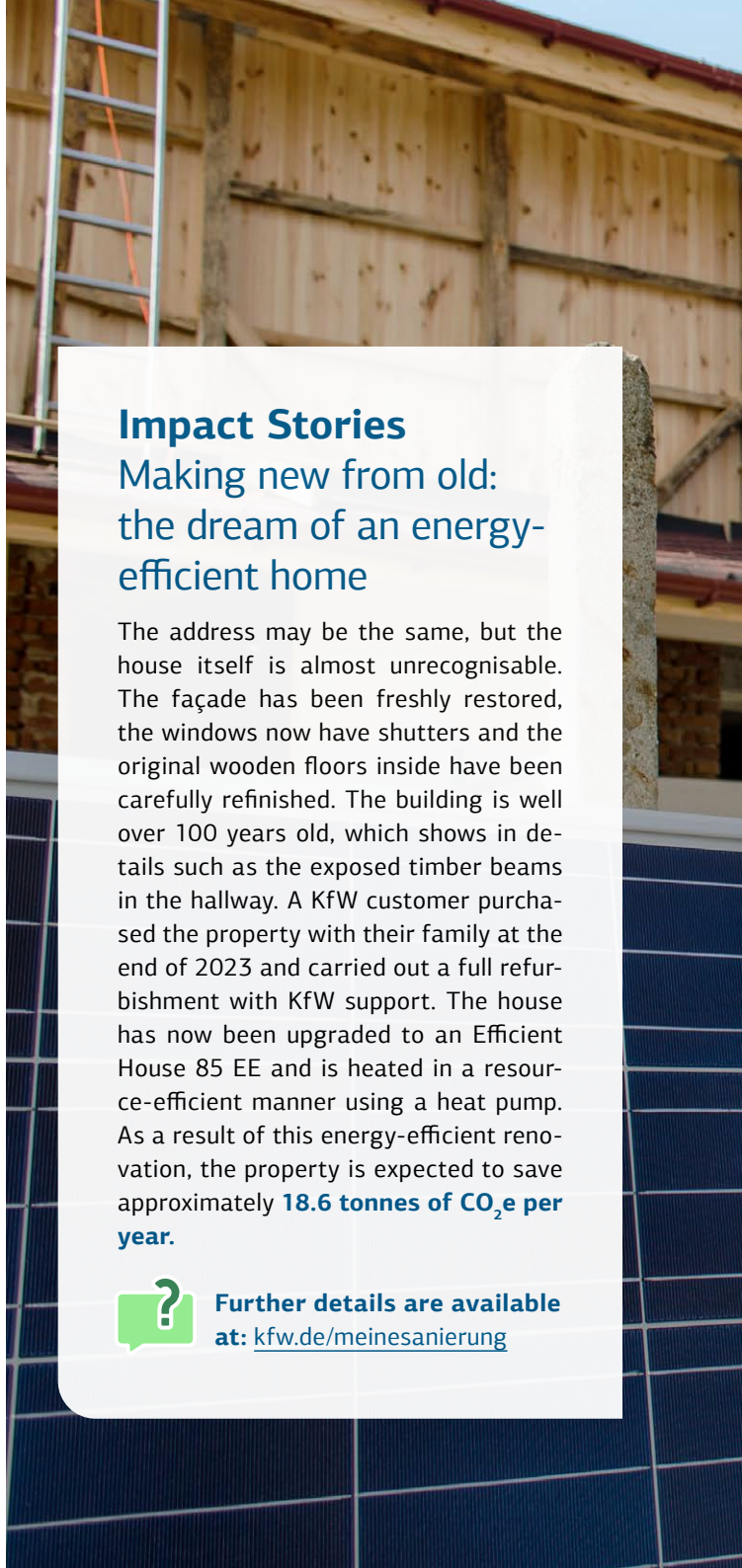
Definition and calculation of the indicator

GHG savings refer to the measurable reduction or avoidance of emissions resulting from financed projects worldwide. They are measured in tonnes of CO2 equivalent per year (tCO_2e/year). These savings are calculated by comparing the emissions associated with a given project to a baseline scenario in which the measure would not have been implemented.

