



Urban Pathways

actsheet

on Financing Solutions

KfW (Kreditanstalt für Wiederaufbau/
Reconstruction Credit Institute)

KfW

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The Urban Pathways project helps delivering on the Paris Agreement and the NDCs in the context of the New Urban Agenda and the Sustainable Development Goals. It has established a facility in close cooperation with other organisations and networks active in this area to support national and local governments to develop action plans and concrete implementation measures to boost low-carbon urban development. This builds on UN-Habitat's role as "a focal point on sustainable urbanisation and human settlements including in the implementation and follow-up and review of the New Urban Agenda". The project develops national action plans and local implementation concepts in key emerging economies with a high mitigation potential. The local implementation concepts are being developed into bankable projects, focusing on the access to urban basic services to create a direct link between climate change mitigation and sustainable development goals.

The project follows a structured approach to boost Low Carbon Plans for urban mobility, energy and waste management services that deliver on the Paris Agreement and the New Urban Agenda. The project works on concrete steps towards a maximum impact with regards to the contribution of urban basic services (mobility, energy and waste management) in cities to global climate change mitigation efforts and sustainable and inclusive urban development. This project makes an active contribution to achieve global climate change targets to a 1.5°C stabilisation pathway by unlocking the global emission reduction potential of urban energy, transport and resource sectors. The project will contribute to a direct emission reduction in the pilot and outreach countries, which will trigger a longer term emission reduction with the aim to replicate this regionally and globally to make a substantial contribution to the overall emission reduction potential.

This project implements integrated urban services solutions as proposed in the New Urban Agenda providing access to jobs and public services in urban areas, contributing to equality and social coherence and deliver on the Paris Agreement and the Sustainable Development Goals. This is the first dedicated implementation action oriented project, led by UN-Habitat to deliver on inclusive, low-carbon urban services. Securing sustainability and multiplier effect, the project aims to leverage domestic and international funding for the implementation projects that will follow from this initiative.

Urban Pathways

Project concept

Project aims

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KfW is one of the world's leading promotional banks.

It is committed to improving economic, social and ecological living conditions all around the world on behalf of the Federal Republic of Germany and the federal states. Its global network includes around 80 local and representative offices in the partner countries (see figure 1). KfW promotes and supports programmes and projects that mainly involve state actors in developing and emerging economies – from their conception and execution to monitoring their success¹. Initially, agreements between partner countries and German federal government are made for KfW programmes and projects. KfW supports and advises its partner countries throughout the entire project cycle, from preparation and execution to long after the start of operations. Local partners are responsible for preparing and executing projects. KfW also takes responsibility for systematic quality assurance/evaluation of the project.

KfW works on the following sectors:

- Promotion of small and medium-sized companies (SMEs) and start-ups
- Provision of equity capital
- Programmes for energy-efficient refurbishment of residential buildings
- Support of measures to protect the environment
- Educational finance for retail customers
- Funding programmes for municipalities and regional promotional banks
- Export and project finance
- Promotion of developing countries and emerging economies
- Financing and consulting for companies investing in developing countries and emerging economies

¹ https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Selbstdarstellung/2014_Selbstdarstellung_EN.pdf

KfW supports development programmes – and consequently prospects for the future – in Africa, Asia, Latin America and South-East Europe.

Energy, Transport and Waste

KfW finance investments and reform programmes areas include climate and environmental protection, water supply and sanitation, health, rural development, energy supply, education and financial system development. The type of projects and programmes that kfw support varies significantly, depending on local needs and the general conditions in place¹.

Geographic Scope

Urban Pathways Area

Focal point at the national level



1 https://www.kfw-entwicklungsbank.de/PDF/Download-Center/PDF-Dokumente-Selbstdarstellung/2014_Selbstdarstellung_EN.pdf

2 <https://www.kfw-entwicklungsbank.de/Interna->

India

KfW is supporting the Indian government in finding ways to pursue socially responsible yet climate-friendly growth. The supports entails, for instance, loans to promote renewable energies and to finance credit for small and medium-sized enterprises, or investments in environmentally friendly municipal infrastructure projects.

Mainly works on:

- Renewable energy and energy efficiency (Project example: Solar power)
- Sustainable economic development
- Sustainable urban development
- Natural resources and environment

Contact: KfW Office New Delhi

Nepal³:

KfW supports Nepalese partners with financial resources and know-how in the following three areas:

- Sustainable economic development
- Energy efficiency and renewable energy
- Healthcare

Contact: KfW Office Kathmandu

Vietnam⁴:

KfW, on behalf of the German government, is supporting this economic change in various priority areas:

- Energy
- Vocational Training
- Environment Protection

Contact: KfW Office Hanoi

Nepal

Vietnam

[tional-financing/KfW-Development-Bank/Local-presence/Asia/India/](https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/India/)

3 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/Nepal/>

4 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/Vietnam/>

Philippines⁵:

KfW, on behalf of the German government, is supporting in the area of peace building and conflict transformation.

