

EVALUATION REPORT

Interim Evaluation of the Global Impact Investment Facility (GIIF)

On behalf of DEG Impact GmbH and the GIIF Globaler
Innovativer Investitionsfonds GmbH & Co. geschlossene
Invest KG, represented by CREDION
Kapitalverwaltungsgesellschaft mbH

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Clarify legend for references to project documents and primary data

Codes in parenthesis

(Int_1, etc.) Reference to interviews

(GIIIF01, Deal01, etc.) Reference to project documents (proposals, progress reports, templates, guidelines) and external strategy supporting documents consulted

Acronyms

AIFM	Alternative Investment Fund Manager
BMZ	German Federal Ministry for Economic Cooperation and Development
BII	British International Investment
BSS	Business Support Services
CREDION, KVG	CREDION Kapitalverwaltungsgesellschaft mbH
DEG	Deutsche Investitions- und Entwicklungsgesellschaft
DERa	Development Effectiveness Rating
DFI	Development Finance Institution
EDFI	European Development Finance Institutions
EMDE	Emerging Markets and Developing Economies
E&S	Environmental and Social
FAS	Financial Access Survey
FI	Finance Institution
FMO	The Netherlands Development Finance Company
FX	Foreign exchange
IFC	International Finance Corporation
IRR	Internal Rate of Return
KfW	Kreditanstalt für Wiederaufbau
KoFi BAN	Ko-Finanzierungsfazilität Beschäftigung Afrika, Nahost
OECD DAC	Organization for Economic Co-operation and Development's Development Assistance Committee
Proparco	Société de Promotion et de Participation pour la Coopération Economique (France)
LCY	Local Currency

RARORC	Risk-Adjusted Return on Regulatory Capital
SME	Small and medium-sized enterprises
SDG	Sustainable Development Goals
ToC	Theory of Change
TCX	The Currency Exchange Fund

Executive Summary

In 2019 the Federal Ministry for Economic Cooperation and Development (BMZ), together with KfW (Kreditanstalt für Wiederaufbau) and DEG (Deutsche Investitions- und Entwicklungsgesellschaft), established the Global Impact Investment Facility (GIIF). The GIIF (formerly known as the Co-Financing Facility for Employment in Africa and the Middle East, KoFi BAN) is a blended finance co-financing instrument designed to support DEG's operations by providing appropriate financial services in high-risk countries and contexts and increasing development-effective financing.

The facility, which operates through a trust fund model, is financed by BMZ, advised and implemented by DEG and DEG Impact, and CREDION is responsible for the fund management. The main objective of the GIIF is *“to contribute to the creation and preservation of sustainable jobs (decent jobs), even in times of crisis, in developing and emerging countries, and for the promotion of renewable energy and transformative investments. Provision of financing and currency hedging tailored to the needs of the private sector in Africa and other countries, operating in a development-effective but high-risk environment, and which would receive no (or insufficient) adequate financing without the facility”*. GIIF targets projects and businesses that are developmentally impactful in constrained high-risk markets. To provide diverse financing opportunities, the facility is currently structured in three special “financing windows”: 1) Risk investment and crisis financing in Africa (and the Middle East), 2) AfricaGoGreen, and 3) Global risk investment and crisis financing. As a co-financing instrument with its risk-sharing mechanism and initial BMZ public funds of 190 million euros, GIIF expects to achieve high leverage and mobilize additional private and public capital.

DEG Impact commissioned CEval GmbH to conduct an interim evaluation of the GIIF, focusing on its implementation between 2019 and 2024. The purpose of the interim evaluation was to provide an assessment based on the OECD-DAC criteria: relevance, coherence, effectiveness, efficiency, and the impact of the GIIF; elaborate conclusions and recommendations from the findings for DEG, DEG Impact, and CREDION; and help shape the further implementation of the facility. To the extent possible, the evaluation explored the extent and types of the facility's additionality.

The evaluation was based on a theory-based approach, with extensive stakeholder participation, and used a mix-methods design. During the inception phase, the evaluation team developed a results model of the facility, which DEG Impact validated. An evaluation matrix, which included evaluation questions and the OECD-DAC evaluation criteria, supported the identification of data sources, data collection instruments, and their respective analysis methods. The evaluation was further guided by a detailed evaluation matrix structured by the OECD-DAC criteria, allocating specific data sources, data collection instruments, and analysis methods to evaluation questions. For the assessment, the evaluation team conducted a desk review of project documents facilitated by DEG Impact. Alongside the desk study, the evaluation team conducted 31 virtual interviews with key informants. Data obtained from interviews were analyzed using qualitative content analysis.

Key findings

Relevance

The evaluation team found that the GIIF aligns with BMZ's thematic priorities, such as sustainable economic development and growth (focusing on job creation and preservation and private-sector growth)

and climate protection (support for renewable energies). Although these cross-cutting themes contribute to the SDGs, gender equality is not yet an explicit objective in GIIF. However, through DEG's environmental and social standards, GIIF has included gender to some extent in its portfolio and plans to align with BMZ's focus on women's empowerment. The GIIF is in line with BMZ's strategic objective of leveraging additional financing in high-risk, high-impact contexts to help reduce the financing gap and contribute to the SDG's goal (9.3) of enabling access to finance and mobilizing private capital in emerging markets and developing economies (EMDEs), where financing is difficult to attract and secure. The GIIF also has a strong focus on supporting financing for development in African contexts and aligns with BMZ's sectoral initiatives for financial cooperation in regions (FZ-R).

The GIIF has demonstrated its capacity to adapt and remain flexible, shifting financing priorities and expanding its offer in response to market demand and crises. The program has evolved from its initial focus on Africa and the Middle East to a global facility. This transition has sought to address financing needs in other high-risk development impactful contexts and markets. At the same time, it keeps its focus on enabling financing and maintaining a significant share of its portfolio in Africa. Additionally, GIIF has demonstrated responsiveness to crises, as during the global COVID-19 crisis, it supported constrained markets worldwide by providing liquidity to SMEs and financial institutions affected by COVID-19, thereby contributing to job preservation and resilience in critical sectors. In response to market needs, GIIF has expanded its offerings to include local-currency financing opportunities that mitigate currency risk and exchange rate volatility during the crisis. With LCY financing, GIIF leverages its collaboration with TCX, thereby strengthening DEG's restricted capacity to offer a broader range of local currency, thereby diminishing DEG's disadvantage of only offering hard currency to its clients.

A fundamental feature of GIIF's co-financing structure is its risk- and margin-sharing mechanism, under which BMZ and DEG share the same risks and have a fair share of potential returns. With the risk-sharing mechanism, GIIF enables DEG to finance higher-risk development projects and improves the risk-return profile of DEG's investments. Another positive feature of the facility is its revolving structure, which allows repayments from current deals to be recycled into the fund to finance new impactful projects. The facility has innovation potential, as it plans to introduce guarantees, thereby increasing DEG's operations and attractiveness to its clients.

Shortcomings identified were related to GIIF's "financing windows" and its complex structure. Financing windows with a limited scope of action (such as AfricaGoGreen) have held back, to some extent, the deployment of funds to support development-impactful transactions that may be more suitable for GIIF's portfolio. Furthermore, infrastructure or renewable energy projects planned in Africa present greater hurdles and uncertainty and require a longer development and security timeline. Since GIIF is a closed, internal instrument for DEG, it is not always clear to end-clients that German public funds fund the facility; thus, its transparency is not evident across all its features.

Coherence

Compared to other development fund programs in Germany, GIIF stands out for its variety of financing products tailored to market needs, with bank-standard procedures yet more favorable conditions (such as longer tenors and larger ticket sizes) for SMEs and FIs. The transition of GIIF to classification as a development promotion fund and the relocation of fund management to Germany have consolidated the facility as one of the few blended finance co-financing instruments supported, launched, and managed solely in Germany, yet with a focus on global action.

As GIIF did, multiple government development funds and programs were created to address the negative effects of COVID-19. However, many of them targeted specifically the African region or selected sectors. With its transition to broaden its scope of action through both Africa and global crisis financing windows, GIIF demonstrated its commitment to swift action and liquidity relief across diverse regions.

Unlike other development funds or programs outside Germany that offer LCY financing, GIIF operates under a different structure to take on LCY financing. GIIF offers LCY hedging not only for its own part of a financing, but also for DEG's share. The tri-party setup is more complex in comparison to other DFIs, as other DFIs can take on LCY transactions directly into their balance sheets. Key informants consider that these hurdles are associated with regulations in Germany. While there are mixed opinions about the GIIF's LCY financing at the operational level, there is limited evidence to confirm that this financing option is unattractive for end-clients.

Effectiveness

GIIF has exceeded its crisis financing targets outside Africa, but has not met targets for supporting African contexts. For example, the goal to commit public funds to the private sector in African countries by 2021/2022 was not achieved. Notably, no funds were allocated to renewable energy or energy efficiency in Africa through the AfricaGoGreen financing window. Identifying impactful, eligible projects remains a challenge. As a result, the global window was expanded to support high-risk projects outside Africa. The crisis financing window was effective in mitigating the impact of the COVID-19 pandemic, with GIIF approving the highest number of deals during this period and providing timely liquidity to companies in constrained markets.

Until 2024, GIIF has supported 24 deals, with over half involving financial and non-banking financial institutions. The committed financing volume in this sector exceeds half of the total committed. Almost 50 percent of deals fall under the global crisis financing window, while a third of the deals fall under the Africa risk financing window. Africa is the largest recipient of GIIF funding followed by Latin America. Since the facility's launch, four deals have experienced adverse developments and required restructuring and wind-down processes. Most deals received financing ranging from 2.5 to 7.5 million euros. More than half of the deals reported favorable annual and job growth rates. Additionally, 19 of 23 deals have implemented or improved satisfactory Environmental and Social (E&S) monitoring and reporting mechanisms. According to DEG's Development Effectiveness Rating (DERa), 98 percent of financed projects have received a good rating for development impact. All financed deals align with DEG's risk classification, confirming GIIF's focus on higher-risk investments.

While deals are encouraged to implement Business Support Services measures alongside GIIF financing, GIIF does not currently disburse funding for these measures. However, deals can access specific DEG funding for BSS through DEG Impulse. Only 11 out of 24 deals have adopted BSS. End-clients who use BSS are highly satisfied, with some noting a learning effect. Factors influencing BSS uptake include initial interest, perceived value, prior experience, and the price-performance ratio.

Until 2024, the total financing volume was 469.2 million euros, with 168.5 million euros from GIIF funds and 300.7 million euros from DEG, thereby showing GIIF's potential for capital mobilization. The profit-sharing mechanism established for GIIF has incentivized DEG to pursue riskier, high-impact investments, improving the risk-return profile and supporting DEG's operations. This mechanism also plans to attract private investors.

GIIF's classification as a development promotion fund is a significant achievement. This status enables GIFF to expand its financial product offerings, such as stand-alone guarantees, and to exercise greater flexibility with regulatory exceptions. A few unintended effects, both positive and negative, have been identified. Positively, GIFF has shifted DEG's perception of blended finance instruments and influenced regulatory development for these instruments in Germany. Negative effects include added complexity from the tranche structure between DEG and GIFF during restructuring, and the risk that longer financing tenors for equipment may exceed the equipment's economic life, negatively affecting asset value.

Additionality

Financial additionality is the facility's primary contribution, enabling DEG to pursue riskier investments that would otherwise fall outside its operational parameters. The GIFF also provides financial additionality by enabling DEG to offer LCY financing and expand its financial instruments, which are essential for sustainable development in emerging markets. LCY financing reduces end-clients' exposure to exchange-rate risks and currency volatility. Unlike hard-currency financing, local-currency transactions do not disrupt clients' internal operations and can be recorded in their accounting systems without additional steps or external authorization, simplifying administration. However, a limitation of LCY financing through GIFF is its structure (see Key findings under Coherence). By offering longer tenors, larger ticket sizes, and favorable financing conditions to DEG clients, GIFF further demonstrates financial additionality. GIFF also improves the Internal Rate of Return (IRR) and DEG's Risk-Adjusted Return on Regulatory Capital (RARORC) for high-risk transactions, making these projects viable. Without GIFF, many projects with lower initial IRR or RARORC would not proceed. GIFF has had a catalytic effect by attracting other development finance institutions (DFIs) to mobilize capital and collaborate with end-clients who have received GIFF funding. GIFF also demonstrates non-financial additionality, as it encourages end-clients to take up BSS measures (through DEG Impulse) in parallel to the GIFF financing. With this, end-clients benefit directly from DEG's high reporting standards to implement or improve their own E&S management standards.

Efficiency

GIIF operates as a collaborative effort between various DEG divisions, DEG Impact and CREDION. It leverages existing DEG structures and processes, contributing to operational efficiency. Stakeholder collaboration is mainly positive, characterized by professional relationships and effective communication. However, there is limited awareness among deal managers about other colleagues using GIFF.

The transfer of GIFF's fund management from Mauritius to Germany in 2022 was politically motivated, reducing reputational risks and providing regulatory and operational benefits. Uncertainty about funding availability poses a significant challenge that may affect DEG's reputation with clients and discouraging deal managers. Prolonged earmarking of funds for complex projects, such as infrastructure, can restrict resources for new investments and cause coordination bottlenecks. While only four deals have been written off to date, the process of restructuring non-performing loans is time-consuming and requires significant staff time and resources.

The facility has enhanced documentation and reporting by adopting standardized templates, improving traceability and continuity. DEG's DERA serves as the main impact reporting tool for GIFF and covers various development impact dimensions. The transition to a new DERA version has brought improvements, but implementers remain divided on the data's comprehensiveness.

End-clients often face difficulties meeting reporting timelines due to capacity constraints, and first-time fund managers of equity investments may find reporting burdensome, which in turn increases follow-up by deal managers. The GIFF operates as an internal instrument for DEG; therefore, end-clients often interact primarily with DEG and are less aware of GIFF's involvement in a transaction. GIFF has minimal external outreach and public awareness compared to other programs.

Impact

In general, the GIFF has supported job creation and retention by providing liquidity to constrained SMEs, enabling them to maintain operations and avoid layoff costs, particularly during crises such as the COVID-19 pandemic. It has promoted sector growth by allowing business expansion in high-risk markets where investment is difficult to attract. GIFF's local currency financing has also helped stabilize the balance sheets of SMEs and FIs by reducing currency risks and volatility.

GIFF enables DEG to pursue high-risk projects and expand operations, which is especially beneficial in countries with poor credit ratings or high-risk sectors. By signaling credibility, GIFF attracts not only other DFIs but also private capital providers. The facility also contributes to the professionalization of SMEs and FIs by improving and implementing Environmental, Social, and Governance standards through the BSS, strengthening company resilience, and making investments more attractive to potential investors. In other sectors such as renewable energy, GIFF is also an instrument that intends to support transformative investments and helps to cover financing gaps, despite the challenges to diversify its portfolio to uptake these types of projects. While women's empowerment is not always an explicit objective of the facility, GIFF occasionally supports gender equality and the financing of women-led SMEs. This support often results from adherence to DEG's specific gender targets or alignment with client requirements. Nevertheless, GIFF does not consistently implement gender-specific reporting requirements across its operations.

Recommendations

Strategic planning: Continue to prioritize GIFF's focus strategically. The challenges in the effective identification and deployment of funds planned for the AfricaGoGreen financing window compromise GIFF's original focus and its alignment with BMZ to boost renewable energy, climate protection and energy-efficiency in the African region. Since there are diverse development funds publicly known in the African markets or support programs similar to the AfricaGoGreen financing, DEG may need to conduct a more detailed market analysis. Additionally, due the limitations in the African region and SMEs, DEG consult with BMZ on how GIFF's Africa financing windows could be made more flexible, such as expanding to other underserved sectors or easing less relevant criteria.

Formalize the ongoing discussions to adapt the **scope of the global crisis financing window** beyond COVID-19 pandemic to encompass a wider range of emerging global crises (war, conflicts, among others). The adaptation should include developing more flexible eligibility criteria and repayment structures that account for a more unpredictable nature of such events, ensuring this financing window remains for future interventions. While GIFF will introduce the promotion of indicators to boost women's participation and empowerment in SMEs, GIFF should proactively and systematically embed a gender lens and ensure the consistent collection of gender-related data to better capture the impacts on women's empowerment and gender equity. Given that GIFF has successfully evolved into a

promotion development fund, the facility should continue to expand its product offering (as planned), explore additional regulatory conditions to maximize GIIF's potential (e.g., include private investors).

DEG should engage in discussions with BMZ regarding **additional funding** opportunities. To ensure the facility effectively targets more high-risk project opportunities and enhances portfolio's diversification across sectors and riskier countries, DEG and BMZ should discuss and assess strategically the benefits and potential risks associated with enabling GIIF's public visibility.

LCY financing: Continuity of this finance product offer is important for broadening GIIF's scope of action. While many DFIs and GIIF maintain the same rates for LCY (and hedging) transactions, we recommend including interviews with DFIs and end-clients from diverse sectors in the final evaluation to gain a comprehensive perspective in local-currency financing, identify key challenges and uncover strategic opportunities for improvement.

Collaboration with stakeholders (BMZ): Communication, and reporting frequency are adequate and should continue. DEG should consult with BMZ to identify a suitable supplementary reporting format that supports annual reporting. The supplementary reporting format (e.g., a one-pager infographic or a similar reporting format that DEG uses for ImpactConnect) could provide brief updates on ongoing transactions, and in case of critical transactions, highlight key information only when the long-term impact of a deal is compromised. A more tailored reporting format would help BMZ, as the trustor, stay better informed, and it would increase transparency regarding fund use.

Pipeline management and internal communication: Strengthen internal communications protocols between DEG (market) and DEG Impact to improve coordination and accelerate decision-making, to support a more robust and timelier pipeline. Maintain systematization and periodicity of communication exchanges to ensure that emerging developments are shared consistently. Although a specific GIIF-platform within DEG is not needed, DEG Impact should foster internal communication strategies among deal managers to share experiences with GIIF, raise awareness among other colleagues who are yet not familiar with GIIF's structure, benefits and impact potential in upcoming deals.

BSS measures: DEG needs closer coordination with DEG Impulse to explore and develop strategies to increase the use of BSS among GIIF's end-clients. Continue the follow-up with end-clients that did not show an interest in using BSS. Intensify the integration of more accessible (in cost and implementation) BSS offers targeted at deals that report serious liquidity constraints.

DERa: DERa is a very comprehensive complex tool beyond the scope of this evaluation. Continue to complete the transition of all indicators needed for the private equity funds to the DERa 2.0. The team should coordinate periodical meetings for exchange of experience and better reporting.

1. Introduction

1.1 Background

Blended finance has emerged in recent years as a key strategy to address investment gaps and market deficiencies in developing countries, supporting investment and advancing the Sustainable Development Goals (SDGs) by combining development finance with private-sector capital. Results from the 2020 OECD Blended Funds and Facilities Survey (Dembele, F., T. Randall, D. Vilalta and V. Bangun, 2022) revealed that blended finance funds and facilities have the potential to contribute to sustainable development and are fundamental to deploy development finance. The survey also indicated that blended finance markets often have a more regional focus, that upper-middle-income countries remain the primary recipients of investment, that there is a continued need for additional development financing in the least developed countries, and that the effective deployment of development funds therefore remains challenging. With a broad range of financing instruments (e.g., equity, debt, and guarantees) and mechanisms (e.g., funds and syndication) available, blended finance can support higher-risk contexts/economies, and include other SDGs that are targeted or incorporated to a lesser extent (such as education or gender). However, despite the promise of blended finance to address investment gaps and support sustainable development, significant challenges persist at the ground level. In emerging markets and developing countries (EMDEs), especially small and medium-sized enterprises (SMEs), face challenges in accessing credit and financing. As the 2024 International Monetary Fund's (IMF) Financial Access Survey (FAS) revealed, from 2021 to 2023, the usage of SME loans and financial services even declined. Besides their inability to provide sufficient collaterals, unfavourable foreign exchange (FX) risks pose significant barriers for SMEs to access capital. Since more than half of the global workforce is employed in SMEs, it is important to provide financing instruments that offset their disadvantages in that regard. While the OECD rightly concludes that an increase in local currency (LCY) financing could *"help to bolster domestic financial markets and promote resilience to financial shocks"*, domestic finance providers often do not offer such financing. Thus, development finance institutions (DFIs), such as international and multilateral development banks, together with development cooperation (DC) agencies, are key to boosting financing in EMDEs and unlocking benefits for SMEs. Yet, there is a lack of adequate or limited financial services.