Contribution to KfW Impact Objective and SDGs

REDUCING GREENHOUSE GAS EMISSIONS KFW

13 CLIMATE ACTION



Impact Stories

Making new from old: the dream of an energy-efficient home

The address may be the same, but the house itself is almost unrecognisable. The façade has been freshly restored, the windows now have shutters and the original wooden floors inside have been carefully refinished. The building is well over 100 years old, which shows in details such as the exposed timber beams in the hallway. A KfW customer purchased the property with their family at the end of 2023 and carried out a full refurbishment with KfW support. The house has now been upgraded to an Efficient House 85 EE and is heated in a resource-efficient manner using a heat pump. As a result of this energy-efficient renovation, the property is expected to save approximately **18.6 tonnes of CO_2e per year.**

Further details are available at: kfw.de/meinesanierung

Renewable energy generation capacity installed

Increasing demands to reduce greenhouse gas (GHG) emissions, along with technological advancements and cost advantages, are giving the global renewable energy market a tremendous boost. Between 2019 and 2024, the addition of new solar and wind power capacity increased by an average of 30.4% per year.[9] This creates new growth markets, including opportunities for German companies. Innovative technologies „made in Germany“ can thus make an important contribution to the global energy transition and the reduction of GHG emissions.

The installation of additional renewable energy power generation capacity is supported nationally and internationally by several KfW business divisions.

11,000 megawatts

of renewable energy generation capacity are expected to be installed worldwide through new business activities in 2025. As a reference value: this corresponds to approximately 50% of the renewable energy power plants commissioned in Germany in 2025.[10]

Definition and calculation of the indicator

The indicator aggregates the additional installed power generation capacity of renewable energy plants whose construction or modernization is financed or supported by KfW. According to KfW's sector guidelines, this includes onshore and offshore wind energy, photovoltaics and solar thermal energy, solar thermal power plants, sustainable biomass, hydropower and tidal power plants, geothermal energy, electricity storage systems such as batteries, and hydrogen electrolysis based on renewable energies.

Contribution to KfW Impact Objective and SDGs

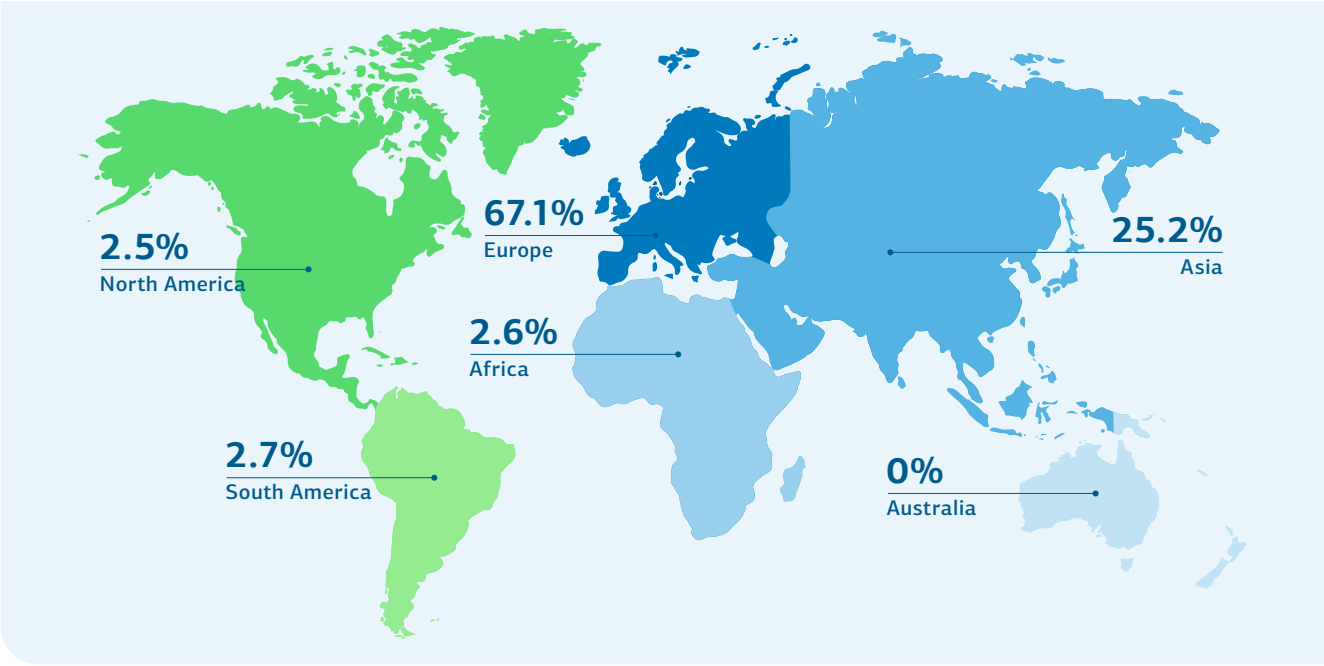


Figure 3: Regional distribution of renewable energy power generation capacity

Size of protected areas promoted

Protecting nature and preserving biodiversity is essential to safeguarding the natural foundations of human life, whether for food, water, or the raw materials needed for medical products. KfW is one of the world's largest bilateral donors supporting the protection of ecosystems. To date, it has supported **306 biodiversity projects** across more than **70 countries** and cross-border regions through its existing portfolio.