Brazil⁶:

Brazil is a strategic partner of Germany in the management of global challenges: the country has an important role to play in protecting the climate as well as species. KfW, on behalf of the German government, is supporting in the area of:

- Protection and sustainable use of tropical forest
- Renewable energies and energy efficiency

Contact: Agencia do KfW Brasilia

Ecuador⁷:

KfW Development Bank is supporting Ecuador in harmonising economic development with the protection of natural resources. KfW, on behalf of the German government, is supporting in the area of:

- Environment
- Governance

Contact: KfW Office Quito

Morocco⁸:

KfW, on behalf of the German government, is supporting in the area of:

- Energy
- Water
- Sustainable economic development

Contact: KfW Office Rabat

5 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Asia/Philippines/>

6 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Latin-America-and-the-Caribbean/Brazil/>

7 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Latin-America-and-the-Caribbean/Ecuador/>

8 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/North-Africa-and-Middle-East/Morocco/>

Philippines

Brazil

Ecuador

Morocco

Ghana

Kenya

Ghana⁹:

KfW, on behalf of the German government, is supporting in the area of:

- Sustainable financial management
- Governance
- Agriculture

Contact: KfW Office Accra

Kenya¹⁰:

KfW Development Bank is supporting Kenya in establishing an improved water supply and sanitation system, assisting to bring forward a productive agricultural development and the introduction of a widespread healthcare system. KfW focus areas are:

- Agriculture and rural development
- Health
- Water sector
- Education
- Energy

Contact: KfW Office Nairobi

9 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Subsahara-Africa/Ghana/>

10 <https://www.kfw-entwicklungsbank.de/International-financing/KfW-Development-Bank/Local-presence/Subsahara-Africa/Kenya/>

Scope of funding and requirements

KfW Development Bank's funding support is adapted to the requirements and conditions in the respective partner country. The funding model depends on the size of a country's debt, its economic output and level of development, the performance capacity of the project partner as well as the type of project. The funding models can be pure grants and loans from budget funds, but also loans that combine budget funds and KfW's own funds. The conditions for these kinds of loans are particularly favourable (interest, term). KfW also grants loans which are only comprised of KfW's own funds at terms and conditions commensurate to risk.

Grants

Under German Financial Cooperation, grants funded from the German Federal Government's budget are mainly allocated to poor and poorly developed countries. In 2017, 41% of the German Federal Government's budget funds were dedicated to Sub-Saharan Africa. For the eligibility, development policy criteria must be met including the partner country's ownership and commitment. More developed countries are also eligible for grants for projects that contribute directly to reducing poverty or to protecting global public goods such as, e. g., tropical rainforests.

Scope of funding

Grants

Development loans

KfW's development loans were formed in collaboration with the Federal Ministry for Economic Cooperation and Development (BMZ) to increase the funding volume for the projects and programmes in the partner countries. KfW combines budget funds of the German Federal Government with own funds that it raises at favourable terms on the capital market. When KfW's own funds are used, partner countries benefit from the cheap refinancing options available to KfW – reduced-interest loans. The terms and conditions are structured to ensure that the projects are able to bear the costs and that the loans comply with the international agreements for Official Development Assistance (ODA). Even though the terms of the development loans are higher than pure budget funds, they are significantly below market level.

Promotional loans

Promotional loans are loans to KfW partners in developing countries and emerging economies commissioned by the government that are 100 % funded by KfW on the capital market. The loans are deployed for projects that are effective when it comes to development policy and viable in economic terms for which, however, funding is not available from the commercial banking sector (e. g. due to long financing terms required).

The FC promotional loans aim to fill the gap between FC development loans and commercial bank loans and give German Financial Cooperation more flexible options for action. By granting promotional loans, KfW can provide more funding for eligible development projects without burdening the budget.

Time frame

variable

Institutions typically involved in the implementation

KfW runs programmes through institutions in the partner countries. These institutions are mostly ministries, government authorities (national, state/local), state development banks or other public sector authorities. They execute the projects and programmes financed by KfW and are responsible for their success. KfW also works indirectly via banks with private institutions or with civil society organisations in fragile states.

Website

<https://www.kfw.de/kfw.de-2.html>

Development loans

Promotional loans

Time frame

Involved Institutions

Website



Urban Pathways

www.urban-pathways.org

More Information

Implementing
Partners

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