To mitigate these challenges, the Global Impact Investment Facility (GIIF), originally known as Co-financing Facility for Employment in Africa and the Middle East (KoFi BAN¹), was created in 2019 as a **blended finance co-financing instrument** funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) and implemented within the KfW Bankengruppe. While the KfW (Kreditanstalt für Wiederaufbau) provides the public-sector financial-cooperation framework, the DEG (Deutsche Investitions- und Entwicklungsgesellschaft, i.e., KfW's private-sector development finance institution) originates, co-finances, and manages GIIF transactions under BMZ's strategic steering. Established as a "Financial Cooperation with Regions" (FZ-R) measure, GIIF is advised by DEG and DEG Impact, managed by CREDION, and structured as a dedicated investment fund. Originally set up as a Mauritius-based trust, GIIF meanwhile transitioned into a new supporting structure due to political modifications in form of a German-domiciled investment vehicle (Global Impact Investment Fund GmbH & Co KG, renamed in June 2025 as Globaler Innovativer Investitionsfonds GmbH & Co. geschlossene Invest KG), which is represented by the investment management company CREDION

¹"Ko-Finanzierungsfazilität Beschäftigung Afrika/Nahost" (KoFi BAN).

Kapitalverwaltungsgesellschaft mbH, to meet German regulatory standards. In institutional terms, GIIF lies at the interface between BMZ's policy priorities and DEG's operational capabilities. BMZ provides the ("treasury") funds and strategic guidance, while DEG invests the capital in private-sector enterprises. Through this arrangement, GIIF leverages the expertise and networks of DEG while retaining direct oversight by the BMZ.

GIIF's core objective is to mobilize additional finance for sustainable private-sector development in high-risk markets. It targets projects and businesses that are developmentally impactful but struggle to attract commercial financing on their own. In particular, GIIF aims to create and preserve "decent jobs" (SDG 8) and to support green, transformative investment on affordable and clean energy (SDG 7), as well as on industry and innovation (SDG 9). It provides financing and currency-hedging products to enterprises in developing countries, focusing on contexts where higher risk or crises make investment unattractive to traditional lenders. The GIIF explicitly blends BMZ's concessional funds with market-based capital. Every project is co-financed by DEG and potentially other public/private investors. By improving the risk-return profile, GIIF enables long-term loans, equity, hybrid capital or even bonds and guarantees for projects and institutions that deliver local income, infrastructure improvement or climate benefits.

As a financial cooperation instrument, GIIF operates through the trust fund model. BMZ funds are placed in a development fund vehicle (trust fund) that DEG coordinates and implements on behalf of the German government. GIIF finances projects exclusively as co-loans or equity stakes. DEG identifies and screens eligible enterprises, invests alongside the GIIF fund, and monitors outcomes. Currency risk mitigation for the borrower is provided by GIIF to support local currency lending. As a revolving facility, GIIF redeploys repayments from portfolio investments to finance subsequent projects. Governance rights (reporting, environmental and social standards) are maintained by BMZ and DEG to ensure accountability and alignment with development goals. Importantly, the structure is open to other financiers. Private investors and development partners may invest alongside on equal terms, which means gains and losses are shared proportionally. By combining public funds with private capital, this blended-finance model is in the position to mobilize substantially more resources than GIIF's own funds.

Within GIIF, three special "financing windows" address different needs, each with its own development policy classification:

1. **Risk investment and crisis financing in Africa (and the Middle East)** provides financing in euros, US dollars or local currency (hedged through GIIF). It focuses on crisis financing for stable African companies facing liquidity issues due to external factors, and high-risk, yet developmentally effective investments to boost activity. This financing window aims to create and secure jobs in the target regions through development-oriented, high-risk investments, especially during the COVID-19 pandemic.
2. **"AfricaGoGreen"** offers risk investments and crisis financing in euros, US dollars or local currency for renewable energy and energy efficiency projects and businesses in Africa.
3. **Global risk investment and crisis financing.** This financing window is comprised of:
 - i. crisis financing (with a COVID-19 connection) in euros, US dollars or local currency to mitigate the negative effects of the COVID-19 pandemic (e.g., by securing decent jobs); and
 - ii. risk investment financing and currency hedging (unrelated to COVID-19) to enable high impact investments, foster development despite elevated high-risk levels. This allows DEG to pursue

investments that it would not ordinarily undertake on its own, in absence of such support. Furthermore, this category has undergone modifications to its underlying operational scope, enabling also the deployment of future funds and returns beyond the constraints of its original framework.

The rationale for GIFF's innovative approach is twofold. First, it addresses a persistent market failure in many developing countries. Small and medium enterprises (and transformational projects) face acute financing gaps because of perceived risk, thin local financial markets, or currency volatility. By using public funds to share or mitigate these risks, GIFF improves the risk-return profile of the individual undertakings and thus makes investments viable that would otherwise be passed over. Second, GIFF exemplifies how Germany deploys "financial cooperation with regions" to tackle cross-border challenges. Climate change, pandemics and regional development require pooled, multi-country solutions. GIFF's pan-African and global remit means it can invest across borders, applying lessons learned from one country to another and supporting regional supply chains. It complements other regional funds (for instance, African or EU-Africa investment platforms) by offering a German-sponsored vehicle that directly reaches private businesses. In this manner, the GIFF is committed to adhering to the directives outlined in the BMZ guidelines concerning the strategic utilization of regional funds, whilst concurrently augmenting Germany's representation within the global blended finance forums.

1.2 Evaluation Object

The interim evaluation was conducted covering the period from the program's launch in 2019 until the end of 2024. It includes all three financing windows of the GIFF, i.e. **risk and crisis financing in Africa (and the Middle East)**, **AfricaGoGreen** and **global risk and crisis financing** as well as all funding modalities, i.e., financing and investments in euros, US dollars and local currency (LCY), including hedging transactions.

1.3 Evaluation Objectives

The purpose of the evaluation was to assess the **overall performance** of the GIFF, gather evidence on GIFF's outcomes and provide insights into the GIFF's additionality and crisis-financing functions, thus fulfilling reporting obligations to the BMZ. Accordingly, the evaluation serves a threefold purpose by facilitating **organisational learning** while also informing **strategic steering and accountability**.

The evaluation results will be primarily used by three key stakeholder groups:

- ✓ The BMZ which is acting as the funding entity (trustor). It will help BMZ to take steering decisions concerning the GIFF and other potential funding programs and to understand the alignment of the program with its strategic priorities and interests.
- ✓ The DEG, as trustee, co-financier and implementing partner of the GIFF: the findings will provide transparency about the performance of the facility and support future funding decisions.
- ✓ CREDION, which serves as the management company of the GIFF fund: the findings will inform about the processes and governance structure of the facility.

The evaluation's Terms of Reference had set forth a series of evaluation questions structured by the six OECD-DAC criteria and supplemented by additional queries to meet the program's learning objectives. During the inception phase, the final set of evaluation questions (1.4) was defined in consultation between the evaluation team and BMZ. Besides the OECD-DAC criteria, the evaluation adhered to the

BMZ guidelines on evaluation in development cooperation. Consequently, it also addresses several cross-cutting themes, including gender-sensitivity, the principle of leaving no one behind, climate-sensitivity, and the human rights-based approach to development. These themes are essential in ensuring that the program remains aligned with broader social objectives as targeted by BMZ.

1.4 Evaluation criteria and key questions

The evaluation criteria and their respective key evaluation questions are in alignment with the OECD DAC evaluation criteria and in accordance with the standards of the German-speaking Evaluation Association (DeGEval) and BMZ guidance.

In particular, the evaluation’s purpose was to

- ✓ assess the **relevance, coherence, effectiveness, efficiency** and the (long-term) **impact** of the GIIIF, with a special focus on the **effectiveness and efficiency of its crisis financing instrument**,
- ✓ assess the **additionality of the GIIIF** (added as a separate criterion), and particularly the additionality of its local currency (LCY) financing instrument,
- ✓ derive **conclusions** resulting from the findings and provide **evidence-based recommendations** for DEG, DEG Impact, BMZ and CREDION on:
 - a. the impact of the program and its diverse financial instruments, especially the crisis financing instrument, and
 - b. key aspects to help shape the further course of the program.

The evaluation criteria were operationalized with a set of key questions as summarized below.

Criterion	Evaluation question
1. Relevance	1.1 To what extent does the instrument address important development priorities of BMZ?
	1.2 To what extent is the design of the instrument suitable for this purpose?
	1.3 Is the instrument flexible enough to address shifting priorities?
	1.4 To what extent has crisis financing proved relevant?
2. Coherence	Internal coherence
	2.1 To what extent is the facility complementary to other programs of German development financing?
3. Effectiveness	3.1 To what extent has the program achieved the objectives at the outcome level since the start in 2019?
	3.2 To what extent does the GIIIF’s profit-sharing mechanism effectively contribute to achieving its objectives?
	3.3 To what extent have the Business Support Services (BSS) offered by DEG been proved useful for the clients?
	3.4 To what extent have unintended effects been caused or are likely to occur?
	3.5 To what extent has crisis financing proved effective?
	3.5.1 How do the effect of crisis financing compare to the effects of risk financing?
4. Additionality	3.6 To what extent does the facility have potential in the context of private capital mobilization?
	4.1 To what extent is the local currency financing option of GIIIF additional?
5. Efficiency	4.2 To what extent does GIIIF make financing in challenging emerging markets possible, where DEG would not have otherwise done?
	5.1 To what extent is the facility efficient?
6. Impact	5.1.1 To what extent has crisis financing in particular proven efficient?
	6.1 To what extent has the program achieved the objectives at the impact level since its start in 2019?

Criterion	Evaluation question
	6.1.1 To what extent is the program likely to achieve the objectives at the impact level in the further course of its implementation?
	6.2 How does the impact of crisis financing compare to the impact of risk financing?

2. Evaluation Methodology

2.1 Evaluation Design

The evaluation employed a **theory-based, mixed-methods design** with extensive stakeholder participation (**participatory approach**). Engagement through individual and collective consultations and workshops was integral at all stages. First, key stakeholders (DEG, DEG Impact and CREDION) were consulted and contributed tacit knowledge and experience during the phases to support the assessment of the performance and achievements, thereby enhancing the **validity of results**. Second, continuous stakeholder engagement ensured that the evaluation addressed their interests and needs. DEG and DEG Impact participated in the inception phase through workshops and interviews to share information and provide feedback on the evaluation design, the results model, and data-collection instruments. CREDION, DEG and DEG Impact contributed to the validation and discussion of findings and conclusions during the synthesis and reporting phase, which supported **tailored recommendations** and **fostered organizational learning**. Other stakeholders, including BMZ representatives and project staff, were interviewed during data collection to incorporate their insights and experiences into the assessment.

The **theory-based approach** guided the assessment based on the proposed **results model** (5.6). A first draft of the results model was discussed during the inception workshop and a follow-up meeting with DEG Impact, as it was key for the evaluation team to understand how the GIIIF unfolds its impacts. Based on the agreed results model, results hypotheses were derived and tested for plausibility through **contribution analysis**, and outputs were linked causally at outcome and impact levels. By doing so, the evaluation examined not only whether effects occurred, but also how results developed from inputs and activities to outputs, outcomes, and impacts. Contextual factors and enabling or constraining influences were considered in analyzing underlying results mechanisms.

In assessing additionality, the evaluation team applied a **comparative approach** based on established criteria. The relevance and fulfilment of these criteria in the GIIIF context were validated jointly with CREDION and DEG (2.2).

The evaluation was guided by an **evaluation matrix** aligned with the OECD-DAC criteria (5.1). The matrix arrayed the evaluation questions in rows and, for each question, specified the corresponding data sources, data-collection instruments, and analytical methods in columns. In doing so, it provided a common frame of reference for all phases of the work, including data collection, analysis, aggregation, synthesis of findings, and reporting. The team employed a mixed-methods design that combined qualitative and quantitative approaches to leverage the strengths of each. To enhance **validity** and **reliability**, individual questions were addressed, where feasible, through **method triangulation** (multiple data-collection techniques) and **data triangulation** (multiple sources). **Researcher triangulation** was ensured through the “four-eyes” principle: all findings from primary data collection and secondary analysis were discussed or reviewed by another team member to mitigate potential bias arising from evaluators’ individual backgrounds and experiences.

2.2 Data Sources and Data Collection

The evaluation results are based on qualitative and quantitative primary and secondary data. The evaluation team started with a desk study of program documents and continued with first exploratory interviews.

For the **desk study**, the secondary qualitative data sources included program documents provided during the inception phase by DEG, DEG Impact and CREDION, such as progress reports, program proposal, and monitoring documents about the commitments/deals (5.2). Furthermore, the evaluation team conducted an online search for further relevant information on the GIFF and its investments.

The primary qualitative data were collected by means of **semi-structured virtual individual and group interviews** with the relevant GIFF program stakeholders (5.4) via MS Teams. At the start of the interviews, the evaluation team requested permission to enable the transcript feature in MS Teams, ensuring compliance with data protection regulations and maintaining participant anonymity. The majority of interviewees consented to its use. The interviews provided the evaluation team with deeper insights and captured different perspectives from the diverse stakeholders of the GIFF.

The identification of the **key stakeholders** (direct and indirect target groups) and the selection of interviewees was agreed between the evaluation team, DEG, DEG Impact and CREDION. The **direct stakeholders** are comprised of stakeholders that have been directly involved in the design, launch and implementation of the GIFF program; therefore, only key informants that possess a wide knowledge and experience about the GIFF were considered. The evaluation team also proposed to collect data from the facility's **final beneficiaries**, i.e., the SMEs and financial institutions (FIs) who make use of any type of financing provided by the GIFF. To this end, DEG proposed an end-client (CNE, a cooperative in Costa Rica) for an interview. Since this FI has specifically used the local currency (LCY) financing solution provided with GIFF, this allowed the evaluation team to capture the perspective and experience of one of the facility's end-clients with this type of financing, which provided a more comprehensive understanding of the GIFF's effectiveness and its impact on market development and its extent to mitigate exchange rate risks. Interviews were conducted using structured interview guidelines derived from the evaluation matrix to ensure consistency, clarity and alignment with the evaluation criteria and their respective evaluation questions. A comprehensive list of interviews conducted with key stakeholders is depicted in the Annex (5.5.1). Upon completing the data collection phase, the evaluation team accomplished interviews with 31 stakeholders (Table 1). To preserve anonymity, interview numbers were assigned randomly, ensuring that individual identities could not be inferred from the sequence or labeling.

Table 1: Distribution of key direct and indirect stakeholders addressed by gender.

Type of Stakeholder interviewed	Gender	
	Female	Male
Direct Stakeholder		
Program Strategic Planning		
✓ BMZ (Trustor)	-	2
✓ DEG (NKb Department, and Syndication)	1	2
Program implementers		
✓ DEG Impact	2	1

Type of Stakeholder interviewed	Gender	
	Female	Male
✓ DEG (Deal/commitment Managers ²)	8	9
Fund Management		
✓ CREDION AG (KVG)	1	1
Hedging Service Provider		
✓ TCX	-	2
Indirect Stakeholder		
End-client		
✓ CNE (Costa Rica)	-	2
Total	12	19

As illustrated in Table 2, the interviews collected information from 20 out of the 24 deals supported by GIIF³.

Table 2: Deals covered during the interview phase.

Number	Deal/commitment	Description of the deal/commitment
1	ACCESO	Non-bank financial institution in Peru, with a business focus on vehicle financing.
2	AMETHIS III	Major Pan-African private equity (PE) firm.
3	BANGA	Producer of PVC construction materials and household products in Bangladesh.
4	CNE (Coopenae)	Cooperative in Costa Rica, with a focus on retail clients, social housing and SMEs.
5	Coopeande	Cooperative in Costa Rica that provides lending and deposit products for its clients active in the educational sector.
6	Daraju	Manufacturer of household and personal care products in Nigeria.
7	DAVR	Uzbekistani bank with focus on MSME and retail clients.
8	ERANOVE	Pan African industrial group, manages public utilities and production of electricity and water in West Africa.
9	Hamkor bank	Uzbekistani bank that provides loans to SMEs and individuals.
10	INCOSA	Producer and distributor of beef meat and by-products in Nicaragua.
11	INTERECU	Bank in Ecuador that provides loans to corporate sector and SMEs.
12	Laprophan	Moroccan pharmaceutical manufacturer.
13	MACHALA	Ecuadorian bank that offers loans to productive, agricultural and aquaculture sectors, and individuals.
14	Mediterrania Capital IV (MC IV)	Fund manager in Malta with an investment focus on SME companies in Africa.
15	PFK	Logistic supplier in Kenya.
16	PFTZ	Logistic supplier in Tanzania.
17	TIDE Africa Fund II	Fund manager with an investment focus on Fintech and digital solutions SMEs in Africa.
18	TRUSTCO	Non-bank financial institution in Namibia, with a business focus on financing student loans.
19	UBA (United Bank for Africa)	Commercial bank in Nigeria.
20	Uhuru	Fund manager in Nigeria, with a focus on mid-market high growth companies, primarily in the consumer and financial services sectors

² Deal managers are involved in different phases of the deals (e.g., market, restructuring) and deals might be managed by one or more managers.

³ Three deals (Brac bank, LETO and NMB bank) did not participate in the interviews due to constraints outside the evaluation team.

As **quantitative secondary data**, the evaluation team analyzed:

- ✓ Monitoring documents that provide information about the **performance and ratings** of the 24 deals/commitments, such as the Development Effectiveness Rating (DERa), the eligibility templates, the transaction assessments and other communication among program implementers.
- ✓ Information that reflects the **performance of the GIIF overall**, such as internal yearly and quarterly financial reports elaborated by CREDION (GIIF).
- ✓ Yearly **progress reports prepared for BMZ and for DEG's internal use**.

An overview of data sources and the respective data collection methods is depicted in the evaluation matrix (5.1).

2.3 Data Analysis

Qualitative data, comprising interviews as well as relevant secondary sources, underwent qualitative content analysis. For this purpose, the team developed a category scheme based on the evaluation matrix. Protocols were then segmented and coded into these deductive categories, while additional inductive categories were created for emergent topics not considered in the initial scheme. After all materials were incorporated into the category system, text segments within each category were systematically compared, evaluated, and interpreted against the corresponding evaluation questions. MAXQDA, suitable for managing large text segments, was used to support this process. Quantitative data from secondary sources (5.2) were analyzed using descriptive statistics. Finally, findings from all sources and methods were triangulated to answer each evaluation question, yielding insights into GIIF's implementation quality and effectiveness, its responsiveness to stakeholder needs, and its coherence, efficiency, and impact.

2.4 Limitations of this evaluation and mitigation strategies

For this interim evaluation, some important limitations and risks could have affected the scope and interpretation of some of the findings:

- **Purposive selection of interviewees.** Since the GIIF is rather an internal instrument, in most cases it is not known by its final beneficiaries (i.e., SMEs, FIs). Therefore, except for one case no feedback from this stakeholder group could be retrieved, which may reduce the representativeness of the findings. The evaluation team mitigated this by triangulating the internal insights with a particular focus on those held with personnel responsible for the deals, as well as reviewing documentation at deal level.
- **List of interviewees provided directly.** This may result in the inclusion of more favorable opinions and perspectives; thus potentially limiting the incorporation of more critical perspectives or diverse experiences. To mitigate this risk, the evaluation team sought to supplement the provided list by identifying additional stakeholders.
- **Stakeholders might have disclosed information selectively or not disclosed sensitive information** (e.g., due to political sensitivities). In order to mitigate this potential bias during the key informant interviews and potential FGDs, the evaluation team approached the stakeholders using neutral, open-ended questions and applied a gender lens to cover any potential gender equality issues.
- **Limited documents prior to 2022**, specifically the absence of detailed information regarding the transition from the program KoFi BAN to GIIF to obtain background information and

determine the original objectives established at the program's inception. The evaluation team addressed this by triangulating available documents with interview data from stakeholders directly involved in the strategic process.

- **Restricted disclosure of commitment-specific details.** Given the GIIF's internal nature, the program is not of public knowledge. Thus, the online search yielded limited additional information about its impacts. Furthermore, due to the confidentiality of the deals their documentation is restricted, which again limited the opportunity for source triangulation.
- **Limited comparability among commitments/deals** due to the geographical area, period of financing and the respective country context.
- **Difficulties for final beneficiary in distinguishing the use of GIIF within the financing obtained.** Given that the amounts of the financing from DEG and GIIF are granted in a combined manner (although amounts are stipulated in the agreements and contracts), it becomes difficult to estimate the sole contribution of the GIIF means.

3. Results

In this chapter we present the key findings according to the OECD DAC evaluation criteria: Relevance, Coherence, Effectiveness, Efficiency and Impact. Moreover, certain sections address the additionality component, and the cross-cutting issue of gender is discussed primarily in the effectiveness and impact criteria.

3.1 Relevance

According to the OECD-DAC criterion relevance, the evaluation questions will be addressed in the following sections: the extent the instrument addresses important development priorities of the BMZ (3.1.1), the extent the design of the instrument is suitable for this purpose (3.1.2), GIIF's flexibility to address shifting priorities (3.1.3) and the extent crisis financing has proved relevant (3.1.4).