These include projects dedicated to conserving biological diversity in protected areas. The area for which the KfW Development Bank is expected to make a conservation contribution through its new financial year 2025 commitments amounts to

24.9 million hectares.

This is equivalent to around 70% of the total area of the Federal Republic of Germany. Protecting these areas helps conserve the natural habitats of plants and animals, as well as their genetic resources, which are important, for medical purposes, among other things. Intact forests, soils and wetlands also act as major carbon sinks, making an important contribution to global climate protection.

The project example presented on page 17 illustrates how KfW contributes to biodiversity protection in practice.

Definition and calculation of the indicator

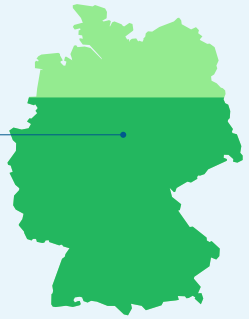
This indicator measures the total area for which KfW contributes to conservation. In line with the Convention on Biological Diversity (CBD), this includes:

1. Protected areas managed by public or private entities
2. Area-based conservation measures that have a positive effect on biodiversity and may generate social and economic value for local communities.
3. Areas conserved by indigenous peoples and local communities that are of high ecological and cultural value.

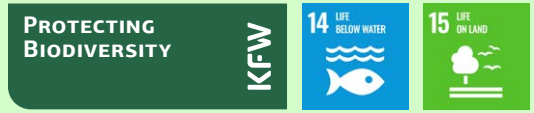
The accounted area refers to the entire area of the protected zones and is not attributed to the KfW financing volume.

70%

of Germany's land area corresponds to the protected areas to which KfW contributes.



Contribution to KfW Impact Objectives and SDGs



Impact Stories
Protection without borders

The world's largest transboundary conservation area, the Kovango Zambezi Transfrontier Conservation Area (KaZa), spans parts of Angola, Botswana, Namibia, Zambia and Zimbabwe. Covering approximately **52 million hectares,** the KaZa is larger than Germany, Austria and Switzerland combined and includes 36 national parks. Today, the conservation area provides a habitat for an impressive variety of wildlife, including around 50 amphibian species, 128 reptile species and nearly 200 mammal species. It is also home to around 60% of Africa's elephant population, as well as to crocodiles, rhinos and lions.

By reconnecting ecosystems across national borders, KaZa enables wildlife to once again follow their natural migration routes and improves protection against poaching. **KfW Development Bank** has been supporting the initiative on behalf of the German Federal Government since 2004, with total funding of EUR 51 million.[11] At the same time, the region benefits from improved infrastructure, support for SMEs, and tourism development. KaZa also plays an important political role. As a so-called "peace park," it provides a platform for cross-border cooperation and contributes to the peaceful development of the region.

Further details can be found at:
kfw.de/stories/environment/nature-conservation/kaza-nationalpark/

Deep Dive
Development Finance – Opportunities for European Companies

The South African government has made the energy transition a clear strategic priority. By 2030, the country aims to reduce CO_2 emissions by up to one third. To achieve this, a series of reforms has been launched to create incentives for private investment in renewable energy generation and transmission grid expansion. The government is being supported in this effort by its international partners, including KfW, which is involved in reform financing on behalf of the German Federal Government.

A large share of the investment required will need to come from the private sector. European companies are also among those playing a role in this process. One example is ENERTRAG, a company based in Brandenburg, which is investing in wind and solar projects as well as in the production of green hydrogen. “The reforms introduced by the South African government in recent years were an important prerequisite for our commitment in the country,” says Enos Banda, CEO of ENERTRAG‘s South African subsidiary.

Higher likelihood of foreign direct investment (FDI)

Is there a systematic relationship between development cooperation and private-sector investment? A study conducted by **KfW Development Bank‘s Evaluation Department** together with researchers from the University of Göttingen explores this question. The researchers linked data on KfW projects with FDI[12] at the district level. This makes it possible to examine whether the investment tends to follow KfW projects in the same location.

Across all districts in 71 partner countries, the average annual probability of FDI is 3%. The results show that this probability increases by **almost two thirds** following a KfW project, and more than doubles in the case of infrastructure projects. The detailed data also allow the researchers to rule out the possibility that the result is driven by other factors, such as changes in the business climate or the political environment.

Projects with a Signalling Effect

How are KfW projects linked to private investment? One possible explanation is that development cooperation can have a signalling effect for private investors. The researchers found that it is above all those projects that were later assessed positively by KfW‘s independent Evaluation Department that tend to attract private investment. These investments also more frequently originated from Germany and the EU. This suggests that successful KfW projects demonstrate that trust-based cooperation with local authorities and companies is possible. A second explanation is that development cooperation can directly improve the conditions for private investment. Public investment in the energy or transport sectors lowers production costs, education projects improve the availability of skilled labour and reforms, such as those being implemented in South Africa, strengthen the regulatory environment.

Foreign direct Investment: benefits for German and European countries

German companies invest abroad for a variety of reasons. For instance, private investment can provide direct access to resources and know-how in partner countries. At the same time, new markets can be opened via local subsidiaries and partnerships. At ENERTRAG in Brandenburg, for instance, the company sees itself as being in a strong position to take on a pioneering role in South Africa's sustainable hydrogen economy and in the future e-fuels sector: "We want to continue investing and growing in South Africa", says Banda.[13] To achieve this, continued ambitious reforms and investment programmes will be necessary. These include the planned introduction of a competitive electricity trading market, appropriate financing options, and the adaptation of regulatory frameworks, particularly in relation to e-fuels and the EU. At KfW Development Bank, there are also plans to continue supporting the government's reform programme in the future.