3.1.1 *To what extent does the instrument address important development priorities of the BMZ?*

Thematic priorities of BMZ and GIIF's alignment

The BMZ 2030 reform strategy defines several core thematic priorities for German development cooperation. These include sustainable economic development (with a focus on jobs, training and private sector growth), climate protection and energy (including a just transition), protection of natural resources and the environment, as well as health, social protection and population dynamics (GIIF21, GIIF27). In addition, BMZ emphasizes cross-cutting goals such as leveraging additional financing for the Sustainable Development Goals (SDGs) (especially through private capital mobilization), promoting innovative financing approaches, engaging directly with the private sector and civil society, and bolstering Germany's agenda-setting role in development policy debates (GIIF21, GIIF22). Quality criteria such as gender equality are to be mainstreamed across all themes (GIIF28, Int 05, 08), reflecting BMZ's commitment to issues such as women's empowerment. Overall, BMZ 2030 underlines that thematic funds must be strategically steered to support these priority areas (GIIF21).

The Global Impact Investment Facility (GIIF) was explicitly designed to advance several of these core priorities. Its development objective is to provide **catalytic financing in high-risk, high-impact contexts**, thereby helping bridge the SDG financing gap by mobilizing private sector capital where it would otherwise not flow (GIIF01, GIIF21, Int 01, 17, 22). GIIF operates as a blended finance instrument,

meaning public funds from BMZ are always deployed alongside market-based co-financing, primarily from DEG's own resources (GIIF10). This co-financing structure ensures that BMZ funding mobilizes additional private capital, thereby fulfilling the Ministry's strategic objective of using scarce public resources catalytically to generate additional financial flows and to intensify the mobilization of private investment through blended finance mechanisms (GIIF21). Notably, GIIF's design avoids crowding out private investors. Instead, it "crowds in" private investment by financing high-risk, sending a strong signal for other institutional investors to invest (Int 17). In this way, GIIF directly addresses BMZ's cross-cutting priority of private capital mobilization and innovative financing. Indeed, BMZ officials note that GIIF's "innovative co-financing mechanism" was intended to motivate DEG to pursue investments more closely aligned with BMZ's strategic themes (Int 22).

Crucially, GIIF targets BMZ's priority thematic sectors. It is anchored in the sustainable economic development sector and aims to create and sustain **decent work in developing and emerging countries** (GIIF10, GIIF11, GIIF12). This aligns with BMZ's core focus on employment and inclusive economic growth. By financing private enterprises and financial intermediaries in challenging markets, GIIF supports SME growth, infrastructure, and other productive investments that drive employment. Even during crises, GIIF has a mandate to preserve jobs; its module objective explicitly includes maintaining sustainable, decent jobs even in times of crisis. In the face of shocks like COVID-19, the facility provided crisis financing to companies facing liquidity stress, helping sustain economic activity (3.1.4). This contributes to resilience and stability, indirectly supporting BMZ's peace and crisis-prevention aims by safeguarding livelihoods in fragile contexts.

GIIF also makes a direct contribution to **climate and energy priorities**. For example, a dedicated financing window, AfricaGoGreen, is tailored to support renewable energy and energy efficiency projects in Africa (GIIF10). Through AfricaGoGreen and other green investments, GIIF finances solar power, energy access, and related initiatives, advancing BMZ's climate action objectives in partner countries. The GIIF annual reports confirm that the facility's global funds are being used to foster a socio-ecological transformation by targeting investments with climate impact where private capital can be catalyzed (GIIF10-GIIF12). This is well-aligned with BMZ's climate change mitigation and sustainable energy core area. BMZ's broader environmental priority, protecting natural resources, is also indirectly served when GIIF supports sectors such as renewable energy or water infrastructure. For example, GIIF co-invests in funds that finance water treatment and clean energy companies in Africa (Int 18).

Gender equality, was not included in GIIF's initial conception of as an explicit goal. As a result, now GIIF plans to fully align with BMZ's emphasis on women's empowerment as a development objective. In the most recent report, GIIF has reported the introduction of the promotion of women's economic participation as an explicit goal (GIIF12), and thereby advance the program's gender marker to "G1" (significant gender focus). This means GIIF will more deliberately support investments benefiting women (such as women-led businesses or products/services for women) and track gender-disaggregated results. Already, GIIF's portfolio has included to some extent a focus on gender; however this has been through DEG's Business Support Services as well as requirements for client companies to improve gender equality in the workplace (Int 08, 14, 17). By integrating gender targets, GIIF will contribute more directly to BMZ's cross-cutting goal of gender equality and empowerment of women.

Furthermore, GIIF's operational model reinforces BMZ's **innovation and partnership agenda**. It was one of the first development promotion funds managed through DEG, pioneering complex blended-finance risk-sharing structures (Int 19). The GIIF enables direct cooperation with the private sector.

GIIF works via DEG to finance local companies, banks and funds, thereby strengthening an efficient and direct collaboration with the economy and civil society in target countries (GIIF01, GIIF11). DEG's stringent environmental, social and corporate governance standards apply to GIIF's co-investments, ensuring **high sustainability standards** in all projects (GIIF01). GIIF also utilizes DEG's Development Effectiveness Rating (DERa) system to measure outcomes, ensuring each investment is screened for development impact.

While GIIF strongly advances many BMZ priorities (jobs, climate, gender, private capital mobilization), its scope is somewhat less directly tied to certain thematic areas. For example, BMZ's core theme of **health and social protection** is not a primary focus of GIIF. To date, the GIIF has had limited engagement in the health sector, as its pipeline has concentrated on productive and financial sectors. Similarly, GIIF is not explicitly geared toward **governance, democracy or peacebuilding** initiatives, since it operates via private-sector investments rather than public sector reform. However, by targeting fragile economies and crisis-affected markets, GIIF contributes indirectly to peace and stability. Enabling businesses to survive and grow in "difficult countries" that DEG would normally avoid (GIIF02, Int 22) can help mitigate economic grievances and support stability in those contexts. In this sense, GIIF complements BMZ's peace and security agenda through an economic lens by financing companies in high-risk countries (including post-conflict and fragile states), thereby sustaining jobs and services that can increase social stability. This was indeed a driving motivation to push DEG's activities closer to fragile states and challenging sectors that were previously underserved (Int 22).

Country and sector priorities of BMZ and GIIF's alignment

Under BMZ 2030 (GIIF22), Germany concentrates its bilateral cooperation on a **set of partner countries** classified by categories (e.g., reform partners, global partners, etc.). The Ministry expects its thematic initiatives to predominantly benefit these partner countries. In financial cooperation with regions (FZ-R), BMZ has set clear directives, such as more than 60 percent of funds should be allocated to countries that fall under the BMZ 2030 partnership categories (GIIF22). Moreover, BMZ's strategy puts a strong regional focus on Africa as the key continent for development engagement. FZ-R-funded portfolios are required to reflect a concentration in the Africa region, with Africa receiving the largest share of funds compared to other regions (GIIF22). However, BMZ also acknowledges the need for flexibility. Global funds may include some investments in non-partner countries if required for effectiveness (for example, to address transboundary challenges or to achieve sufficient portfolio diversification). The FZ-R guidelines explicitly note that Germany's country preferences will not always fully align with those of other co-financiers or investors in a global fund, and that a degree of geographic flexibility is needed to ensure efficient use of funds and risk-spreading.

In this context, DEG is not directly bound to BMZ's country or sector focal areas (Int 22). This follows from DEG's distinctly private-sector orientation operating where there is demand and where its financing instruments, by design, can be deployed. *"Any overlap with BMZ's country, regional, or sector priorities, therefore, occurs only incidentally. The intent behind instruments such as GIIF was not to impose binding country or sector earmarks akin to those in financial or technical cooperation (FC/TC), but rather to increase the degree of overlap with BMZ's typical partner countries, especially by expanding activities in African markets"* (Int 22). In short, while BMZ's FC/TC follows clearly defined geographic and sectoral priorities, DEG's market-driven model does not. The policy aim is to narrow this gap by fostering a higher, though still non-binding, convergence between the two logics. Noteworthy, it was stressed that while GIIF's focus had broadened, the instrument's focus on Africa has diminished, and *"it is important that it does not decline any further"* (Int 12). Thus, BMZ explicitly expects GIIF to

maintain a strong bias toward African partner countries. GIIF's portfolio aligns with this expectation and broadly reflects these expectations with a balance between focus and flexibility, as by 2024 half of its commitments are in African countries (see section 3.3). Over time, GIIF's mandate was expanded globally to all developing regions (all OECD-DAC countries except China) in order to respond to worldwide crises and opportunities. Despite this global opening, Africa remains a central region of the program, and GIIF has committed that Africa will continue to be a primary target for GIIF financing (Int 05, 06, 22). The GIIF 2024 report underscores that, even with the new global window, financing will continue to be pursued in Africa, meaning a significant share of new transactions will still be directed to African countries. GIIF's design accommodates this by a distinct financing window for Africa, and even the "Global" window can be tapped for African deals if the Africa-specific funds are exhausted (GIIF12).

In terms of **sectoral priorities**, GIIF's alignment with BMZ is evident in the sectors it supports within target countries. BMZ's cooperation strategies in partner countries often prioritize sectors like renewable energy, financial sector development (for SME growth), agribusiness and industrialization for job creation, and occasionally infrastructure development. These are precisely the kinds of investments GIIF co-finances via DEG. For example, GIIF's support to the AfricaGoGreen initiative promotes renewable energy and energy efficiency projects in multiple African countries (GIIF10-GIIF12), in line with BMZ's energy/climate sector focus. GIIF also frequently supports financial sector projects, providing co-financing and local currency hedges for local banks and microfinance institutions to on-lend to SMEs (GIIF12, OECD 2025a). Such financial inclusion efforts are central to BMZ's economic development and employment agenda. Additionally, GIIF has backed manufacturing and services projects that generate employment (GIIF10). These align with BMZ's aim to foster value creation and skills in partner countries. GIIF's sector coverage is therefore broad but strategically convergent with BMZ's priority sectors, heavily weighted toward climate-friendly infrastructure and SME finance, and less so in sectors where private investments play a smaller role.

In conclusion, the GIIF instrument addresses BMZ's key development priorities to a significant extent. It excels in furthering economic development and job creation, climate action in line with BMZ 2030. It leverages innovative co-financing and risk-sharing to mobilize private capital, a central BMZ objective in the era of scarce public funds. In turn, these objectives directly map to multiple Sustainable Development Goals. GIIF explicitly aims to contribute to SDG 8 (decent work and economic growth) and SDG 9 (industry, innovation, infrastructure) through enterprise financing, which in turn supports SDG 1 (poverty reduction) and SDG 2 (food security) via income and job effects. Its clean energy financing component targets SDG 7 (affordable clean energy) and climate resilience links to SDG 13 (climate action). Geographically, it has oriented a substantial share of investments toward African partner countries, matching BMZ's regional focus, while retaining enough flexibility to tackle global challenges and involve other emerging markets. Any misalignments (such as investments outside partner countries or in less traditional sectors) are purposefully balanced by BMZ's strategic oversight and the inherent advantages of GIIF's global mandate. Overall, GIIF can be seen as a flexible tool in the BMZ portfolio, merging the entrepreneurial drive of the private sector with the developmental mandate of BMZ to achieve shared goals in countries around the world.

3.1.2 *To what extent is the design of the instrument suitable for this purpose?*

The GIIF is intended to enable DEG to finance higher-risk development projects by **sharing risk, co-financing, and providing local-currency loans**. Interviewees uniformly emphasize that GIIF's core strength is its risk-sharing structure. By design GIIF aligns the risk-return interests of DEG and its donor (BMZ), with both parties taking on the same risk rather than DEG bearing it alone (Int 12). This co-

investment principle is formalized in GIIF's design, which stipulates that GIIF funds must always co-finance projects alongside DEG's own capital, ensuring that public funds and market funds share risk in tandem (GIIF10). In practice this means GIIF improves the risk-return ratio of DEG's investment by accepting a share of potential returns (Int 12). This interest-alignment is the instrument's unique feature that it effectively allows DEG to make an investment it otherwise could not afford, while GIIF mitigates the added risk (Int 12). In short, GIIF provides additional capital so that projects too large or risky for DEG alone can proceed (Int 3). For example, if DEG cannot supply the entire loan amount, GIIF co-finances part of the portfolio and thus enables financing that would otherwise be infeasible (Int 3). In fact, GIIF financing is by design always done in the form of such co-financing, with the GIIF's funds complemented by DEG's own resources on each deal (GIIF10). This ensures that every euro from the public side leverages private capital and that DEG and BMZ are exposed to the same risk and therefore have aligned interest.

GIIF's design also uses a **margin- or profit-sharing incentive** to mobilize deals. Rather than simply issuing grants, GIIF gives DEG a portion of the investment returns, which provides DEG with an incentive to pursue projects that might otherwise be unattractive (Int 6, 9, 12). This margin-sharing aligns interests internally and encourages transactions; without such a mechanism the alternative would be to classify those resources as grants, which are not flexible and would go well beyond the GIIF's remit (Int 6). Accordingly, GIIF's internal procedures require determining an appropriate return-sharing structure for each prospective investment. For instance, DEG's deal teams calculate an "indicative return sharing" split between DEG and GIIF as part of the project's eligibility assessment (GIIF04). This ensures GIIF's participation is structured as a return-earning co-investment rather than a one-sided subsidy, thereby reinforcing the internal incentive for DEG to engage in riskier projects. In effect, GIIF acts as a co-financier. The DEG funds its share at market terms, while GIIF accepts a discount or provides a guarantee on its portion, thus lowering the effective financing cost for the client (although the client still pays market rates). This co-financing structure means GIIF and DEG "enter the transaction in parallel", each carrying a share of the risk (in contrast to a pure government guarantee, where the state would bear all risk) (Int 14). As a result, GIIF enables DEG to participate in higher-risk deals that fit its development mandate.

Local-currency lending and hedging are another key strength of GIIF's design. A major gap prior to GIIF was DEG's inability (for operational reasons) to offer the full range of local-currency loans to clients, forcing DEG to lend only in hard currency as well as in a very limited number of local currencies. In practice, this was a serious limitation, since many clients strongly prefer financing in their own currency (Int 9). Notably, in the last reporting period the fund was formally classified under German law as a development promotion fund⁴ (GIIF11). By transforming it into a development promotion fund, GIIF can now provide local currency through currency swaps and derivatives, without serving as a co-financier on a DEG loan, which reduces the need for public funds. For instance, one respondent describes the local-currency feature as "a very big feature" of the fund. GIIF conducts the necessary derivative transactions and payment flows so that the borrower receives funding in their own currency, which is highly beneficial for the local economy and the borrower's balance sheet (Int 19). Moreover, a major advantage of this development finance instrument is the provision of **long-tenor credits** compared to what local markets offer, which is a unique selling point (Int 7). In essence, GIIF enables DEG to emulate the offerings of other DFIs (like Proparco or FMO) that already provide local-currency products (Int 9). Because GIIF covers the foreign-exchange (FX) and in some cases also the interest-rate risk on DEG's

⁴ Term in German: Entwicklungsförderungsfonds.

behalf, borrowers avoid the volatile balance-sheet impacts of US dollar loans (Int 19). This local-currency capacity enables GIIF and DEG to reach those segments of the private markets, where other DFIs insist on borrowing in hard currency. By addressing DEG's product gap, GIIF enhances DEG's additionality in the market. Several respondents note that GIIF's very existence was a "breakthrough" for DEG, allowing it to expand its offerings to clients without altering DEG's own capital structure (Int 9). GIIF's unique fund structure (rather than a simple guarantee fund) means it can do some things other development funds cannot (Int 12). For example, GIIF could potentially provide portfolio-level guarantees and cover entire credit portfolios of DEG (including managing the currency hedges), which other funds would not be able to offer under the same framework (Int 12). In fact, GIIF's financing windows explicitly include the option to undertake currency hedging transactions as part of its mandate, underscoring how integral this local-currency feature is to the instrument's design (GIIF10).

Beyond currency and risk sharing, GIIF's **revolving structure and recapitalization** are also cited as positives. GIIF's capital is meant to revolve, meaning repayments from early projects replenish the fund to finance new ones (Int 22, 28). This reinvestment model ensures that the public funds do not vanish as one-off grants, but remain available for future lending, aligning with development goals. One informant comments that this revolving mechanism creates a "self-interest" ("Eigeninteresse") for partners to repay and ultimately foster a self-sustaining capital cycle (Int 28). Because GIIF resources are drawn from public funds but revolve through loans, they combine public development objectives with financial discipline. In fact, the GIIF's official agreements stipulate that any returns (interest or profits) and principal repayments from its investments flow back via DEG (as trustee) to the federal treasury or are re-used for new financing, rather than being retained as profit or lost (GIIF11). The program's recent reports explicitly account for this revolving use of funds, for example, newly defined performance indicators "take into account the revolving use of fund resources in the GIIF," acknowledging that GIIF continuously redeploys repaid capital in pursuit of development impact (GIIF12). This revolving fund mechanism ensures GIIF's resources can support a chain of projects over time, rather than being expended on a single round of investments, thereby increasing the instrument's developmental reach.

The **early operational focus** of GIIF was considered narrow, which implicitly limited its effectiveness until adjustments were made. Originally, GIIF was an Africa-centric program (with a focus on Africa and the Near East), reflecting a policy priority, but it was "difficult" to deploy all the funds solely in Africa (Int 22). High-risk, worthwhile projects exist outside Africa as well, and the restricted geographic mandate was seen as an impediment to reaching other deserving investments. Consequently, the instrument's scope was widened from an exclusive Africa focus to a global one, a change that acknowledges and addresses the initial limitation in GIIF's coverage. This adaptation represents an area where **GIIF's suitability has been improved over time** by allowing more diversified regional exposure. In 2022, this broadened scope was formally codified. A module proposal dated 03 June 2022 expanded GIIF's mandate by introducing a global financing window (covering all developing and emerging countries except PR China) in addition to the existing Africa-focused windows (GIIF10). The "global opening" of GIIF was seen as a central advancement of the instrument, aimed at enabling GIIF to address crises and investment opportunities in other regions that DEG could not support alone, while still maintaining Africa as a priority region for GIIF's activities (GIIF10). Indeed, the annual report noted that the convergence of multiple global crises underscored the high relevance of a global deployment of the instrument to safeguard development impacts of DEG's clients under challenging contexts worldwide and to unlock new development effects with DEG's new customers beyond Africa. This global mandate, alongside additional public fund allocations in 2023, allows GIIF to support transformative investments wherever they are needed, rather than being confined geographically, a clear enhancement of its developmental

utility. Africa remains an important target (the GIIF pipeline and new funding continue to include many African investments), but the flexibility to operate globally has increased GIIF's ability to fulfil its purpose.

Despite these strengths, interviewees also identified a **few limitations and challenges** in the GIIF design. A recurrent point is structural complexity. GIIF is regarded as more complicated than a standard program. Its structure involves parallel DEG and GIIF exposures and various contract patterns, making it "more complex than other standard products" (Int 9, 14). In practice, GIIF often operates as a back-to-back sub-participation (behind-the-scenes layering), so that the borrower primarily sees DEG as the lender and is not always mindful that they are part of a government-backed program through GIIF (Int 17). This is because the GIIF portion of a loan is typically executed through DEG's structures, the fund essentially sub-participates in DEG's transaction rather than lending directly, an arrangement managed via a trustee setup with DEG (GIIF04). While this simplifies client dealings, it means GIIF's support is only transparent in certain features (local-currency swaps, equity and fund participations), implying additional structural complexity. Administratively, however, GIIF has been described as reasonably manageable. An interviewee specifically comments that GIIF loans are "easy to handle" and "administrative effort is okay" (Int 3). That is, the fund can be integrated into DEG's financing structures without excessive extra effort. Nonetheless, because GIIF demands an internal tranche for each loan and coordination between DEG's origination team and GIIF's oversight group, decision-making is more elaborate than single-party lending. For instance, the process involves an internal Expert Group voting on each project's GIIF eligibility; and in very specific cases, a working-level committee of DEG and BMZ representatives must formally approve the use of GIIF funds for the deal (GIIF04). As noted in the interviews, this added layer of review and joint decision-making (the Expert Group's eligibility vote) has not slowed down approvals or required additional coordination steps (e.g., preparing a separate GIIF eligibility template and obtaining a separate clearance in parallel to DEG's normal credit process). In the case of simple guarantees (e.g., a state guarantee on an export loan), a request for approval by an expert group is also needed; however, it is not clear so far whether the parallel structure would speed up the process, though it would shift risk fully to the state.

Furthermore, in terms of regional relevance, the suitability of GIIF is not considered uniform across all markets. In markets that already have commercial local-currency products (notably some Asian countries), GIIF adds less value. In regions with more developed financial offerings, GIIF is seen as less needed. For example, an interviewee noted that in Asia there is "a little bit less scope for GIIF" because comparable commercial (and local-currency solutions) are available, reducing the added value of GIIF's intervention in that context (Int 9). But in regions with underdeveloped local banking (or where local banks cannot extend long-term credit) GIIF is well suited. Local banks often lack capacity for long-tenor credit, and international non-DFI banks shy away due to country risk, so DEG with GIIF can bridge the gap (Int 15, 17). For example, in Bangladesh or Uganda, short-maturity-focused local banks cannot finance many projects, and DFIs like DEG (now supported by GIIF) are often the only viable lenders (Int 15). This suggests that GIIF's niche is strongest in higher-risk markets where local banks or international commercial lenders cannot offer similar terms, whereas its additionality diminishes in more liquid markets.