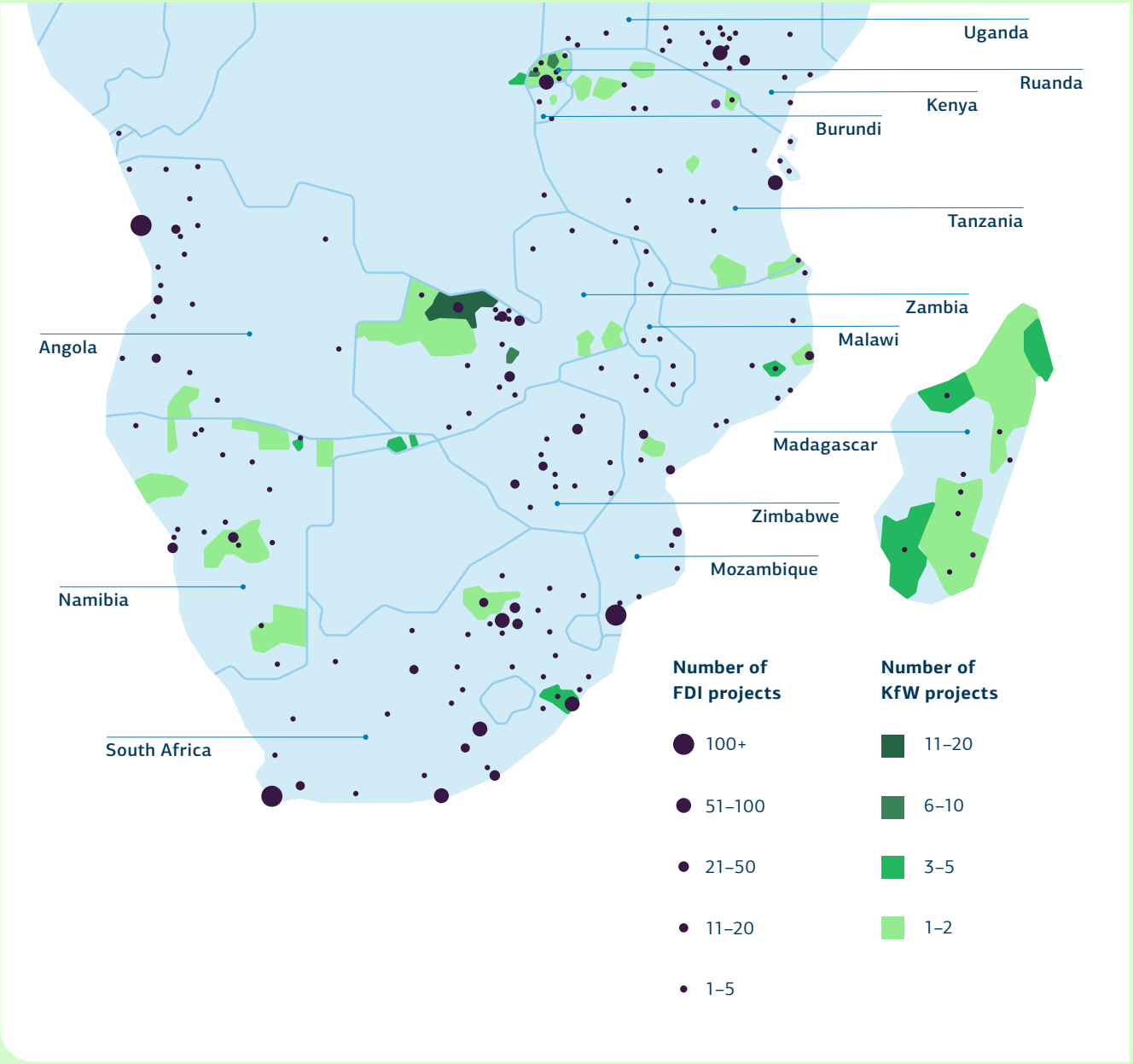


Figure 4: Depiction of the locations of KfW projects and direct investments by German companies in Southern Africa[14]

Newly created or secured jobs

Creating and securing jobs fosters prosperity and directly contributes to a country's economic stability. KfW finances projects across a wide range of sectors, including infrastructure, digitization and energy. These financing and promotional activities often lead, for example, to business expansions and modernisation measures, which are directly or indirectly associated with the creation of new jobs.

Direct effects refer to jobs that are created or secured as an immediate result of financing or promotional measures. Indirect effects, by contrast, arise through demand for the intermediate goods and services required for the original investment. For example, the construction of a building requires materials and services from other companies, which in turn leads to jobs being created or secured indirectly.

1.6 million jobs

are expected to be newly created or secured as a result of KfW's financing and promotional activities in the financial year 2025. This corresponds to roughly the total number of jobs in the cities of Munich and Cologne combined.[15] Of this total, more than **480,000 jobs** are attributable to Germany. Creating and securing jobs worldwide contributes to economic development – both nationally and internationally – and can also have a positive impact on global value chains and trade, including with Germany.

Definition and calculation of the indicator

This indicator measures the direct and indirect changes in employment resulting from specific financing or promotional activities. The calculation is based primarily on an input-output analysis. This method examines employment and production processes across different sectors, capturing the goods (inputs) required by a sector to produce certain outputs. On this basis, the number of jobs generated by the relevant investments can be estimated. For projects within Germany, the calculations are based on official data from the German Federal Statistical Office. For projects outside Germany, the calculations use data from the Organisation for Economic Co-operation and Development (OECD) or the Global Trade Analysis Project (GTAP).

Contribution to KfW Impact Objective and SDGs

People benefiting from education

A high-quality education is the foundation for both individuals' opportunities and societal development. It improves labour market prospects, promotes social mobility and strengthens the economy through innovation and a well-trained workforce. In Germany, KfW focuses particularly on supporting young people's education through various promotional and financing programmes. These include Advanced Vocational Training Assistance (Aufstiegs-BAföG), education and student loan programmes, as well as support for digital education for young people through digital learning centres (TUMO). In the context of development cooperation, supporting the education of children and young people is a key driver of employment and economic growth in countries of the Global South. It can also help to reduce irregular labour migration. For the 2025 financial year, KfW expects that approximately

766,000
people

will benefit from its financing and promotional activities. This corresponds to roughly the population of Frankfurt am Main.[16]

Definition and calculation of the indicator

The indicator captures all people who directly or indirectly benefit from KfW-funded educational programs and covers all educational levels: preschool, primary and secondary education, vocational training and further education, as well as higher education. It also includes improvements in educational infrastructure, such as barrier-free construction of schools, provision of learning materials, digital learning formats, and training or further education of teaching staff. Furthermore, vouchers, scholarships, and loans to improve access to education are financed. To determine the indicator, the expected capacity resulting from the investment (e.g. number of school places or vocational training positions) is taken into account, or an estimate is made of the number of vouchers, scholarships, or loans.

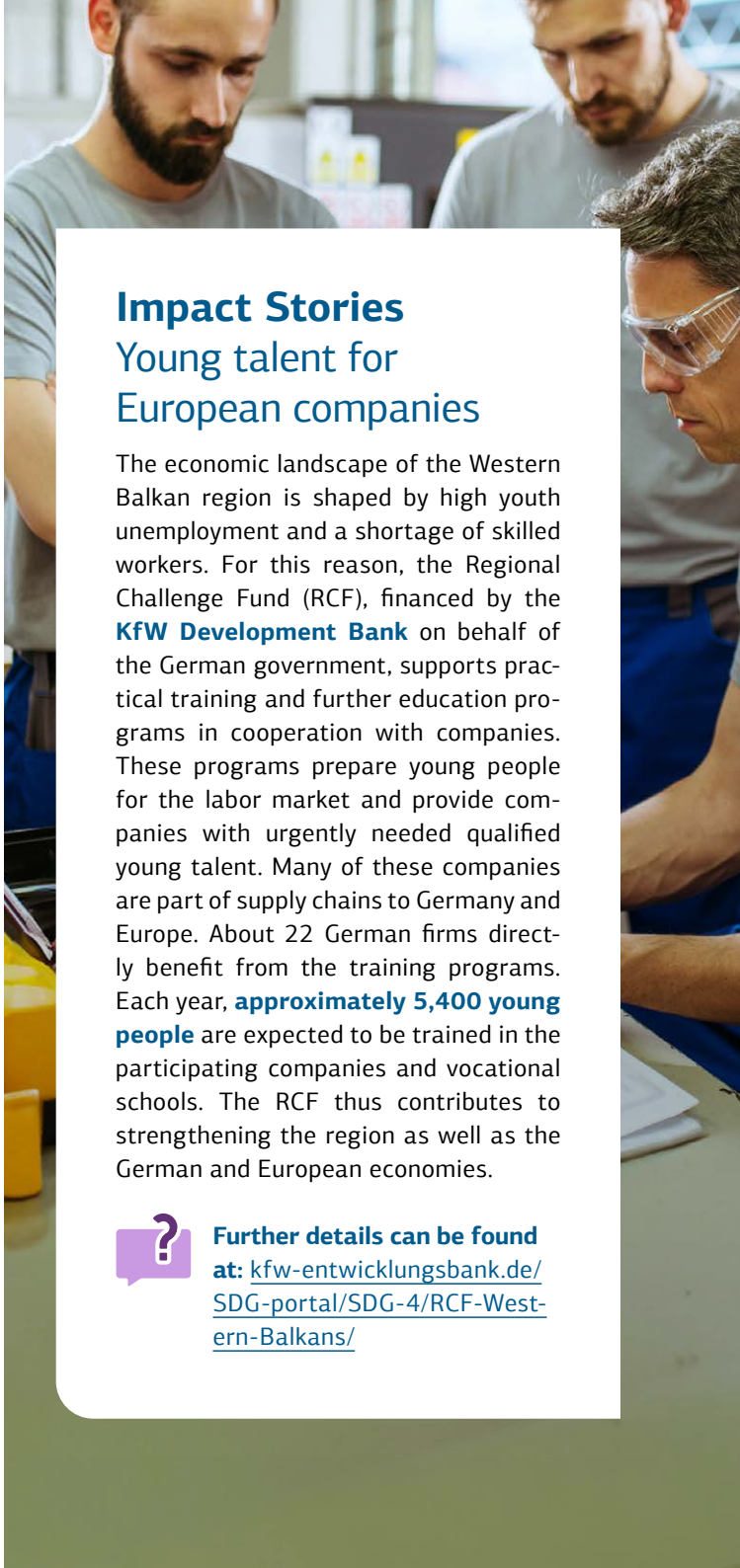
Contribution to KfW Impact Objective and SDGs

IMPROVING ACCESS TO EDUCATION SERVICES

KFW

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH



Impact Stories
Young talent for European companies

The economic landscape of the Western Balkan region is shaped by high youth unemployment and a shortage of skilled workers. For this reason, the Regional Challenge Fund (RCF), financed by the **KfW Development Bank** on behalf of the German government, supports practical training and further education programs in cooperation with companies. These programs prepare young people for the labor market and provide companies with urgently needed qualified young talent. Many of these companies are part of supply chains to Germany and Europe. About 22 German firms directly benefit from the training programs. Each year, **approximately 5,400 young people** are expected to be trained in the participating companies and vocational schools. The RCF thus contributes to strengthening the region as well as the German and European economies.