In aggregate, the interview evidence suggests that the GIIF design is well aligned with its purpose of enabling development finance in challenging contexts. Its strengths - risk-sharing with DEG, added capital, local-currency lending, and flexible deal structuring - directly address the financing gaps that inhibit projects in developing countries. These features allow DEG to act where it otherwise could not,

making GIIF highly suitable as a targeted instrument. GIIF's reporting underscores that activities contribute to core development priorities: the facility explicitly mobilizes capital toward the Sustainable Development Goals and the Paris Climate Agreement objectives, exemplifying its strategic relevance as a development finance vehicle (GIIF12). Overall, within the constraints of development finance, GIIF's design appears appropriate for its purpose, though its practical impact will depend on managing its complexities and adapting to future market realities.

3.1.3 *Is the instrument flexible enough to address shifting priorities?*

The evidence suggests that GIIF has demonstrated considerable flexibility in adapting to shifting priorities. This adaptability aligns with the German development policy emphasis on integrating and coordinating its instruments flexibly and effectively into joint international efforts to address global challenges (GIIF26). A prominent example is the **geographic expansion** of its mandate. Initially conceived with a strong focus on Africa, GIIF subsequently evolved from a regional initiative into a truly global facility (Int 5, 22). Notably, GIIF was originally known as the "Ko-Finanzierungsfazilität Beschäftigung Afrika/Nahost" (KoFi BAN), highlighting its initial Africa-focused scope, before being retitled to mark its broadened worldwide mandate (GIIF12). This expansion was driven by the recognition that high-risk, high-impact investment opportunities also exist outside Africa and merit financing. Interviewees noted that confining the instrument to one region could limit its effectiveness, as *"there are also high-risk projects outside Africa that are worth financing"* (Int 22). Thus, the instrument's scope was broadened, a move seen as a DEG-driven recommendation to better address development needs worldwide (Int 5, 22). Importantly, Africa remains a priority area in line with donor expectations, but the portfolio has diversified. One interviewee explained that while the African focus persists due to political priorities, GIIF's portfolio construction has become *"more flexible"* over time, accommodating a mix of regions and themes to meet these priorities while achieving risk diversification (Int 6). This balance illustrates the facility's ability to adjust its geographic emphasis in response to evolving policy directives without abandoning core objectives. Such geographical flexibility is reinforced by BMZ's guidelines, which stipulate that multi-country investment funds should remain open to a wide range of target countries to ensure sufficient diversification across varying risk profiles (GIIF21).

Another critical dimension of flexibility is the **instrument's responsiveness to crises** (cf. 3.1.4 for more details). When the unforeseen shock of the COVID-19 pandemic hit, GIIF promptly introduced an additional emergency financing mechanism. Interviewees highlighted that during the pandemic, a special *"crisis financing"* window was established to provide liquidity to viable companies facing temporary distress (Int 5, 17, 22). In parallel, GIIF's formal mandate was adjusted to include a global crisis financing component, explicitly aimed at stabilizing employment and enterprises in all eligible partner countries during the pandemic period (GIIF06). Such measures were unprecedented and highly innovative for the institution that exemplified using a federal instrument to pilot new solutions (Int 17). This experience not only mitigated the immediate crisis impacts but also reinforced GIIF's role as a vehicle that can pivot rapidly to address emergent global challenges.

Beyond emergencies, GIIF shows **financial and operational flexibility** through its evolving products and structures, which enable it to meet shifting market needs. A recurring theme in the interviews is the introduction of local-currency financing options. GIIF developed a unique hedging mechanism in cooperation with a specialized currency fund (TCX) that allows its euro/US dollar funds to effectively be provided in the local currencies that clients need (Int 17). This feature is *"unique in the market"* and has become increasingly crucial as global interest rate shifts made local currency financing more pressing for borrowers. Interviewees noted that many clients *"request funding in their own currency"* to

avoid exchange risk, a clear market need that GIIF addresses (Int 9, 12). Initially, regulatory constraints limited the use of local currency loans and equity, but recent changes have allowed GIIF to offer these products more freely, a move described as “*extremely sensible*”, given the strong demand for local currency solutions (Int 11, 12). This adjustment demonstrates the instrument’s capability to refine its financial structuring to better serve client needs and reflect market realities. Correspondingly, GIIF’s operational design includes the provision of local-currency hedging through a dedicated mechanism, enabling clients to receive financing in their domestic currency while GIIF absorbs the exchange rate risk via its partnered currency fund structure (GIIF06).

GIIF has also shown agility by **developing new financing instruments** as priorities shift. One example is the rollout of guarantee products. Originally, GIIF primarily co-invested alongside DEG with a loan portion in each deal, partly to facilitate currency hedging. However, the facility recently overcame this limitation, thanks to its designation as a *development promotion fund* and can now provide stand-alone guarantees without a loan component (Int 19). This new product, essentially a guarantee “*without sub-participation in the loan,*” was only made possible by adapting the instrument’s legal/operational framework (Int 15, 19). The ability to constantly develop the product further was lauded as “*a great feature*”, and GIIF correspondingly refines its offerings, which is highly beneficial for clients (Int 17, 19). In fact, several large projects supported by GIIF involve consortia of development finance institutions, and GIIF’s flexible structuring (whether through guarantees, loans, or equity participation) helps fill financing gaps that other financiers cannot cover (Int 17). Additionally, GIIF is starting to work on integrating third-party risk-sharing tools, such as a new European Commission guarantee program that covers portions of the financing risk, which was finalized recently to bolster GIIF’s capacity (Int 15). Since 2023, GIIF’s fund has been formally classified as a *development promotion fund* under paragraph § 292a of the German investment code, a status that has been described as a “*flexible, forward-looking instrument*” in development finance, explicitly permitting GIIF to issue guarantees (and even undertake borrowing) to broaden its reach and crowd-in more private capital (GIIF12). A particularly innovative core element cited is that GIIF will take on a “*first loss*” position to attract private credit insurers into developmental investments, something unprecedented that could mobilize private capital at scale for high-risk markets (Int 5, 17). While complex, these initiatives align the instrument with broader shifts emphasizing private sector mobilization. Indeed, observers noted that in the aftermath of COVID-19, the political focus has increasingly moved towards mobilizing private capital for development, and GIIF’s innovative risk-sharing models position it as a key tool in that agenda (Int, 4, 17). All these examples suggest that GIIF’s design is not static. Rather, it has the built-in flexibility to introduce new financial mechanisms and partnerships in response to emerging priorities and lessons learned.

The interviews also make clear that GIIF’s flexibility extends to adjusting to **strategic focus areas** in line with shifting development policy priorities. One respondent traced the evolution of GIIF “*along the development policy agenda*” (Int 5). Later, as new themes gained prominence, for instance, the increasing emphasis on gender equality and women’s empowerment in development policy, GIIF proactively incorporated those into its program and worked out specific indicators and targets to actively promote female empowerment through its investments (Int 5). This illustrates how the instrument can recalibrate its objectives and indicators to address new priorities (GIIF11). Likewise, interviewees note that GIIF remains attuned to the changing priorities of its governmental backers. For example, if the BMZ (the Ministry) shifts focus to certain sectors or cross-cutting goals, the facility is positioned to adapt its pipeline and criteria accordingly (Int 6).

Despite these positive assessments of GIFF's flexibility, interviewees did mention **practical constraints** and **tensions** that temper its adaptability. One challenge arises from the need to align flexibility with demand and capacity. It was cautioned that introducing new financing "windows" or special allocations for certain themes must be done judiciously (Int 5, 26). If a dedicated funding window is created but actual project demand in that niche does not materialize, the money remains unspent and cannot be easily repurposed for other uses, thereby undermining flexibility (Int 5, 26). Another constraint is the **reliance on partner institutions' risk appetite**. By design, GIFF co-invests alongside DEG and possibly other financiers, which means its flexibility to enter very high-risk engagements can be limited by those partners' willingness to bear risk. One interviewee pointed out an internal dilemma: Although GIFF as a public instrument is meant to "*go where the risk is high*," in practice DEG, which must take a share of each investment on its own balance sheet, can be "*hesitant*" to approve extremely risky deals, for instance, investments involving substantial exposure to conflict-affected markets like Ukraine because the probability of loss is perceived as too high (Int 5). Furthermore, **organizational and decision-making hurdles** within DEG were mentioned. The acceptance of GIFF's high-risk, innovative transactions by various decision committees "*is difficult*" at times (Int 18). This indicates that the instrument's adaptability is also contingent on internal governance and learning processes. One interviewee recalled that in 2019, DEG was strongly against using blended finance instruments, whereas by 2025, there was an acknowledgement that "*it works*" and lessons have been learned (Int 14). Finally, GIFF's flexibility in pursuing new opportunities also depends on the availability of funding and mandates. Negotiations for additional funds or broader terms are sometimes needed to unlock more flexibility (Int 5). By late 2022, GIFF had not exhausted its initial funds of 190 million euros, which in turn led to discussions with BMZ to negotiate operational leeway for the facility (GIIF06, 10). In summary, while GIFF is broadly seen as flexible, these operational realities underscore that it operates within a framework of stakeholder expectations, risk-sharing arrangements, and bureaucratic procedures that can occasionally limit outreach.

In conclusion, the qualitative evidence portrays GIFF as an adaptable, forward-looking instrument flexible enough to address shifting priorities such as changing market demands, crises, and geographic expansions. It has proven capable of adjusting its regional and sectoral focus, financial products, and even development objectives in response to shifting market conditions and policy priorities. Multiple interviewees, ranging from those directly managing the facility to external partners, praised its innovative nature and the effectiveness of its flexible approach. This highlights that the instrument's flexibility is not an end in itself, but a means to achieve sustainable development outcomes. By being able to always innovate, the facility can pilot new solutions and respond to beneficiary needs as they arise. Moreover, its track record during its existence shows a pattern of learning and adaptation, suggesting that **flexibility is ingrained in its design and implementation**, even as it continues to evolve amid new challenges. This trajectory also aligns with the broader policy understanding that development finance instruments must continually evolve and anticipate the emergence of new fund models and innovations as tools to meet changing development needs (GIIF24).

3.1.4 To what extent has crisis financing proved relevant?

Crisis financing refers to targeted financial support deployed in response to acute economic shocks. Within the GIFF operations, such crisis financing has proven critical for sustaining clients and projects during turbulent periods. GIFF's own mandate explicitly encompasses the provision of such crisis responsive interventions to support private enterprises in high-risk developing markets that would otherwise lack adequate financing, thereby safeguarding jobs and development gains even amid severe

downturns (GIIF12). Its relevance was already evident following the 2008 financial crisis, when domestic credit sources in some countries collapsed and external funding had to be sought (Int 16). This approach became even more indispensable during the COVID-19 pandemic, which saw crisis financing emerge as a key instrument to uphold economic activity and developmental goals amid unprecedented disruptions. Essentially, crisis financing fills financing gaps that conventional lenders cannot bridge under crisis conditions, thereby protecting enterprises and investment outcomes when shocks hit (Int 21).

During the **COVID-19 pandemic**, GIIF's crisis financing demonstrated its full relevance as an emergency lifeline. Pandemic lockdowns and border closures caused economic activity to collapse in many countries, directly threatening the survival of firms and financial institutions (Int 4, 21; Ham01). GIIF responded by swiftly mobilizing crisis funds to the worst-affected regions (often through a dedicated global crisis facility), and interviewees noted that this support was deployed in an unbureaucratic manner and was crucial for keeping operations afloat in hard-hit markets such as Namibia, Peru, Ecuador and Bangladesh (Int 1, 2, 4, 19, 29, BAN07). This swift deployment was facilitated by GIIF's streamlined governance arrangements, which allow expert committees to approve crisis financing rapidly, bypassing standard procedural hurdles (GIIF04). Within DEG, the pandemic forced a cautious stance on lending due to heightened uncertainties in logistics and foreign-exchange reserves, which underscored the importance of having GIIF co-financing to maintain support for clients under stress (Int 15). Overall, crisis financing during COVID-19 was widely seen as indispensable for averting deeper collapse.

Providing **liquidity support** to clients during crises emerged as a core function of GIIF financing, essentially covering acute cash-flow shortages (working capital) when revenues plummeted and conventional lenders would not extend credit due to lack of collateral (Int 21). GIIF's dedicated crisis financing windows were deployed to inject liquidity or restructure debt in order to "save financing and even provide fresh money for at-risk investees" (Int 19, Ham02). For instance, when pandemic-related liquidity support by authorities was reversed in 2022, GIIF-backed long-term local currency loans were provided to financial institutions (e.g., in Costa Rica) to help mitigate the sudden liquidity squeeze (Cne01, Co01). Moreover, emergency loans under these facilities helped stabilize institutions on the brink, restoring solvency at banks in Namibia and Peru and enabling an African lender's SME client to continue operating through the downturn (Int 2, Nmb01).

Another important dimension of relevance is how crisis financing addresses **currency risk**. In many GIIF markets, a high degree of dollarization forces local clients to borrow in USD and bear significant exchange rate risk, which becomes especially perilous during crises as currency volatility can undermine borrowers' repayment capacity and erode the development impact of projects (Int 9). GIIF has tackled this problem by facilitating local currency financing in every financing window through synthetic structures and hedges, notably under its global COVID crisis facility, thereby enabling long-term funding in local tender that reduces dollarization on lenders' balance sheets (Cne02, Co02). For example, GIIF support converted a loan in Uzbekistan into a local-currency loan for the client, providing the needed funding while insulating the borrower from devaluation risk (Dav03). Likewise, a crisis loan in Bangladesh not only supplied liquidity but also helped a company diversify its dollar-denominated input costs in a tight forex environment, easing the pressure of foreign currency shortages (Ban15). Consistent with this approach, GIIF's crisis response in 2022 also included arranging local-currency financing alongside emergency loans. For instance, GIIF provided foreign-exchange cover for DEG's crisis-financing operations with a cooperative bank in Costa Rica and a bank in Uzbekistan, enabling those institutions to on-lend in local currency without taking on devaluation risk (GIIF11). By absorbing or mitigating

exchange-rate fluctuations through such interventions, GIIF effectively insulates end borrowers from currency shocks and plays a “strong moderating role” in preventing currency mismatches from derailing project outcomes during turbulent times (Int 9). Crisis financing has also proved relevant in **mitigating supply chain disruptions** and other external shocks. During the COVID-19 pandemic, many companies faced severe supply-chain interruptions along with spikes in inflation and shortages of key inputs, and uncertainty in logistics and transport emerged as a major operational challenge (Int 15, 21). GIIF-backed funding helped firms navigate these issues by providing working capital to secure essential supplies when normal trade flows were impeded, effectively filling gaps left by local banks that lacked capacity to respond. For example, an emergency loan in Bangladesh allowed a client to continue importing raw materials during a USD liquidity crunch, sustaining the “free flow” of its business (Int 29). Beyond the pandemic, GIIF’s crisis mechanism is also being applied to new shocks. For instance, the economic fallout of the Ukraine war has been factored into stress scenarios to keep partner banks resilient, underscoring that crisis financing remains essential for a range of global disruptions and not only health emergencies (GIIF 11, Bra02). Reflecting this broadened focus, GIIF’s 2023 annual report indicates that its original COVID-19-specific performance indicator has been revised into a general benchmark for responding to global crises, acknowledging that while the pandemic’s impacts have waned, other crises (such as wars and geopolitical conflicts) continue to pose serious challenges in developing economies (GIIF11). Moreover, GIIF’s originally region limited structure was formally expanded to a global scope in 2022 to facilitate such worldwide crisis responses, aligning with donor guidelines that emphasize flexible cross-border deployment of funds to address transnational shocks (GIIF 29).

Crisis financing has been essential not only for emergency relief but also for keeping **strategic investments** viable when market conditions deteriorate. By 2023, nearly all projects co-financed through GIIF were rated “good” or even “very good” in their development outcomes, underscoring that the facility’s crisis support has been directed toward high-impact investments that were critical to preserve (GIIF11). In the post-2020 environment of high uncertainty and weaker growth, some deals could no longer meet DEG’s normal return thresholds, but GIIF co-investment acted as a return enhancer that improved their risk-return profiles and allowed these projects to proceed (Ame07, Ham02). For instance, one fund investment’s expected return was lifted from about 10 percent to over 11 percent with GIIF involvement, a critical boost, as DEG would not have accepted the lower return on its own. GIIF’s participation in such transactions also enabled DEG to fulfil minimum commitment requirements (e.g., securing a seat on advisory committees), ensuring it could monitor and safeguard the projects’ impact goals despite the challenging environment. Moreover, in another case a GIIF crisis-window sub participation positively affected the investment’s risk-adjusted return on capital, directly contributing to its approval (Int 2). By cushioning downside risk and sharing margins, GIIF’s crisis funds helped crowd-in DEG financing at a time when private investors were pulling back from difficult markets.

In addition to immediate relief, GIIF’s crisis financing often supports **longer-term development goals** by strengthening financial resilience and inclusion. GIIF crisis funds have also been directed towards critical sectors, for instance, financing a new pharmaceutical production facility in Morocco to expand access to affordable generics, in line with public health priorities (Lap02). These cases show that crisis financing can simultaneously tackle urgent problems and advance developmental objectives. Notably, one crisis-period transaction in Costa Rica achieved very high development impact (supporting affordable housing and small enterprises) alongside a strong financial return, exemplifying how deploying GIIF funds during a crisis can support projects that are both socially beneficial and financially sound. In

this way, GIIF's crisis engagements serve as a bridge between short-term emergency response and the longer-term strategic goals of development finance.

In summary, the evidence indicates that crisis financing has proven highly relevant in GIIF-related operations. It has been repeatedly indispensable for sustaining businesses and development projects through periods of extreme stress, most prominently during the COVID-19 crisis. Although these high-risk interventions sometimes resulted in significant credit losses, they are widely viewed as a necessary tool for safeguarding investments and developmental impact under crisis conditions. Furthermore, as new crises (from wars to macroeconomic shocks) continue to emerge, the need for short-term liquidity support and similar instruments remains pressing. Indeed, GIIF's project pipeline in recent years has been consistently oversubscribed, reflecting a demand for crisis financing that exceeds the available resources. Overall, crisis financing has become a crucial and enduring component of the GIIF toolkit, one that has shown itself capable of preserving enterprise continuity and bolstering resilience to a very significant extent. This vital role for crisis financing is also acknowledged in official financial cooperation guidelines, which highlight the need to maintain such crisis-response instruments to protect development finance portfolios in volatile contexts.

3.2 Internal coherence

In order to assess **internal coherence** of the GIIF, we particularly look at the extent to which it is complementary to other German development financing programs. This is particularly important as the GIIF is planned as an addition in case unfavorable risk-return-profiles make financing not feasible for DEG.

3.2.1 *To what extent is the facility complementary to other programs of German development financing?*

The GIIF is designed and intended to complement other existing development funds and finance instruments in the market, by addressing unmet needs in EMDEs. BMZ launched the GIIF particularly with the purpose to enable DEG to undertake higher-risk investments in EMDEs (GIIF01). This enabling function responds to the view held that DEG operates with a more conservative risk appetite than other DFIs.

In its risk-return orientation, GIIF complements other programs and instruments by financing projects with unfavorable risk-return profiles, thereby making them attractive and viable for DEG in cases where not only risks, but also additional constraints limit the access to conventional financing (GIIF01).

To understand GIIF's distinctive position within the German development finance landscape, it is essential to first examine the broader context of KfW's fund activities. KfW is highly active in the fund segment for sustainable economic development. KfW designs jointly with BMZ various blended finance structures to mobilize private capital for development objectives. Most BMZ fund structures follow a conventional approach: they mobilize private institutional investors on the liability side of the funds, meaning private investors buy shares in the funds themselves. These types of funds are typically structured funds in which the BMZ uses public funds to invest in the *first-loss* tranche. At the same time, other investors are recruited into junior or senior tranches depending on their risk appetite and return expectations. The funds themselves are often structured as fund of funds, which in turn invest in other funds. Additionally, most German development fund programs focus on specific financing methods, such as loans (ImpactConnect, UpScaling), grants (develoPPP Classic, develoPPP Ventures) or private equity (AfricaGrow Fund). GIIF differentiates itself from this conventional model in two fundamental

features. First, GIIF offers a diverse portfolio of financing instruments, enabling it to deploy multiple products – including (short or long-term) loans, mezzanine, and equity – to finance companies based on their specific needs, rather than being constrained to a single instrument. This provides a broader scope of financing options and the continuous development of tailored financing infrastructure for the companies (Int 12, 17). Other programs, such as develoPPP, the DEG’s Business Support Services (BSS) or the closed UpScaling, primarily offer non-repayable or conditionally repayable grants for SMEs. The GIIF complements these initiatives launched in Germany, by focusing on the market-oriented financing with bank-standard procedures without being a grant-based program. Second, GIIF mobilizes the private sector on the assets’ side of the fund as it invests directly in private investment projects alongside DEG, and the financing of an end-client is an asset on the asset side of the fund’s balance sheet, thereby enabling DEG to finance its end-clients.