Further details can be found at: kfw-entwicklungsbank.de/SDG-portal/SDG-4/RCF-Western-Balkans/

Housing units promoted

Affordable and adequate housing is essential for social stability, a good quality of life, and equal opportunities. At the same time, the housing sector plays an important role in addressing broader societal challenges such as urban development, demographic change, energy efficiency, and climate protection. KfW supports housing through a range of financing and promotional programmes. In Germany, these programmes focus particularly on the construction of new housing, the modernisation and refurbishment of existing buildings, and support for energy-efficient residential development. In this way, KfW contributes to improving housing conditions and the long-term transformation of the building stock. For the financial year 2025, KfW expects that approximately

752,000 housing units

will be promoted through its financing and promotional activities, **750,000** of these are located in Germany. For illustration: The total number of promoted housing units in 2025 alone corresponds to approximately 1.9 times the number of households in Frankfurt am Main.[17]

Definition and calculation of the indicator

This indicator records the number of housing units (in single-family, two-family, and multi-family houses) that have been promoted by KfW. Promoted activities includes efficiency measures, renovation measures, barrier reduction or burglary protection measures, the creation of living space, or the acquisition of residential property.

1.9 × all households

in the city of Frankfurt am Main correspond to the housing units subsidized by KfW alone in the year 2025.

Contribution to KfW Impact Objective and SDGs

The collection of impact data at KfW

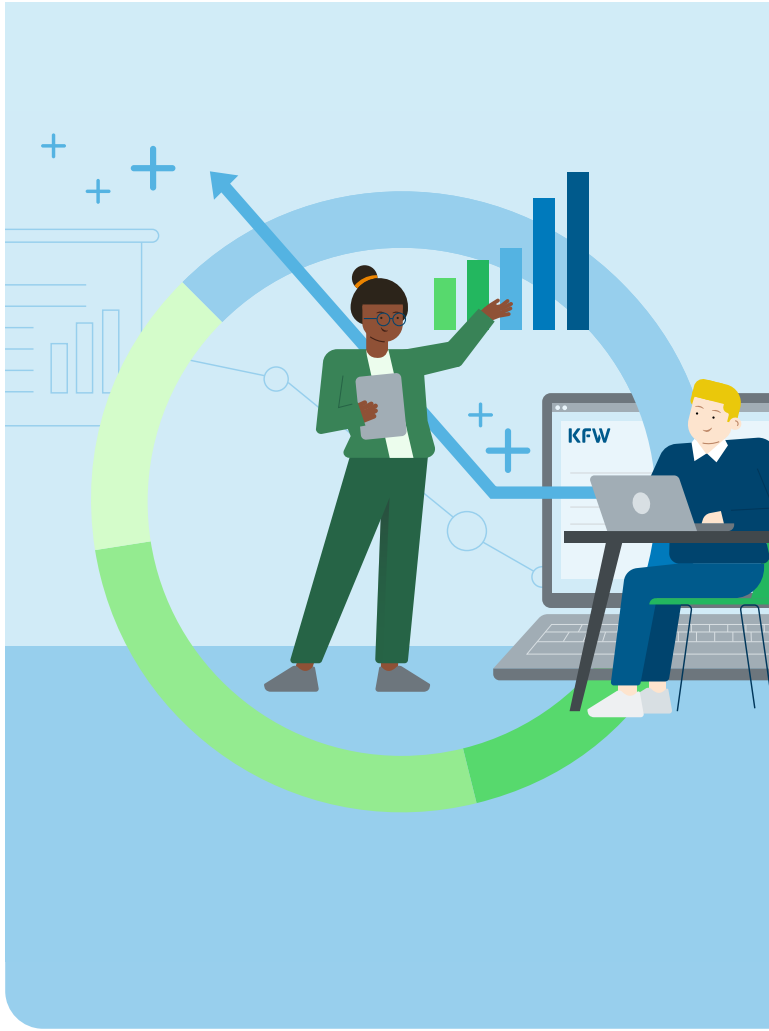
Bringing together heterogeneous data sources and collection methods

The collection of impact data takes place through various processes – this is necessary due to the diverse range of KfW's business activities. Accordingly, the sources of impact data also vary. Primarily internal sources are being used. These include, among others, project documents, loan information, internally available customer data, or information from application processes (e.g. provided by energy consultants). In addition, external evaluations and modeling are used to determine impact data if these cannot be internally derived or are not available in adequate quality. This includes the employment effects mentioned in this report, for which the Fraunhofer Institute IFAM works with official data from the Federal Statistical Office as well as data from the Organisation for Economic Co-operation and Development (OECD). External modeling is also used selectively to determine GHG reductions and power generation capacity from renewable energies. The collected impact data are aggregated group-wide for selected indicators and summarized once a year in this report.