Multiple German development institutions and programs responded to COVID-19. The response was multifaceted: health infrastructure, social safety nets, technical cooperation and crisis-response support. DEG programs also provided COVID-19 crisis response. To name a few, for example, the BlueOrchard COVID Fund (COVID-19 Emerging and Frontier Markets MSME Support Fund), was funded by several international DFIs and private capital is also involved. This fund also intends to provide liquidity to FIs; however, the MSMEs did not get the money directly; the fund rather relies on partner institutions. This has implications at impact level, since they depend on the performance of these FIs and capital allocation. A similar fund to GIIF, is the SANAD fund, which was explicitly aimed at giving MSMEs short-term liquidity to the Middle-East and North Africa (MENA) region via qualified local lenders. For SANAD’s COVID-19 response, the German Government and the European Union allocated new funds for this purpose (through KfW). DEG responded to COVID-19 with tailored financing and grant-like support. AfricaConnect (now ImpactConnect), also committed funds for COVID-19 aid measures, though to a lesser extent, and it focuses on Africa solely. The develoPPP program was explicitly used for COVID-response projects, especially in the health sector. Unlike the formerly AfricaConnect, develoPPP, or SANAD, GIIF has a broader scope of action in both, its Africa crisis and global crisis financing windows, that provided swift liquidity to mitigate drastic measures within the SMEs and FIs in diverse regions. Other countries’ DFIs are able to conduct high-risk investments through a generally higher willingness to take risks than DEG, or through extra funding opportunities available (Int 07, 20, 21, 30). Despite GIIF’s more conservative structure, findings from the interviews confirm that GIIF offers DEG clients more flexibility and coverage compared to other programs deployed in international DFIs (Int 02, 12, 19, 20, 25).

Since the launch of the GIIF in 2019, the deployment of blended finance instruments supported by DFIs and cooperation agencies such as BMZ and KfW, is evolving and increasingly being integrated into mainstream market practices. This is evident in Germany, where BMZ is for instance supporting ongoing initiatives such as the InsuResilience Investment Fund (IIF II), the Green Climate Fund (GCF), the Global Environmental Facility (GEF) and the Climate Investment Funds (CIF), among many others (BMZ 2025, GIZ 2025, IIF 2020). These development fund initiatives supported by BMZ, are a joint effort with other international agencies (e.g., diverse European DFIs and private companies), for instance, the upcoming Scaling Capital for Sustainable Development (SCALED). The GIIF outstands as one of the few blended finance instruments that are supported, launched and managed solely in Germany, with a global scope.

Regarding LCY financing, both ImpactConnect and GIIF leverage their collaboration with TCX to provide access to over hundred currencies through synthetic transactions, given that DEG’s internal processes

prevent DEG from offering such a broad range of currencies on its own. Eligible clients for ImpactConnect are usually local subsidiaries of German or European Union-based companies. Although ImpactConnect offers LCY, on average ticket size (from 0.5 million euros to 10 million euros) and maturity (between three and seven years) are smaller/shorter than those provided by GIIF, thereby complementing, broadening and diversifying DEG's client portfolio. Yet, as described in 3.1, compared to other BMZ-supported programs and DFIs outside Germany, GIIF operates with a different structure to take on LCY financing. Because GIIF provides synthetic local currency transactions for both GIIF's and the DEG's share of the co-financed loan, the setup involves a tri-party agreement and is more complex than, for instance, FMO, who conducts such transactions directly with TCX for their own loans (Int 07, 09, 11). Although, DEG and DFIs in different countries can also provide loans in local currency (e.g., the SANAD fund and FMO), one interviewee highlighted that only GIIF provided credit options in those currencies (i.e., Uzbekistani sum, Colombian peso) that were needed in the specific cases (Int 19). This underscores GIIF's distinctive role in expanding LCY access. Beyond the opinions expressed in the interviews, there is limited evidence to confirm that LCY transactions GIIF performs with TCX are pricier, or that LCY transactions with other non-German DFIs and banks are less costly.

Concerning the current GIIF operating structure the opinions of the interviewees differ. Whereas some see it as a fitting instrument that enables financing and investment opportunities that are not possible otherwise (Int 17, 28), others question the necessity to build such a complex structure therefore (Int 07, 09). For the latter, GIIF's local-currency transactions stand out as a potential area for improvement. Thus, the question remains whether DEG can tackle or to some extent reduce the complexity of GIIF's structure to improve this component.

In sum, these results show that so far, that GIIF is complementary to other programs of German development financing and that is not duplicating efforts. Additionally, even when GIIF does not offer the simplest way to enable LCY, it is still, together with ImpactConnect, one of the best enabling structures in Germany in this regard.

3.3 Effectiveness

GIIF's effectiveness is assessed based on the extent of the achievement of its objectives at outcome level (3.3.1), the contribution of its profit-sharing mechanism to its objectives (3.3.2), the extent of the use of the BSS offer (3.3.3), the extent of any (positive or negative) unintended effects that were observed (3.3.4), the extent of the effectiveness of the crisis financing window (3.3.5), how the crisis financing effect(s) compares to those from the risk financing, and the potential of the instrument in the context of private capital mobilization (3.3.6).

3.3.1 *To what extent has the GIIF achieved its objectives at the outcome level since its launch?*

To assess the achievement of the intended objectives of the GIIF, the evaluation team measured against the latest values of the output indicators indicated in the latest reports (GIIF10-12) with their respective target values outlined in the module proposal (GIIF01). Additionally, the achievement of the module objective indicators (MOI) is assessed (GIIF01, GIIF10-12).

Achievement of the output indicators

Table 3 provides an overview of the outputs with the planned target values and the extent of the achievements (GIIF01).

Table 3: Overview of the GIIF's output performance.

Output	Scope	Description	Original Target Value	Actual Values ⁵	Assessment
O.1	Africa	Total public funds committed to the private sector in African (and Middle-East) countries by the end of 2022 for risk investments or crisis financing .	*Total €95 m until 31.12.2022 (€25 m until 31.12.2020, another €30 m until 31.12.2021, and further €40 m until 31.12.2022). <u>Change in original target value:</u> *Total: € 110 m until 31.12.2022 (€ 25 m until 31.12.2020, another € 35 m until 31.12.2021, further € 45 m until 31.12.2022 and further € 5 m until 31.12.2023).	2022: €59.1 m 2023: €76.2 m 2024: €76.2 m	Target so far not reached. Actual value is below the planned output indicator.
O.2		Total of co-financiers' own funds committed or deferred in the form of co-financing with the GIIF Facility to the private sector in African (and Middle-East) countries by the end of 2022.	*Total €27.5 m until 31.12.2021 and €20 m until 31.12.2022	2022: €97.6 m 2023: €108.1 m 2024: €108.1 m	Target exceeded.
O.3		Total financing from the co-financier (e.g., DEG), that could be converted with the help of GIIF into LCY in Africa (and Middle-East) by the end of year 2022.	€25 m until 31.12.2021 and another €25 m until end of 2022	2022: €12.9 m 2023: €0 m 2024: €0 m	Target so far not reached.
O.4		Total public funds committed to renewable energy or energy efficiency by the end of 2021.	€10 m until 31.12.2022 ⁶	2022: €0 2023: €0 2024: €0	Target so far not reached. No funds were committed for these sectors.
O.5		Total public funds committed for crisis financing to the private sector in DAC countries outside Africa by the end of 2022.	*€35 m until 31.12.2021, further €35 m until 31.12.2022	2022: € 62.2 m 2023: € 85.3 m 2024: € 92.3 m ⁷	Target exceeded.
O. 6		Global	Total of co-financier's own funds committed or deferred in the form of co-financing with crisis financing from the GIIF facility to the private sector in DAC countries outside Africa (except the PR China) by the end of 2022.	Total €17.5 m until end of 2021 and further €17.5 m until end of 2022	2022: €132.1 m 2023: €179.6 m 2024: €192.6 m

*Target values may increase if the module allocated more public funds.

As the table shows, while the target values set for both global scope output indicators (5 and 6) surpassed the funds initially planned, only one of the four output indicators (i.e., Output 2) established for the scope of action in Africa exceeded its target value. Despite GIIF's primary focus on Africa, the fund has faced challenges in African markets, that make it difficult finding suitable and high-impact

⁵ Source: reports made available to the evaluation team.

⁶ According to the 2022 reporting, the output was extended until 2022. In the 2023 reporting it is noted that the new extension is until 31.12.2023.

⁷ Including FX collateral of 16.75 million euros for five deals.

deals and deploy funds. In consequence the global window was broadened, so that more funds could be allocated for high-risk projects outside Africa (Int 05, 22, GIIF10-12).

Output 3 reflects the withdrawal of 12.9 million euros, reported in 2022 to zero in the two subsequent years. This occurred due to the cancellation of a loan transaction intended to support the construction and operation of a photovoltaic plant in Jordan under the Africa risk window. GIIF’s role was solely to facilitate local currency for the loan. As the company did not draw the loan, the transaction therefore did not materialize. The actual values of Output 3 indicate a possible strategic re-orientation of the facility in favor of other outputs (GIIF10-12). Funding was dedicated to Output 4 (which is also interconnected to module objective indicator 4) based on its anticipated relevance. However, no commitments have been performed to achieve the intended results (GIIF10-12).

The concern that GIIF so far is not running according to the original plan (GIIF01), especially regarding delays in the effective allocation of funds, is voiced in the interviews (Int 05, 12, 17). In 2023, a total of six deals were closed, two of which involved LCY financing (GIIF11, 20). However, one of the deals committed in 2023 was canceled the following year (no funds were drawn). In contrast, only one transaction was successfully closed in 2024 (Int 05, 17, GIIF12).

At the time of the evaluation, four deals were documented as non-performing loans (NPLs), having obtained M-Ratings of M19 or M20. This corresponds to an NPL ratio of 14.1 percent, which is significantly higher than DEG’s overall ratio of 5.3 percent (DEG 2025c). This result, however, is not considered “surprising”, as GIIF is taking on higher-risk investments (Int 06, 14, 19).

Achievement of specific outcomes

Table 4 presents a description of the module objective indicators as well as the actual values reached in 2024, that serve to assess goal achievement of the GIIF at outcome level.

Table 4: Overview of Module Objective Indicators performance.

Module objective indicator (MOI)	Target value	Actual value (Dec. 2024) ⁸	Assessment Evaluation
MOI 1: Development impact Percentage of projects financed by the facility that achieve a rating of “good” (70) or “very good” (85) in the development policy rating (DERa score).	80% of the financed projects reach in the forecast as well as in the end of the duration of the financing (risk investment financing), or in the last DERa development policy rating prior to the COVID-19 crisis (crisis financing) at least a rating of “good” (70) or even 40% “very good” until the end of 2030.	98% rated with “good” (9%) or “very good” (89%).	Target reached and exceeded.
MOI 2: Risk exposure Percentage of clients behind projects that are financed by the facility that are classified at least in risk class M9 or worse at the time of their approval (or decision on deferral/new funding).	100% all of the financed projects until the end of 2030.	100%	Target fully achieved.
MOI 3: Increasing the development effectiveness through support measures Proportion of projects financed by the GIIF facility that require additional support, are supported by individually defined BMZ- support measures.	70% of companies financed outside the crisis financing window that are in need receive support through support measures.	88% planned, 62% approved	Target partially achieved.

⁸ Source: Reports provided for the year 2024.

Module objective indicator (MOI)	Target value	Actual value (Dec. 2024) ⁸	Assessment Evaluation
MOI 4: Climate impacts / Contribution to AfricaGoGreen Average CO2 reductions effect through projects financed via the AfricaGoGreen financing window.	Average CO2 savings of 50,000 /year per project until 31.12.2022	n/a so far, no financing via AfricaGoGreen made	Target not yet applicable
MOI 5: Mitigation of the effects of the COVID-19 pandemic⁹ Total number of companies that have received crisis financing to mitigate the negative effects of the coronavirus pandemic.	6 until end of 2021, 12 until end of 2022. Note: Target value may increase if the module is allocated more public funds and decreases by the costs incurred.	12	Target fully achieved.

MOI 1: Development impact. The values shown in Table 4 indicate that up to date the reported ratings (“good” and “very good”) exceed the original targets by far. It is important to note, that the DERa rating system has been adapted¹⁰ during the implementation of GIIF (GIIF11,12), to better capture and quantify GIIF’s transformational impact (for further results, please see Section 3.5). MOI 2: Risk exposure. This indicator tracks those deals that fall into the DEG risk classification M9 or worse (from M9 to M20) at the time of their approval, since the GIIF aims at making high-impact investments. Throughout the implementation of GIIF, the target has been consistently achieved across the reported years (2022-2024), thus corroborating its focus on higher-risk investments (GIIF 10-12).

MOI 3: Increasing the development effectiveness through support measures. This indicator outlines the proportion of those non-crisis financed deals under GIIF, that receive(d) BMZ support measures (i.e., the Business Support Services, BSS offered by DEG via DEG Impulse). Currently, only BSS taken through DEG’s core funds are reported in this indicator, as GIIF has not yet funded any BSS measures. A more detailed breakdown of the findings regarding this target is provided in section 3.3.3.

MOI 4: Climate impacts / Contribution to AfricaGoGreen. Between 2022 and 2024, no financing was executed under this financing window. An extension of the deadline of the target has been observed in the reported years, with a proposed extension to the end of 2025. This window has faced challenges, partially due to the other subsidized funds available in the African market, where DEG has restricted chance to compete against them (Int 07,12).

MOI 5: Mitigation of COVID-19 pandemic impacts. This indicator was created to track the number of SMEs/FIs that sought financing under the crisis financing window to mitigate the negative effects of the COVID-19 pandemic. The target was reached by 2022, with 12 deals receiving the crisis financing under GIIF, and until 2024, a total of 13 deals are financed under this window. This indicator is undergoing further discussions whether it should be further adapted or completely removed in the next module proposal, since the effects of the COVID-19 in EMDEs and developing countries have

⁹ Note: Estimated: 35 million euros for global and around 5 million euros for Africa (2020), and the same volume from 2021 with an average financing volume of around 6.5 million euros (originally were estimated to be 7.5 million euros).

The development value of the module lies in its support for SMEs, that have a high employment impact in their markets or intermediaries such as funds and financial institutions that in turn finance a large number of companies. For this reason, even if only a moderate number of companies are reached through the facility, it can be assumed that there will be a significant leverage effect on local jobs and development policy impact overall.

¹⁰ DEG refined its multidimensional index-based development assessment by introducing the DERa 2.0. More detailed information found on: <https://www.deginvest.de/Our-impact/Wir-messen-Wirksamkeit/>

decreased, but other crises that are emerging or are on the rise (e.g., wars and conflicts) could be encompassed under this financing window (Int 19, 26).

While several target values set in the module proposal for the output and outcome indicators have not been yet achieved, this outcome is rather indicative of timeline constraints. The challenge is attributable to two factors. First, the requirement to deploy funds within a compressed timeframe conflicts with the operational realities of establishing a reliable client pipeline. Identifying end-clients who satisfy compliance requirements and completing comprehensive due diligence procedures are inherently time-intensive processes in financing operations. Second, the absence of readily available funds introduces uncertainty into client commitments regarding financing availability. This uncertainty presents material risk to the client acquisition process and pipeline development. In response to these constraints, DEG has engaged in discussions with BMZ regarding necessary adjustments to the module proposal. The newest module proposal will exclude annual data from target value calculations to better reflect operational realities (i.e., targets and indicators will be set for 2030).

An outspoken achievement during the implementation of the GIIF (Int 05, 08, 12, 17, 19) has been its classification since 2023 as a *Development Promotion Fund*¹¹(GIIF12), in accordance with the German Investment Code¹². With this achievement, the GIIF is also one of the **first Development Promotion Funds** in Germany (Int 12, 17), which has been of relevance since most development funds are normally set up in other European countries, such as Luxembourg (Int 28). This classification provides certain regulatory exceptions, and one advantage is that these funds can be established as open or closed domestic special Alternative Investment Funds (AIF), which enables the AIF management company operating the Development Promotion Funds to grant loans, provide guarantees, and other forms of collateral for others¹³. For GIIF, this represents, for example, the possibility to provide guarantees without co-financing, (Int 12, 19, 28) as well as to provide *stand-alone guarantees* without requiring direct participation in a loan (Int 19, 28). GIIF's status as a Development Promotion Fund enables it to evolve, expand and adapt its product offerings.

Information about deals with GIIF financing

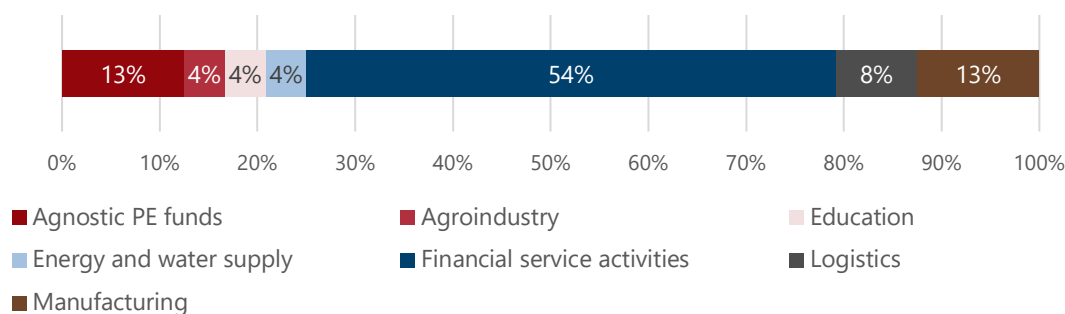
According to numbers provided (GIIF28) until 2024, GIIF has supported a total of 24 deals from diverse sectors. As shown in Figure 1, the deals in the financial service activities sector comprise more than half of the commitment volume allocated. Both, manufacturing and agnostic private equity (PE) fund sectors represent the second largest sectors in GIIF's portfolio. The distribution of the portfolio is akin to that of other DFIs, which prioritize FIs. This is because they act as channels, identify viable borrowers, and can closely monitor loans and manage repayments more effectively than other sectors.

¹¹ German term: *Entwicklungsförderungsfonds*.

¹² Section 292 of the German Investment Code (KAGB, for its acronym in German).

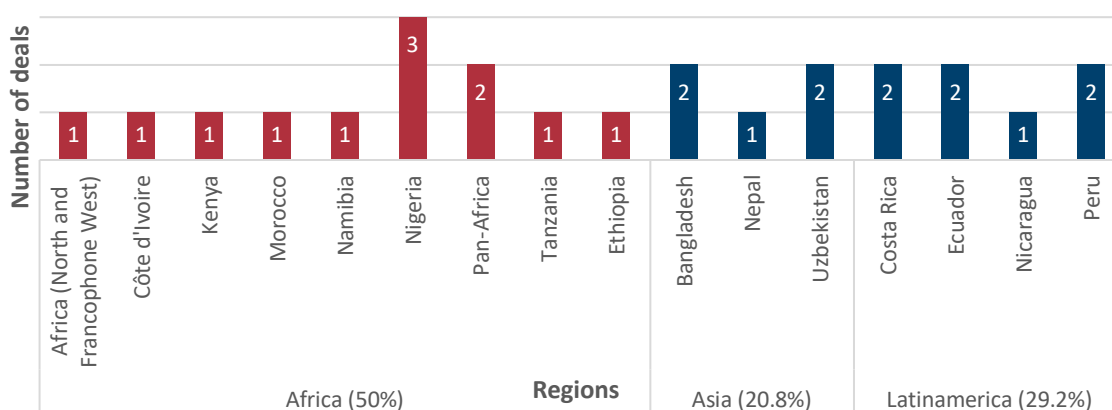
¹³ Idem.

Figure 1: Distribution of deals financed by GIIF by sector (n = 24).



Of the 24 deals, ten are financed through the global crisis financing window, eight through the Africa risk window; whereas the Africa crisis window and the global risk window support three deals each (GIIF30)¹⁴. While GIIF maintains a diverse portfolio, it has navigated challenges, including two transactions under the Africa risk window that were canceled during the transaction process. In addition, despite restructuring efforts, by 2024, four of the total deals were written off due to adverse economic conditions and poor performance. In terms of geographical scope – represented here as risk country or region – where the GIIF funds are deployed, Figure 2 illustrates that half of the deals are located in African countries, led by Nigeria, while almost a third (29.2%) of the portfolio is represented by four Latin American countries. The Asian market (20.8%) is comprised by Bangladesh, Nepal and Uzbekistan. Latest data indicate that the African region has received the most funding from the GIIF (GIIF30). From the onset of the facility through to 2024, the total committed GIIF volume (excluding the FX product) is estimated to be approximately 140.24 million euros (GIIF19). More than half of this amount (54,5%) has been allocated to the African region, a quarter to Latin America (24,8%), and about a fifth (20.7%) to the Asian region.

Figure 2: Distribution of deals by risk country and region (n=24)



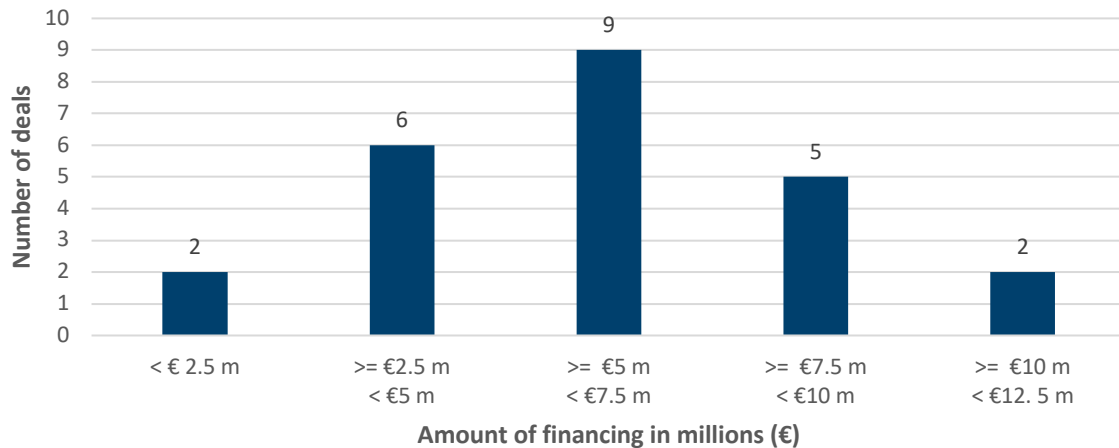
From its inception through year-end 2024, the GIIF portfolio consists of 17 loans to SMEs and FIs, followed by 7 equity investments. Of the 24 deals, five also incorporated local currency financing to mitigate their FX risk exposure (GIIF19, 30).

As shown in Figure 3, 17 deals received GIIF financing in the range of 2.5 to 7.5 million euros (for this graph, the 16.75 million euros disbursed for FX-Collateral in five deals: Acceso, CNE, Coopeande, DAVR,

¹⁴ The evaluation team identified documentation with different classification of the type of financing window for two deals. Therefore, it used the most recent list of deals (GIIF30) provided.

and Hamkor are excluded). It is noteworthy that the two deals that received over 10 million euros, the highest amount of funding, are found under the Africa risk financing window (GIIF12,19).

Figure 3: Distribution of GIIF-financed deals by amount of financing in euros (n=24).



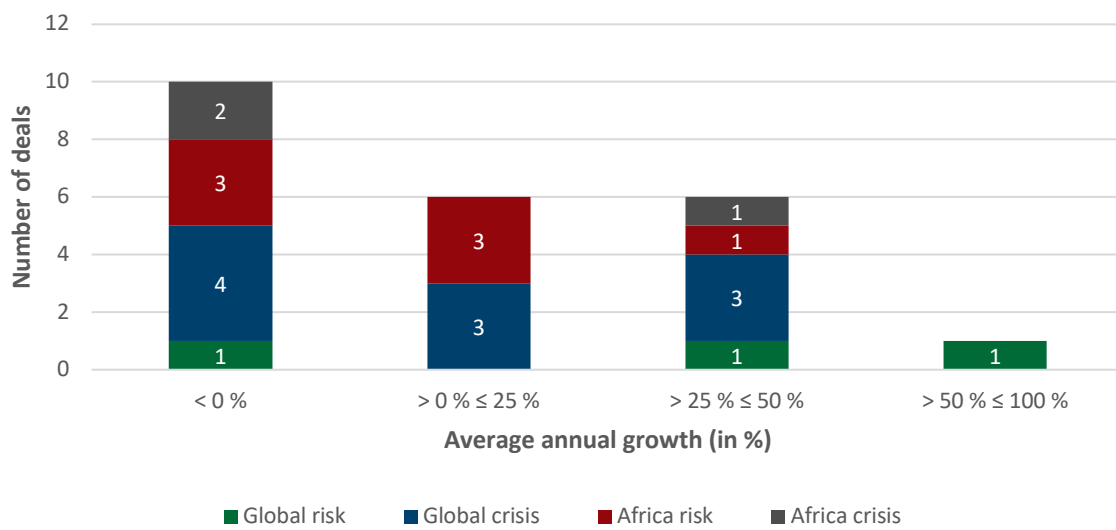
Of the 24 deals closed, 15 were with existing DEG clients (Acceso, AMETHIS III, BANGA, CNE (Coopenae), ERANOVE, Hamkor bank, INCOSA, INTERECU, LETO, M-BIRR, Prime Fuels Kenya Limited, Prime Fuels Tanzania Limited, TRUSTCO, UBA and Uhuru); while nine were with new DEG-clients (BRAC Bank, Coopeande, Daraju, DAVR, Laprophan, Machala, MC IV, NMB Bank and TIDE II). Among DEG existing clients, one is running a private equity fund for the first time. A FI, an existing client, reported that their involvement with DEG was their first experience with an international DFI. Furthermore, one of the new DEG clients also stated the same experience (Int 01, 16, 20).

Based on the DERA data available¹⁵ (GIIF28), Figure 4 illustrates a distribution of the deals according to their reported annual growth rate of local income generated by the respective businesses. Since the GIIF financing, 14¹⁶ deals have reported a positive annual growth rate, while ten deals have experienced a negative one. Nearly half of the deals with negative annual growth are classified as global crisis. While most deals under the Africa risk have not shown significant increase, their managed investment funds are expected to deliver positive results after five years.

¹⁵ Although the most recent DERA score data is from 2024, these scores may be based on the latest available numbers from previous years.

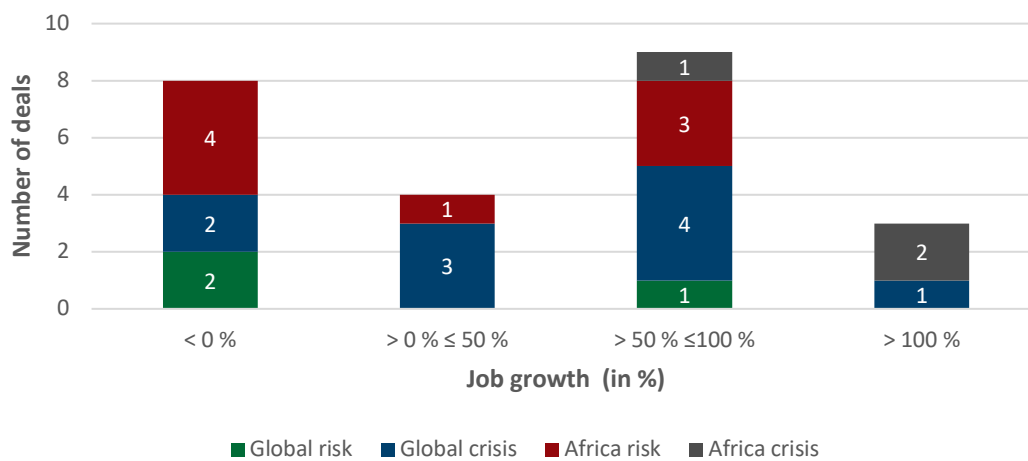
¹⁶ One deal was not included in the graph, as the value reflected an extreme outlier that might distort the scale.

Figure 4: Distribution of deals by average annual growth in % (n=23).



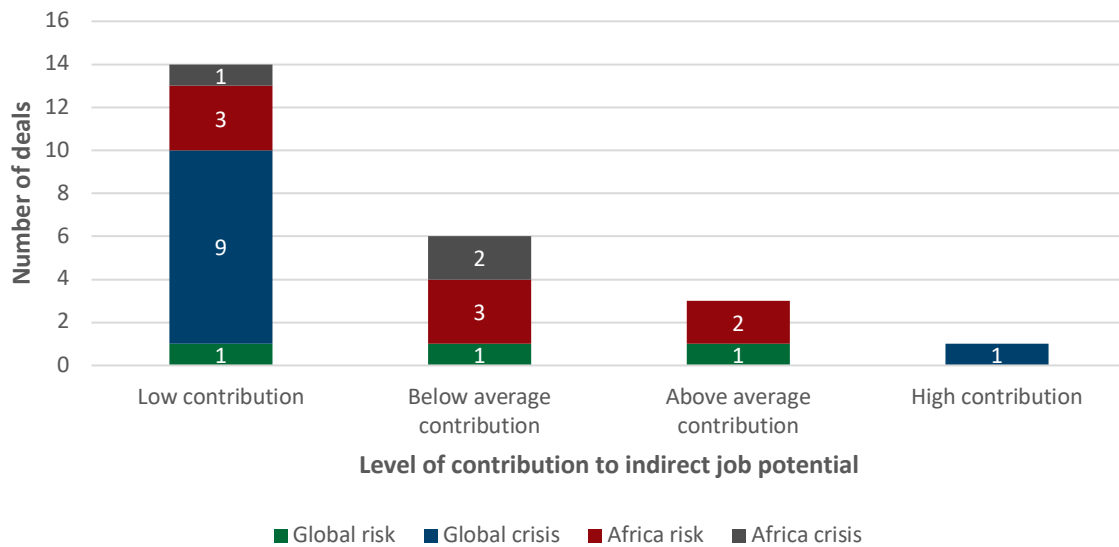
In terms of job growth, the DERA data (GIIF28) comprises two complementary categories: the (direct) job growth since GIIF investment and indirect job potential. Figure 5 shows that 15 (almost 70%) out of the 24 deals reported a positive job growth, adding up to a total of 51,932 supported jobs, thereof 7,587 were newly created jobs. However, this number is mostly driven by larger SMEs and FIs or is associated with the composition of risk investment, among other factors. Therefore, job growth cannot be attributed solely to the type of financing or activity. Moreover, in those cases, in which jobs were lost, the extent to which the fund contributed to reduce job losses cannot be assessed.

Figure 5: Distribution of deals by job growth in % (n=24).



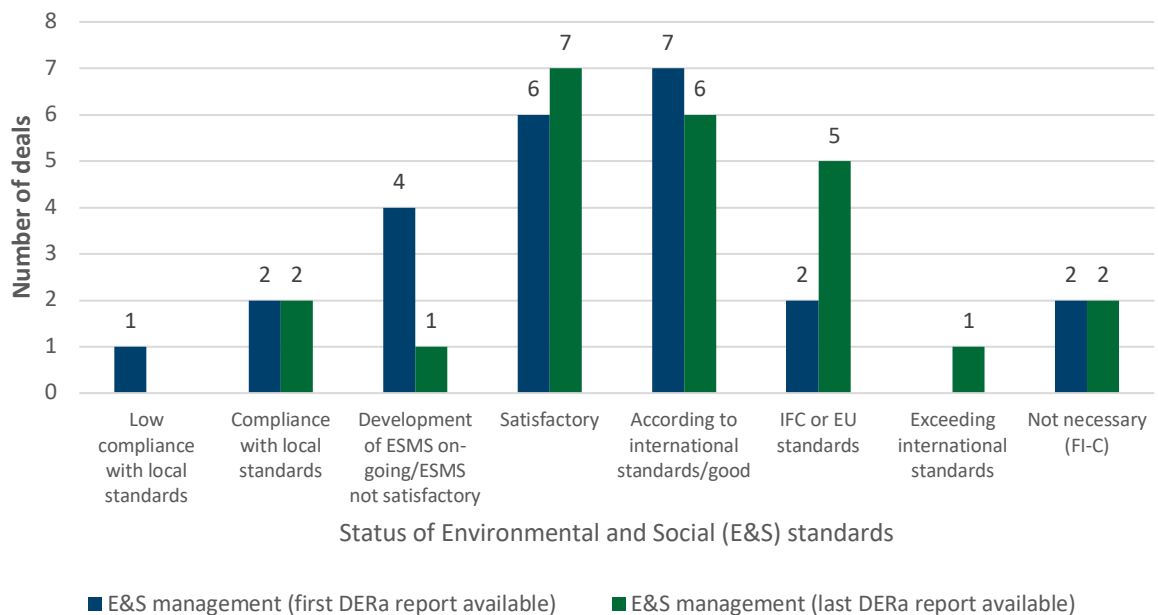
The category indirect job potential included in the available DERA data (GIIF28) reveals that the majority of the deals reported a *low contribution* or *below average contribution* (Figure 6). Under global crisis financing, it is interesting to note that nine out of 10 deals reported a low contribution. This could indicate that SMEs and small FIs typically focus on direct employment, and that during the COVID-19 crisis, the priority was to maintain existing jobs rather than create new employment opportunities. This was also revealed in an interview (Int 21). It is, however, worth noting that the assessment of the indirect job potential does not reflect the potential in absolute terms.

Figure 6: Distribution of deals by level of contribution to indirect job potential (n=24).



Since DEG incorporates a strong commitment to E&S, GIIF also requests that deals adhere to or enhance their E&S standards. The DERA collects information on the E&S management mechanisms of the SMEs and FIs. According to the latest numbers (GIIF28), 19 out of 24 deals have implemented or adhered to E&S monitoring mechanisms that are “at least satisfactory” (Figure 7). So far, 12 deals comply with international or IFC/EU standard, reflecting satisfactory advancement for both GIIF and the supported deals.

Figure 7: Distribution of deals by status of E&S management standards (n=24).



3.3.2 *To what extent does the GIIF's profit-sharing mechanism effectively contribute to achieving its objectives?*

The GIIF's profit-sharing mechanism is the *incentive* established within the facility to motivate the DEG in the search and approval of high-impact, risky projects that align with BMZ's strategies and objectives (GIIF01, Int 06). Through margin-sharing, the DEG obtains a portion of the margin on the GIIF's share of loans or participations. The distribution of the residual margin/return is rating-dependent. Therefore, the amount that DEG receives increases depending on the project's risk rating¹⁷ (e.g., the M-Ratings) at the time of the approval.

The evaluation team has identified aspects where this mechanism contributes to the objectives:

- i. It encourages DEG to undertake riskier investments (loans, participations) in high-risk countries, since some countries with a high-risk country profile have very limited funding opportunities (Int 10).
- ii. It boosts project-case viability for DEG, as projects in challenging markets could be more appealing and an increasing margin can compensate for the higher operating costs derived from the transactions (Int 10, GIIF01).
- iii. It has the potential to attract private investors, who can profit from the margin-sharing (Int 06, 17).
- iv. It pursues the economic viability, by being structured to enhance the economic efficiency of the projects (Int 06).

However, there is also the opinion that the implementation and the management of the margin-sharing mechanism, the arrangements, documentation and negotiations could add complexity to the structure for each deal. An interviewee noted that from a purely business-economic perspective, this profit-sharing mechanism appears counterintuitive for GIIF, because DEG retains a larger share of the margin than GIIF when operating in riskier countries. Nevertheless, the mechanism is designed to encourage DEG to support countries that may lack sufficient funding (Int 10).

3.3.3 *To what extent have the Business Support Services (BSS) offered by DEG been proved useful for the clients?*

The module objective indicator three of the module proposal (GIIF01) refers to increasing development effectiveness by using support measures offered by DEG Impulse, namely the Business Support Services (BSS). These services aim to develop and strengthen companies' business models and standards. Depending on the needs identified during the Due Diligence (DD) phase, DEG's new and existing clients can request tailored consulting services ranging from climate-friendly business and Corporate Governance to risk management, E&S management, and resource and energy efficiency, among others. The costs of the BSS are shared between DEG and the company, with DEG covering up to 50 percent¹⁸.

A key aspect to be addressed is the extent of the demand for the BSS services from both new and existing DEG clients that are using GIIF. Although it is also planned that certain costs for the BSS can be covered with the GIIF funds, DEG has covered the service with its own resources¹⁹. According to a key

¹⁷ According to the module proposal of 2022, in the case of funds from 2022, instead of the M-Rating, it will be used the weighed country rating of the target portfolio.

¹⁸ Detailed information about BSS can be found on: <https://www.degimpulse.de/en/program/business-support-services-bss>

¹⁹ BMZ funds available to DEG to offer BSS measures through DEG Impulse.

informant (Int 06), so far, about four fifths of the commitments (should) have used these BSS provided by DEG. By 2024, 19 of 24 deals expressed intention to implement BSS measures (Int 06, GIIF20, GIIF30); however only 12 of these were approved²⁰ to initiate the measures. Findings from interviews combined with the document analysis and online search reveal that only 11 deals have taken BSS measures.

Findings also revealed that the SMEs/FIs and private equity investment managers that have made use of the BSS reported to their respective deal managers, that they were satisfied with the support measures received (Int 04, 10, 13, 16, 21), some showed an initial positive response when deal managers offered them such support services (Int 13, 18), and even told the deal managers that they had learning effect as a result of this technical assistance (Int 04, 15, 21, 29).

The decision to take up any BSS measures relies on the end-client's side. Nevertheless, certain factors play a role in companies applying for BSS: a) if the client considers that the company's needs or deficiencies, which are jointly identified with the engagement manager, should be addressed and sees a value in the proposed BSS (Int 07, 13, 16, 18); b) if the end-client expresses initial interest when the BSS measures are being offered by the engagement manager (Int 07, 10, 20); c) if the existing client has implemented BSS measures prior to the GIIF program (Int 16, 20, 21), and d) if the costs of the BSS measures are high, this may hinder or discourage end-clients, especially those experiencing internal problems (e.g., liquidity, turnover), from applying for the BSS, even when DEG finances up to 50 percent of the BSS (Int 02, 10, 20).

Interview participants confirmed that the GIIF funds can be deployed to some extent for the financing of BSS measures. However, interview findings indicate that many program implementers are unaware that the GIIF can also be allocated for BSS measures (Int 10, 30). A key rationale is that GIIF funds are strategically planned to prioritize the co-financing and investment in new deals, thereby broadening the GIIF's portfolio. To use GIIF funds more effectively, the BSS measures can be implemented using DEG's dedicated funds for this purpose via DEG Impulse (Int 17).

3.3.4 To what extent have unintended effects been caused or are likely to occur?

The evaluation team explored if any unintended positive or negative effects have occurred by GIIF funding. This refers to outcomes that could arise indirectly and that were not explicitly anticipated in the design of GIIF. In this matter, it was challenging to identify unintended effects, as most interviewees did not directly relate to the intended scope of the facility. Thus the following effects identified by several key informants should be interpreted with caution.

Positive unintended effects:

Through the use of GIIF, DEG has partially shifted its negative perception of blended finance instruments. Previously, DEG avoided them due to a concern of a high level of political involvement of BMZ. This experience demonstrated that instruments such as GIIF can offer viable opportunities for DEG in market niches that had been disregarded earlier and GIIF broadened DEG's business model (Int 14, 17).

²⁰ This means that DEG and the end-client have jointly developed an implementation plan and secured BMZ funds for the BSS services through DEG or DEG Impulse.

Another unintended effect was the political pressure to relocate the GIIF from Mauritius to Germany. As the trust was managed in Mauritius, this raised political questions and indirectly fueled regulatory development in Germany. In turn, DEG collaborated in drafting the regulation for development promotion funds (Int 17). Furthermore, the increased political pressure to improve the leverage of development funds by involving private actors is urging DEG to provide more financing and broaden their product offering (Int 12).

Negative unintended effects:

On the other hand, the different levels of tranches under DEG and GIIF (e.g., senior and subordinate levels) introduce additional complexity when the deals need to be restructured (Int 02). That said, only for one borrower the seniority of DEG's and GIIF's loans was different.

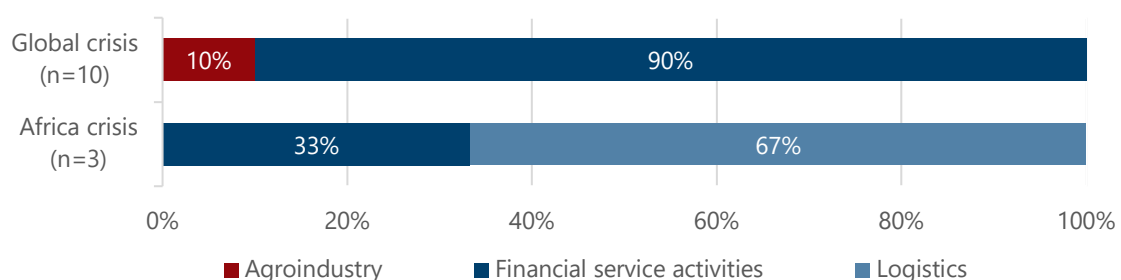
Furthermore, one informant revealed that, while longer tenors can help SMEs access finance and ease liquidity constraints in the short term, in some cases they may, limit the company's asset value if repayment periods exceed the economic life of the financed equipment (Int 21).