Ensuring adequate data quality and availability

Adequate data quality for the indicators presented is a top priority for KfW. This is achieved when data are as complete as possible (i.e. regarding the coverage of business activities), as accurate as possible (i.e. corresponding in content to actual values), and current (i.e. available for the relevant reference period). Not all group-wide defined impact indicators currently meet these data quality and availability standards. Therefore, we are focusing on the ten impact indicators published in this format, for which we can ensure adequate data quality through integrated and subsequent verification processes.

As data availability and quality improve over time, the set of impact indicators published can be gradually expanded – for example, compared to the previous report, this report includes new indicators to measure competitiveness. Currently, a multi-year data history is being established and continuous development of processes for data collection, provision, and quality assurance is being pursued.



Endnotes

[1] At the KfW annual financial press conference on 27 March 2026, '137,000 companies financed and promoted' were mentioned; this number was subsequently corrected.

[2] In 2024, the number of borrowers among SMEs in Germany rose to a total of 615,000. Cf. Schwartz, M. and Gerstenberger, J. (2025), KfW SME Panel 2025. It is assumed that almost all companies supported by KfW in Germany that are not explicitly categorized as large corporations can be counted as medium-sized enterprises.

[3] In 2024, 74% of founders in Germany covered their capital requirements for business start-ups exclusively with equity capital, amounting to 585,000 individuals; thus, 152,100 relied on external financing. Cf. Metzger, G. (2025), KfW Entrepreneurship Monitor 2025.

[4] Viete, S. (2025), Start-ups in Germany – Growth and Exit Pathways through Venture Capital, Focus Economics, No. 521, KfW Research.

[5] European Commission (2025). Digital Decade – Policy programme – Shaping Europe's digital future. (as of June 2025).

[6] The calculation of these figures exclusively includes domestic business as well as activities related to export and project financing (KfW IPEX-Bank) and KfW Capital. Activities of the KfW Development Bank were not taken into account, although financial cooperation also generates positive economic effects for German businesses, for example through the development of new foreign markets.

[7] Abel-Koch, J. et al. (2022), KfW Climate Barometer 2022.

[8] Agora Energiewende (2026), Die Energiewende in Deutschland – Stand der Dinge 2025, Version 1.8. (as of Januar 2026).

[9] Kohn, K. et al. (2025), The Economic Benefits of Climate Action – How Decarbonization Can Enhance Competitiveness and Growth, Study by Deloitte & KfW.

[10] 22,113 MW gross capacity from renewable electricity generation units were commissioned in Germany in 2025. Cf. Bundesnetz¬agentur (2026): Statistik zur Stromerzeugungsleistung aus ausgewählten erneuerbaren Energien (as of February 2026).

[11] The project is part of the existing portfolio and is not included in the impact figures for the 2025 financial year.

[12] Through direct investments, investors aim to exert a sustainable influence on the company or economic venture. These differ, for example, from portfolio investments.

[13] eFuels refer to power-based synthetic fuels.

[14] Explanation: The map shows BMZ-funded KfW projects represented by shading (2000-2016) as well as German direct investments represented by dots (2003-2018) at the municipal level. Cf. Financial Times fDi Markets and Eilers et al. (2025).

[15] For 2024, the number of employed persons in full-time equivalents was calculated as 1,057,000 for Munich and 690,000 for Cologne. Cf. Hessisches Statistisches Landesamt (2026), Erwerbstätige in Vollzeitäquivalenten in den kreisfreien Städten und Landkreisen der Bundesrepublik Deutschland 2008 bis 2024 (as of August 2025).

[16] The population of the city of Frankfurt am Main stood at 778,598 persons as of mid-2025. Cf. Gerhold, C. (2025), Frankfurts Bevölkerung zum Halbjahr 2025: Trends und Entwicklungen, Frankfurt STATISTIK.AKTUELL, Ausgabe 13/2025.

[17] The number of apartments in Frankfurt am Main was 402,826 in 2022. Cf. Jeschke, A. und Knoll, L. (2024), Ergebnisse der Gebäude- und Wohnungszählung 2022 in Frankfurt am Main, Frankfurt STATISTIK.AKTUELL, Ausgabe 13/2024.

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