3.3.5 To what extent has crisis financing proved effective?

The crisis financing window has been originally designed to mitigate the negative effects of the COVID-19 pandemic. It was reported that the GIIF program approved the most deals during the pandemic (Int 26).

Until end of 2024, GIIF has provided (co-)financing to 13 deals under the crisis financing window (GIIF 19). Figure 8 shows that of 13 deals, 10 were funded under the global crisis scope and only three deals comprised the Africa crisis scope. Most deals under the *global crisis financing* were in the financial sector, while those under the *Africa crisis financing* were active in the logistics/transportation and financial service activities sector.

Figure 8: Distribution of deals under the crisis financing window by sector (n=13)



At the time of the evaluation, two deals under the crisis financing (one under the Africa crisis window and the other under the global crisis) were written off. To note is that the first deal underwent wind-down before the fund management was moved; while the deal under the global crisis financing window initiated wind-down proceedings in 2024, which implies that the exposure of GIIF and DEG is 100 percent written-off, with completion of the liquidation by the end of 2025 (Acc04, GIIF 19, Int 02).

3.3.6 How does the effect of crisis financing compare to the effects of risk financing?

Since crisis financing has been used to address crises with a negative global impact, it could provide liquidity in different sectors, offering a more flexible and timely response (Int 26). In contrast, risk

financing is regarded as a more general tool for addressing the inherent risks of specific investments that are not viable, particularly in targeted regions such as Africa (Int 21, 26).

The main contributions of the crisis financing window are: a) Addressing liquidity issues in EMDEs. For example, one company was able to defer capital repayments for twelve months and this allowed to maintain liquidity to survive during COVID-19; and b) helping SMEs/FIs in avoiding taking internal drastic measures, such as personnel layoff (Int 21). This option is considered by diverse stakeholders as timely effective. However, it has also been noted that this window might not be suitable when the repayment (for the subsequent reuse of GIIF for other commitments) and the means to secure it on behalf of the SMEs/FIs are not clear (Int 19).

Overall, crisis financing is considered as relevant to support SMEs and FIs in future crises (Int 19, 26). However, adaptations to this financing window are needed to provide more flexibility.

3.3.7 To what extent does the facility have potential in the context of private capital mobilization?

DEG acts as a co-financier with GIIF under certain conditions. For both risk investment financing and crisis financing windows, the following joint financing conditions apply: GIIF can co-finance a volume maximum of two-thirds of a transaction, while the co-financier (DEG) takes up at least one-third of the financing volume (GIIF01). In case of LCY, DEG could also take up to 100 percent of the total financing volume, so that GIIF only implements the hedging transactions, which translates theoretically in a leverage effect for DEG's activities. Based on the annual reports (GIIF10, GIIF11, GIIF12), the total financing volume in 2024 amounted to 469.2 million euros²¹. From this total financing volume, 300.7 million euros were disbursed by DEG and 168.5 million euros came from the GIIF public funds. This indicates that GIIF serves as an effective instrument for mobilizing DEG and also effective at mobilizing entrepreneurs on the ground. By the end of 2024, GIIF catalyzed 300.7 million euros of DEG's financing, thereby supported DEG's private projects/investments. It also mobilized external private capital of 16 million euros (direct mobilization). Additionally, GIIF indirectly mobilized approximately 157 million euros of private capital²². According to DEG, GIIF's exclusive focus on catalyzing DEG will shift towards private capital mobilization, making such external mobilization its primary target. Through an innovative mobilization framework, GIIF will facilitate approximately 425 million euros in private risk insurance instruments (credit risk insurance), leveraging the full capacity of the development promotion fund and establishing comprehensive guarantee products.

Frequently, FIs that benefit from DFI financing face challenges in providing the detailed information typically required therefore. Although reports include quantitative indicators that give an overview of fund disbursements within the FIs' portfolios, tracing ultimate funding use by individual clients/small borrowers remains challenging. This issue is particularly evident among smaller FIs with limited tracing capacity and therefore relying mostly on qualitative information provided by their clients. Thus, the accuracy and reliability of information on the use of loans provided are often uncertain. For example, one FI reported suspected instances of small borrowers using the loan for personal consumption rather than for productive investment, limiting the loan's impact on economic growth or on leveraging additional resources. However, due to insufficient information provided by the borrowers, this FI noted

²¹Despite the officially reported total financing volume amounting to 479.2 million euros, the evaluation team identified a discrepancy of 10 million euros. Following consultation, DEG clarified that the deviation resulted from a manual reporting error. The correct total is therefore 469.2 million euros and DEG will adjust this figure in the next report to be submitted to the trustor.

²² Source: Number provided directly by DEG Impact.

this perception may not accurately reflect actual outcomes but represent a misconception of end-use. As indirect leverage effects are not documented, the impact of financing private means, e.g., of transportation to facilitate the delivery of goods and services, or for covering education or healthcare expenses that enhance the small borrower's long-term productivity and financial stability, remain hidden (Int 16).

In sum, the reported numbers show that GIIF is contributing to mobilization, not only enabling DEG, but also private-sector projects. On the other hand, the challenge still remains for small FIs and non-banking financial institutions (NBFIs) in the collection of more granular data. This challenge makes it difficult for FIs and NBFIs to effectively track the final use of credit and loans they provide to small borrowers or individuals, which hinders reporting to DEG the real impactful use of the financing (also see section 3.5).

3.4 Additionality

This evaluation assesses the additionality of the GIIF, as it is an internal blended finance instrument, which also aims at mobilizing private investment. The assessment explores GIIF's contribution, specifically the extent of the additionality of the GIIF's local currency financing, and *types of additionality (financial and development)* accomplished in EMDEs with GIIF.

Additionality is a core concept in development finance, particularly to assess blended finance instruments. There are a variety of frameworks provided by official international organizations such as the OECD, the multilateral development banks (MDB) and the IFC, to operationalize additionality of blended finance instruments. To assess additionality, certain causality is needed to demonstrate the effects that a development fund is really bringing (Winckler Andersen, O., Hansen, H. and Rand, 2021). Local currency (LCY) is important in EMDEs to support resilience and tackle crisis and other negative external effects in these economies and decrease the level of dependency on hard currency. DEG in its core mandate highlights additionality as a fundamental requirement for its transactions and with GIIF it is also sought to avoid a *crowding-out* effect (Int 17). Implementers of the GIIF understand the importance and core meaning of additionality, affirming that GIIF has proven to be additional, by performing transactions and also supporting investments that DEG under usual conditions and consideration would not have performed (Int 06, 30).

As part of DEG's approval of a possible deal for GIIF, DEG inquires with the transactions about the existence of alternative financiers that could be supporting. This information is normally included in the eligibility profile of each deal. The evaluation team examined eligibility profiles from 11 out of 23 deals (Ame12, Ban15, Cne01, Co01, Dav13, Ham01, Int01, Lap01, Mac01, Mcp01, Tid01). Findings revealed that five projects named potential alternative funding possibilities, while in other six deals it was described that no alternative financiers were available. Eligibility profiles also documented difficulties regarding obtaining information about the level of involvement of other financiers in the deals. However, it was also documented that an involvement of DEG as co-financier was important and it would not have been possible without GIIF's funding (Int 16).

3.4.1 To what extent is the local currency financing option of GIIF additional?

DFIs can contribute to enabling access to finance for SMEs in markets, where local currency financing is a need for sustainable development (Horrocks et al. 2025). The local currency financing of the GIIF presents financial and non-financial additionality. Qualitative analysis revealed diverse perspectives on the LCY financing options offered by DEG with GIIF.

GIIF's role in enabling additionality. GIIF is regarded as an *enabling instrument* for DEG to make possible LCY financing, which otherwise could not take place due to DEG's internal restrictions (Int 08, 09,11). In this sense, by providing LCY financing, GIIF reduces high exchange rate risks and the client's exposure to currency fluctuations and volatility (Int 10, 12, 30). Key informants confirm that there is a demand for LCY in existing markets (Int 07, 12) and that LCY solutions can open up opportunities to serve additional clients (Int 12). A key finding was the **catalytic effect** of both DEG and reported by an end-client using LCY. They indicated that obtaining LCY financing from an international DFI for the first time (in this case DEG also through GIIF), broadened their exposure to international development finance opportunities (Int 16). Following DEG, other DFIs have expressed interest in collaborating with the end-client. This highlights GIIF potential in attracting additional development partners.

Operational challenges. GIIF acts as a partner to facilitate the LCY for DEG directly with TCX through derivatives (Int 09, 11). The main disadvantage revealed in the interviews were the respective rates as a result of the transaction with TCX. These rates were perceived as higher compared to hard currency loans (Int 08, 15, 21). However, such operations are influenced by internal and external factors. As external factors that impact negatively these transactions were mentioned: a) interest rates in EMDEs are often higher than those in the US or Europe (Int 08, 20); b) inflation rates are higher (Int 08), and c) the high level of dollarization in development finance, forcing clients to accept dollar financing and bear FX risk (Int 09).

The negative internal factors are linked to the *GIIF structure* and the *type of collaboration with TCX*. Through its fund structure, GIIF allows DEG to offer LCY (and FX hedging), mirroring what other DFIs can do. However, other DFIs can integrate these transactions in their own balance sheet (Int 09). It is to note that BMZ provided support to TCX in its foundation in the form of a subordinated convertible debt and a first-loss loan²³. Other agencies, such as DFIs and Microfinance Investment Vehicles, provided financial support and act as shareholders. As GIIF provides local currency hedging also for DEG's share of the co-financed loans, this may represent a disadvantage in terms of operational efficiency. Additionally, the derivatives can be burdensome for GIIF's liquidity due to collateral requirements imposed by European law (Int 09), which, however, may also be the case for other counterparties that work with TCX.

For some DEG clients, GIIF's internal structure to offer LCY financing does not represent a hurdle for them to close the FX transaction with DEG and GIIF (Int 20). Other end-clients find LCY attractive, especially when they only operate in the local market and generate revenues in the local currency (Int 15). DEG does not have a broad local currency offering in Asian countries at the time (Int 10, 29). Additionally, the attractiveness of LCY is affected in some regions over time, if the local currency experiences more stability against the hard currency (Int 16) or if SMEs generate part of their revenues (e.g., through exports) in hard currencies (Int 29).

Moreover, GIIF demonstrates financial additionality, since it reduces DEG's (risk-related) **exposure to EMDEs**, allowing it to offer tickets that go beyond its limits (Int 10). GIIF also demonstrates non-financial additionality, as findings revealed client's satisfaction with the conditions, rates and terms of the transaction with DEG and GIIF: it was mentioned that most DFIs have very similar rates (Int 16). The tenor and amortization period range (3-5 years) were described as suitable. The only concern expressed by the clients was that, when the ticket size is considerable and they are obliged to allocate a large amount of financing within a short period of time, failing to do so can result in 'no-use' fees. (Int

²³ More information about TCX can be found on: <https://www.tcxfund.com/tcx-investors/>

16). It was also mentioned that, if the end-client is experienced with LCY and hedging transactions, then the FX transaction was significantly smoother. This was attributed to the possibility to register the FX hedging transaction directly into the accounting books using the same currency. This represents a clear operational advantage, since it reduces administrative burden and streamlines internal processes, minimizing both effort and complexity. Although GIIF 's LCY transactions are less complex for the client, they expressed that there were no differences in the cost outcomes experienced with other providers.

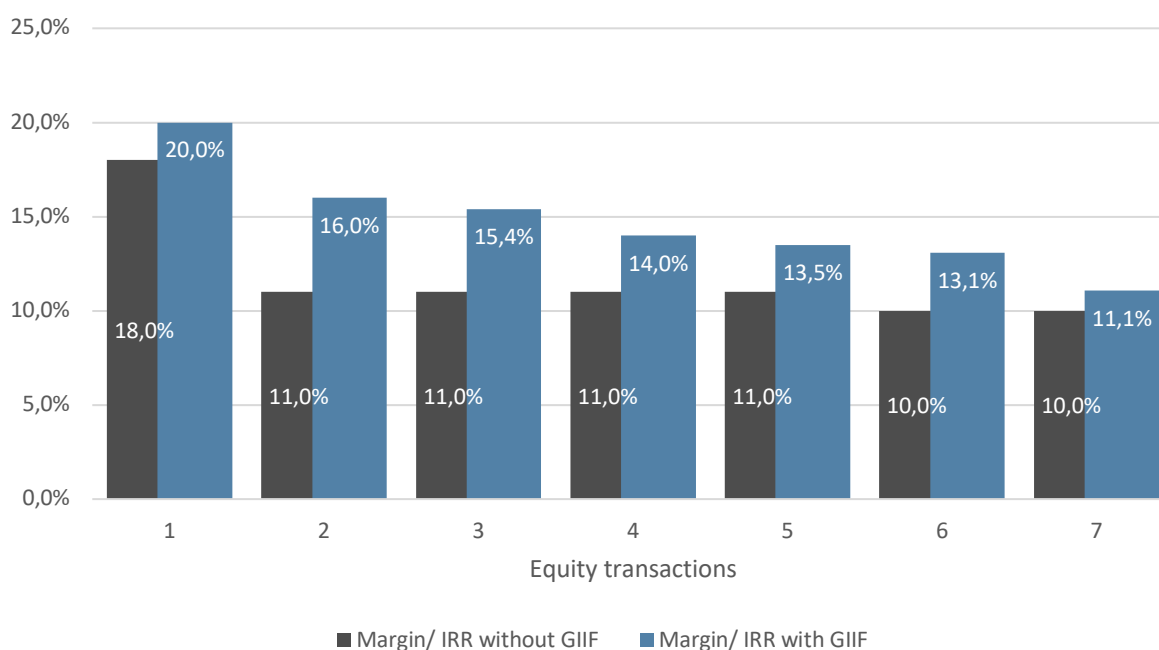
3.4.2 To what extent does GIIF make financing in challenging emerging markets possible, where DEG would not have otherwise done?

As outlined in the Effectiveness section (3.3), GIIF enhances the Internal Rate of Return (IRR) in the DEG high-risk transactions. For DEG and GIIF, the IRR is a relevant metric to estimate and compare profitability and attractiveness of any potential equity investments. Since a higher IRR in equity transactions translates in the possibility of expanding operations and create opportunities to attract more capital and contribute with economic growth. To estimate GIIF's impact in the IRR of DEG transactions, during the eligibility process DEG calculates the IRR of a high-risk equity transaction with and without the use of GIIF financing. At the time of the evaluation, this information was available for all seven equity deals that GIIF has supported since its implementation (GIIF30). As shown in Figure 9, the equity deals improved their IRR when DEG calculated the use of GIIF and considered GIIF in these transactions. This indicates that with their initial low IRRs and DEG's minimum hurdle rate expected, these deals would not have been approved by DEG without the support of GIIF (Int 13). It is to note that, DEG expects a certain IRR as a hurdle rate. This minimum IRR expected by DEG was reached with GIIF in six out of seven deals.

For loans, the IRR figures were not available, as DEG and GIIF only document the increase in the margin component of the total yield under the co-financing arrangement. Therefore, the magnitude and definition of the margin figures are not comparable to the IRRs for equities. Of the 17 loans, GIIF increased the margin component for the DEG in 11 of them (GIIF30). In six loans, the margin remained unchanged despite GIIF's co-financing, because the residual margin for GIIF (see section 3.3.2) in those transactions was zero.

In sum, GIIF is leveraging DEG's operations by providing a higher IRR in equity transactions, and, in many cases, a higher margin component in loan transactions. These results about the expected IRR with GIIF are also in line with what is normally reported by this type of development funds (OECD 2018a).

Figure 9: Comparison of Margin/IRR of in GIFF equity transactions (n=7)



3.5 Efficiency

GIIF's efficiency is assessed based on the structure and processes followed for its implementation, from the approval process, management of the pipeline, distribution of activities, funds allocation, monitoring and reporting, to the collaboration between direct and indirect stakeholders. Additionally, also presents an assessment of the efficiency of the crisis financing window.

3.5.1 To what extent is the facility efficient?

At operational level, the GIFF is a collaborative effort of DEG (diverse divisions), DEG Impact and CREDION (acting as the fund administrator²⁴). GIFF uses DEG's structures and processes, thereby leveraging existing resources and experience that contribute directly to operational efficiency. DEG Impact is responsible for managing and supporting GIFF with a suitable pipeline, while CREDION ensures the compliance with regulations, adherence to the investment guidelines, makes the final investment decisions and manages the fund on daily basis. There is a well-defined understanding of how the GIFF operates from initiation to approval (Int 05, 06, 08, 14,17,19, 26, 28), and DEG Impact has in place a detailed set of internal operation guidelines for GIFF (GIIF04). At strategic level, there is a selective, yet balanced steering of GIFF's course of action between DEG and BMZ.

Through a detailed Due Diligence (DD) and a continuous management of the pipeline, DEG identifies the impact of potential deals, while assessing how a transaction fits in GIFF (Int 06, 26). This assessment considers a balance in core priorities related to the adequacy of sector diversification of the GIFF portfolio, the impact goals pursued, the risk-return profile expected, and the alignment with blending principles (i.e., proving financial additionality, no crowding-out), among other aspects. For a more formal process, there is an internal "expert group" comprised of DEG and DEG Impact staff that assesses the potential transaction, focusing on the use of funds (Int 05, GIIF04). Subsequently, CREDION assesses whether the DD results align with GIFF's impact-driven investment goals and the risk-return profile. If

²⁴ Its term in German: *Kapitalverwaltungsgesellschaft*.

deals are eligible, CREDION makes the final investment decision independently, and normally the suggested deals are approved. (Int 19, 28). After approval, the disbursement process occurs through both GIIF and DEG.

The most substantial change for GIIF was the **strategic relocation** of its operations from Mauritius to Germany in 2022. This politically driven improved its operational dynamics:

- i. The reputational risk for DEG associated with Mauritius as a “grey list country” was mitigated with the moving to Germany, and brought political benefits by aligning with Germany’s political agenda of strengthening blended finance mechanisms in the country (Int 05, 06, 17). This move countered the trend of development funds being based mainly in foreign countries.
- ii. While the move represented stricter regulatory requirements and closer compliance, it also brought regulatory advantages (e.g., alignment of fund management with legal domicile, thus ensuring clarity on tax implications) and potential for leveraging DEG’s local experience and for improving management efficiency (Int 12, 28).
- iii. The change of the funds’ name in 2025 is due to the regulatory concerns about misleading potential investors. This decision reflects a focus on investor protection (Int 28).

In relation to the **pipeline management**, several concerns were expressed. For example, the lack of certainty of fund availability to secure a transaction with a potential DEG client (Int 07, 08, 15 20, 21), which in turn could potentially affect DEG’s reputation (Int 07, 15,21) and discourages deal managers to “originate” for GIIF (Int 20). Another concern involves the prolonged earmarking of funds for potentially high-impact complex projects. This hindered the identification and development of new investment opportunities by limiting available resources and strategic flexibility (Int 06, 17, 20, 26). Interviewees considered that funds could be better allocated to other more feasible projects and with this improve pipeline efficiency (Int 06, 15). This represents a bottleneck in the coordination, that in turn prevents the funds to be definitively used (Int 15). One example are infrastructure-financing projects, which were highlighted as requiring extensive Due Diligence, that in turn delay decision-making, block temporarily the GIIF funds (I06, I17, I26), and that ultimately do not materialize. This experience is a learning effect to optimize program operations, manage liquidity and coordinate the deal pipeline more efficiently (Int 06, 15, 17). Therefore, efficient pipeline communication is crucial between transaction managers and the fund coordinators (Int 07, 15, 20, 26). Lastly, the recurrent suggestion expressed was the need for more public funds allocated to GIIF to facilitate a more consistent and reliable pipeline (Int 15, 20).

The alignment of interests²⁵ is a key unique characteristic in GIIF’s core structure, where both BMZ and DEG (as co-financier) share the same risk (GIIF01, Int 12, 14). The objective is to enable DEG investments by improving the risk-return ratio, with GIIF giving away a portion of the return. Findings revealed that so far, this alignment of interest has not been fulfilled only once. The situation occurred in the context of crisis financing, when DEG refinanced a transaction with Acceso (deferral). As a result, BMZ raised the concern that GIIF funds may have been used by DEG without targeting development effects (Int 05, 12). To mitigate the risk of recurrence, both parties agreed DEG would consult in advance with BMZ before proceeding in such extreme cases (Int 05, 12).

In terms of documentation, the implementation of the GIIF has experienced improvements with the transition from email correspondence used for documentation and decision-making to the

²⁵ Interessensgleichlauf, for its term in German.

development of a standardized “eligibility template” to assess the potential and rationale of a transaction (Int 05). Eligibility templates provide key information and initial indicators for each transaction. The use of these templates enhances traceability, prevents centralizing information, reduces operational risk and facilitates continuity.

Internal Reporting. GIIF relies on several DEG’s monitoring and reporting mechanisms. DEG’s Development Effectiveness Rating (DERa) is a central impact reporting tool aligned with the SDGs. The impact indicators used in the DERa cover a multi-dimensional approach, ranging from economic to social and environmental dimensions: *decent jobs, local income, market and sector development, environmental stewardship, community benefits, contribution to SDGs and DEG’s added value*²⁶. These indicators in DERa provide a solid framework for assessing development effectiveness, help steer the goals for each deal and rate DEG’s clients positive or negative impacts. DERa is a fair mix of quantitative and qualitative indicators, and like many other reporting systems, it faces the common limitation that the reliability of its outputs depends on the accuracy and integrity of the data it receives. For example, qualitative indicators such as community benefits and value to the community, could require further assessment to understand their long-term impact.

During GIIF’s implementation, DERa has undergone substantial development and adaptations and transitioned to its 2.0 version between 2023-2024 to capture more information. There is a mixed perception of the DERa among direct stakeholders and an uneven transition for some implementers (Int 02). For example, DERa 2.0 now incorporates the possibility of assigning for negative scores to projects that act *harmfully* — an option that was not available in DERa 1.0 (Int 30). While DERa offers a comprehensive and valuable system to measure the effects of the projects; it may not always provide an accurate or a fair assessment. For example, DERa is not fully completed in the case of funds (Int 01). Findings also revealed that DERa’s emphasis on scale-dependent indicators, such as job growth or income creation, tends to favor larger SMES and FIs, creating a disadvantage for smaller SMEs/FIs in the overall impact assessment (Int 07, 11, 20). The information underpinning the DERa, is derived from the Annual Environmental and Social Monitoring Reports (AESMRs), the Annual Environmental and Social Management Systems (ESMS) and annual financial statements of the end clients. These reports must be completed by the client to provide annual updates on the SME’s or FI’s structure, the planned activities, practices, procedures and resources needed to establish and maintain compliance with E&S requirements. This way, DEG assesses and identifies potential risks and opportunities that develop in the investments. With this, DEG demonstrates a strong commitment to maintain high E&S mechanisms and at the same time benefiting GIIF, by promoting consistency and transparency.

The evaluation team’s review of available reports and supporting documentation and consultations with DEG Impact confirmed that numbers submitted for BMZ reporting included transactions that were canceled. In contrast, the figures used for GIIF reporting (CREDION) exclude these canceled transactions. These different constructs (e.g., volume committed and volume disbursed), and the applied conversion rates – particularly when disbursements were made in USD – result in slight variations in the reported numbers. Periodicity of reporting is regarded as suitable among program implementers and BMZ (annual reports typically provided around April-May), and it is followed by the annual shareholders meeting²⁷. The findings regarding the reporting process with BMZ revealed: a) the desire for

²⁶ This indicator outlines specific ways DEG contributes and adds value in regard to financial additionality, financial-related services and other processes, such as training, corporate governance, process management, among others.

²⁷ *Gesellschaftsversammlung*, for its term in German.

more detailed information on the individual deals approved; and b) the need to optimize the reporting format to address potential ambiguities. Adaptations to the reporting format would enhance transparency of information on new and ongoing deals and their development (Int 12).

A persistent challenge across DFIs reporting systems is the absence of harmonized measurement tools and data requirements, resulting in varying levels of granularity and differing information requests—for instance, in the way indicators related to women's empowerment, youth or community outcomes are reported. Overall, the templates and indicators appear largely comprehensive for the intended purpose to capture E&S risk and impact. The reporting documents submitted by the deals enable the production of relevant impact metrics for the DERA rating system and facilitate tracking of investment progress over time.

Reporting by end-clients. In this regard, reporting is generally done quarterly and annually. The prevailing challenges of end-clients not meeting the *reporting timelines* (Int 02, 10, 15), this is often related to a lack of capacity of the SME or the FI (Int 15). This results in greater follow-up by the deal managers (Int 15). To mitigate timeliness issues, DEG negotiates flexibly depending on the client's needs (Int 11, 15). Another challenge for clients is the amount of information needed for reporting. In private equity deals, fund managers (General Partners), particularly first-time fund managers, face delays and hurdles to collect information from all the investees (Int 30). This task can increase the workload of the General Partners as well as the SMEs/FIs staff responsible for collecting the information (Int 25). However, this challenge was not reported by SMEs and FIs that have experience with other DFIs, as they have the perception that GIIF's and DEG's reporting requirements do not critically differ from other DFIs (Int 04, 15, 16, 29). Instead, for experienced FIs, the level of granularity represents their most significant burden (Int 16).

Regarding end-clients who received LCY financing with GIIF, they indicated that they do not have a direct reporting relationship with TCX. The reason for not reporting to TCX is that, for LCY transactions, the legal relationship for the service provided to the end-client runs through GIIF and not directly with TCX (Int 09).

Overall, the reporting system is perceived as comprehensive and detailed, yet cumbersome for some end-clients. However, many end-clients demonstrate a high level of compliance in terms of providing the information as needed (Int 11, 29).

Funds allocation and costs. As described in section 3.3.1, funds were predominantly allocated to FIs (GIIF07). From 2022 until 2024, a greater financing volume (public funds and DEG funds) was committed under the global financing. In contrast, no funds were committed in 2024 for the Africa window (risk and crisis). Nevertheless, Africa still represents the primary region for investments.

In terms of type of instrumental allocation, the GIIF is mainly allocated in loans and equity participations, where loans comprise by far the largest commitments compared to equity (GIIF15, GIIF19).

In summary, the GIIF's funds are strategically allocated to a portfolio dominated by financial and insurance activities in OECD-DAC countries, primarily focusing on Africa. A considerable portion of the assets is maintained in liquid form, and currency risks are actively managed through hedging instruments.

In regard to the financial health, GIIF's total assets went from 168.1 million euros in 2023 to 190.6 million euros in 2024. This growth is primarily attributed to the appreciation of USD-denominated investments due to a stronger US dollar against the euro (GIIF07). The same appreciation effect was

reported for equity growth. In 2024, GIIF stated a positive annual result (profit), mainly due to high interest income from the loans and cash investments, as well as the appreciation of liquid assets and investments in USD. In 2023, one deal (DARAJU) was fully written off, and this represented for the GIIF high losses due to revaluation and a reduction in equity (GIIF15). While in 2024 GIIF experienced a positive result, the fund faced challenges associated to currency differences and value adjustments of loans.

Since the GIIF conducts FX hedging transactions with TCX, to mitigate currency risks for loans, the market effects derived from the FX transactions are borne by GIIF and not by DEG. The negative market values of currency hedges had a significant impact in the losses reported (GIIF19). For example, the reduced market liquidity for the Uzbekistani Som (UZS) around the time of trading of a UZS hedge in GIIF (reflected in difficulties for TCX in selling their UZS risk to further market participants), led to a drop in the 3-year UZS rate at that time. This situation likely required more active management and attention from GIIF. The improvement of the UZS liquidity and UZS rate over the following months resulted in a negative market value of that hedging transaction. The key disadvantage is that market values of these hedging instruments are subject to fluctuations, which directly impact financial results of GIIF.

The move of the fund from Mauritius to Germany had to some extent an impact on the initial fund's finances. The costs related to this move increased starting 2022; however the full transfer was completed in 2022 and therefore, these costs remained within the expected range (GIIF11). GIIF faced considerable financial constraints related to currency fluctuations, substantial write-offs, and ongoing complexities in revaluing assets and managing currency hedges. These factors directly impacted the fund's reported results and required continuous attention and adjustments.

To summarize, the expenses reported are considerable and anticipated for such development funds, which are oriented towards achieving substantial E&S impacts.

Collaboration among direct stakeholders. Based on the feedback of the majority of the interviews, there is strong satisfaction with the level of collaboration among implementers (DEG, DEG Impact, CREDION). Collaboration was mostly described as “good”, “excellent” “professional”, “efficiency-driven” and “constructive” (Int 02, 03, 04, 13, 15, 19, 20, 25, 26, 28, 29). Another finding consistently highlighted was the ease of communication between the DEG Impact and the deal managers. The communication with DEG Impact was praised for their availability, responsiveness and constructive engagement (Int 01, 13, 15, 18, 20, 21, 25, 26). This facilitated timely coordination and contributed to smoother implementation processes. Additionally, supplementary communication channels or dedicated GIIF platform were not deemed necessary. In terms of exchange with other deal managers using GIIF, findings revealed a limited awareness of other colleagues using GIIF (Int 07, 18, 30). Overall, an exchange is desired and highlighted as helpful for colleagues unexperienced with GIIF, as it could improve the understanding of GIIF's structure and requirements for transactions (Int 01, 07, 18, 20, 30). This could indicate a need for improved internal visibility and coordination.

The relationship between DEG, DEG Impact, CREDION is based on trust, close collaboration and open communication, with well-established channels (Int 06, 17, 19, 25, 28). As trustor, BMZ is closely involved in strategic decisions, with consistent satisfactory communication²⁸ (Int 08, 12, 17, 22). Collaboration with TCX, although is typically handled by the DEG Impact and DEG's treasury team, has been

²⁸ Including the annual shareholders' meeting.

regarded as positive, good and professional (Int 08, 09), with the parties possessing skilled specialists in FX and derivatives, which eases their work.

In summary, at implementation level, collaboration within GIIF is largely viewed positively, characterized by professional relationships and efficient communication.

Collaboration with indirect stakeholders. DEG handles primarily the client interactions and assessment of the deals through the deals managers. A closer relationship with the client is fostered not only via (phone) calls, but also through onsite visits and meetings (Int 11, 20, 29). Findings revealed that the experience with end-clients depends on the client type, levels of engagement, responsiveness and operational dynamics. For example, (loan) borrowers reported high satisfaction with the client relationship (Int 07, 16, 29). Although investment fund managers (particularly first-time fund managers) are also interested in keeping a satisfactory client relationship (Int 01), this can be negatively affected when issues of transparency and compliance arise with co-investors or investees (Int 11, 13, 18). In case of FX hedging transactions, the level of collaboration depends on the client's experience with derivatives. In many cases, experienced clients generally have a stronger understanding of these instruments, which reduces the need for technical clarification and results in a less intensive level of engagement (Int 09).

In general, the communication was assessed as open, direct, frequent and responsive; and is valued on the client's side.

Disclosure of GIIF. Given that DEG has the primary contact with end-clients through the deal managers, the GIIF structure is often "running in the background". End-clients using LCY, however, obtain explicit information about GIIF's type of involvement in the transaction (Int 20). In terms of outreach, GIIF serves as an internal instrument for DEG (Int 05) and therefore, it is not an open and publicized program. In comparison with ImpactConnect²⁹, GIIF does not source clients directly (Int 14). This can on the one hand, limit its reputational risk and external accountability.

3.5.2 To what extent has crisis financing in particular proven efficient?

Findings with key informants revealed that both DEG and the end-clients experience delays during the Due Diligence (DD) process. Compared to other DFIs and commercial banks, DD with DEG can be lengthy and slightly complicated (Int 16). For DEG, the DD is comprehensive to guarantee impactful deals (Int 08). The delays reported by DEG are related to contractual obligations, syndication agreements with other banks or the end-client's need (Int 26), such as needing the funds in a specific timeframe (Int 16, 26). However, once the deal is presented to the Expert Group, the decision is made swiftly (Int 05). It was revealed that once the deal is proposed to GIIF, the decision-making is speedy and then the process within DEG is ready within approximately a week (Int 05, 06). Therefore, GIIF itself is not seen as a source of delays (Int 05).

One concern expressed was that providing security for a loan is challenging for the clients. In this sense, when the nature of the crisis financing is to provide liquidity to address cashflow shortages rather than the acquisition of assets (Int 21), clients may not have an asset available at the time to secure and guarantee repayment of the loan with GIIF.

²⁹ Another funding program in DEG running in parallel with GIIF.

As mentioned in section 3.3.5, one deal initiated its wind-down process in early 2024. DEG is primarily responsible with the client for the financial restructuring and the negotiations to financially adapt to the adverse situation. For GIFF, this process is efficiently managed from both DEG's restructuring division, and from CREDION through their Intensive Care Unit (ICU) division. An advantage in these cases is that DEG manages and consults closely with ICU on decisions, such as the assessment on individual value adjustments (reviewed quarterly). Afterwards, internal approval processes are performed (Int 02, 19). Nevertheless, from an efficiency and operational perspective, these attempts for restructuring are lengthy, thus consume significant staff time and resources (Int 02, 06).

3.6 Impact

As outlined, the overarching objective of the GIFF is to contribute to "the creation and preservation of decent jobs, even in times of crisis, in developing and emerging countries, and to promote renewable energy and transformative investments" (GIIF 01). By providing "needs-based financing and currency hedging" for financing and investments to private companies, funds, financial institutions, and project promoters, the facility improves access to financing in developing countries and emerging markets. Therewith, the development of the private sector operating in development-effective but high-risk environments that would receive no (or insufficient) adequate risk investment or crisis financing without the facility should be fostered and made resilient against external shocks like the Covid-19 pandemic. According to this objective and in line with GIFF's reconstructed results model (5.6), for assessing the facility's impact, the extent to which through the investments a) decent jobs were created and maintained, b) renewable energy and transformative investments were promoted, and c) women were economically empowered, must be scrutinized.

The assessment of the facility's impact bases on the feedback received from the client managers and the end-client during the interviews.

Re a) Jobs creation and preservation

The majority of the interviewees agree that the GIFF has significantly contributed to both, the creation and preservation of jobs through various mechanisms, primarily by enabling financing in challenging markets, supporting business expansion, and providing liquidity. Thereby, a key contribution of the facility is seen in its role in preserving jobs during economic downturns and crises (Int 02, 21), as outlined in several examples. For instance, during the COVID-19 pandemic, it provided crisis financing that allowed companies to maintain their workforce and operations. A transborder transporter in East Africa, severely impacted by border closures, received funding which prevented layoffs and ensured that the company could retain its trained personnel, ready to resume full operations once conditions improved. Similarly, in Bangladesh, a long-term loan secured the continued existence of BANGA Buildings Limited, thereby preserving jobs. Eventually, in Peru and Namibia, GIFF's liquidity injections helped ACCESO and TRUSTCO secure their operations for several years, despite external challenges. Thus, this crisis financing mechanism is considered as being crucial for preventing businesses from "cutting the business to size" and losing employees.

Furthermore, apparently the GIFF facilitated job creation also indirectly by enabling businesses to expand and grow (Int 25, 30). By providing financing in risky markets where other funding was not available, the facility allowed companies to invest in new production lines, expand capacities, and ultimately hire more staff. For example, a pharmaceutical company in Morocco (LAPROPHAN) used a GIFF investment to build new production lines, leading to job creation. In Bangladesh, a manufacturing

company utilized a GIIF loan for working capital and expansion, including importing new machinery, which resulted in the hiring of new employees, with a notable impact on gender equality as 50-55 percent of new hires were women. GIIF also supported venture capital funds in Africa that invest in fast-growing technology companies, contributing to the creation of highly skilled jobs and reducing talent outflow.

In addition, the GIIF acts as an “enabler” by allowing DEG to undertake larger investments and achieve greater leverage, particularly in countries with poor credit ratings or high-risk sectors (Int 25, 26). Without GIIF, many of these engagements would have not been possible due to DEG’s internal rating procedures and risk limits (Int 01, 06, 18). This risk-sharing mechanism enabled DEG to support projects that would otherwise not receive financing, thereby fostering growth and employment (Int 02). GIIF’s involvement supposedly also attracted other investors, including private capital providers, by signaling credibility, which further broadened the capital base for businesses and funds, promoting growth and employment.

A unique aspect of GIIF is its ability to offer and secure Local Currency Loans (LCYs), which are considered critical for businesses in emerging markets that generate revenue in local currency and would otherwise face significant exchange rate risks with Foreign Currency Loans (Int 11). By improving the balance sheet structure of clients and providing a stable basis for calculation, local currency financing indirectly contributes to stability and job creation. GIIF also supported financial institutions, especially those focusing on microfinance, enabling them to grow and serve their client base, which in turn supported small businesses and productive activities, potentially fostering economic activity and self-employment among their clients (Int 09, 16).

Beyond direct financing, DEG and GIIF allegedly contributed to job quality and sustainability by improving environmental and social standards and strengthening corporate governance through the Business Support Services (BSS). These measures are deemed to contribute to the professionalization of companies, make them more resilient, and more attractive for further investments, which contributes to long-term job security and creation (Int 01, 30).

While GIIF’s impact on employment is tangible, direct and measurable job creation is not always the primary or most visible outcome (Int 16). In some cases, stable personnel numbers are reported, indicating that financing helped maintain existing growth and credit needs rather than leading to immediate new hires. The DERA reporting system has also been criticized for potentially underestimating the impact of smaller institutions and lacking granularity in capturing social impacts like job creation in communities (Int 06, 21). This suggests that while GIIF’s impact is significant, current measurement tools may not fully capture its extent or nuances.

Re b) Promotion of renewable energy and transformative investments

As regards investments in renewable energy, the GIIF is also seen as a viable instrument for enabling financing in high-risk markets and filling funding gaps (Int 19). Such projects often require equity investors to bridge initial financing gaps before banks become involved, a role the GIIF helps to fulfill, thereby fostering the development of renewable energy sources in countries that would otherwise struggle to realize such projects.

However, the direct penetration of the facility into the renewable energy sector faces challenges. While there is a clear intention to diversify its portfolio into sectors like energy and renewable energy,

the actual uptake in renewable energy projects is limited (Int 09). This is partly due to a higher level of dollarization in these sectors, making them less accustomed to local currencies, which can reduce demand for GIIF's local currency offerings. Despite these efforts, direct evidence of the GIIF financing specific renewable energy plants is not extensively detailed by the interviewees, though TCX highlights its role in mitigating currency risk in such projects.

Concerning transformative investments, the empirical data suggests several key mechanisms by which the GIIF supports these. Firstly, as outlined, through its function of improving the risk-return profile, the facility allows investments in countries with poor country ratings and high-risk sectors that would otherwise be not feasible (Int 01, 06, 08, 13). This is particularly relevant for so-called "First-Time Funds" or projects in macroeconomically unstable regions, which oftentimes feature particular transformative potential. Secondly, its ability to offer and secure LCY loans protects clients from exchange rate risks and improves their creditworthiness, as their revenues are often generated in local currency (Int 04, 08, 19, 28). This enables clients to undertake investments that might otherwise be too risky, fostering stability and growth. Thirdly, its support for longer-term financing allows clients to acquire more suitable and often more environmentally friendly assets. For example, a transportation company was enabled to purchase EURO-6 spec trucks with a lighter GHG footprint and replace steel tankers with lighter aluminum ones, thereby significantly reducing its carbon footprint (Int 21). The GIIF has also supported investments in machines for recycled units, leading to a significant portion of production using recycled items, directly contributing to the circular economy (Int 29)

Further transformative potential of the GIIF is seen in its provision of access to locally often unavailable long-term capital to SMEs and financial institutions, which is considered as key for developing local economies, creating jobs, and promoting financial inclusion (Int 04, 09, 10, 19, 20). This includes financing banks that provide loans to students or micro-enterprises. In the likewise transformative venture capital sector, the facility supported young technology companies in Africa that address local market needs with innovative solutions, leading to the creation of high-skilled jobs and the development of digital payment systems for the unbanked (Int 25).

Moreover, apparently the GIIF contributes to improving E&S standards by encouraging fund managers to implement relevant guidelines and hire E&S personnel, ranging from CO2 emission reduction to animal welfare improvements (Int 10, 13, 30). The relationship with DEG, facilitated by GIIF, often comes with requirements for higher professional standards, environmental and social risk management, and corporate governance, pushing clients to improve internal processes and adopt international standards (Int 09, 16, 20, 21, 29).

Eventually, the provision of crisis financing to companies during the COVID-19 pandemic for maintaining their operations demonstrates the facility's transformative potential on resilience and human capital (Int 21).

Re c) Economic empowerment of women

The interviewees responses also provide indications that the GIIF contributes to the economic empowerment of women through both, direct and indirect channels, although the extent and intentionality of this contribution vary across engagements.

In a few instances, the facility explicitly mandated gender-specific targets for its clients. For example, a client bank in Uzbekistan, DAVR Bank, was required to allocate a significant portion of GIIF funds to

women-led SMEs, leading the bank to specifically finance such projects for the first time (Int 11). Similarly, financing for BRAC Bank in Bangladesh and Machala Bank in Ecuador was explicitly aimed at supporting female entrepreneurs, with Machala Bank earmarking 40 percent of its credit portfolio for women-led businesses (Int 04, 11). These direct approaches demonstrate a clear intention to foster women's economic empowerment.

However, more frequently, the GIIF's contribution appears to be indirect, emerging as a "gender effect" rather than a primary, explicit objective (Int 20). These indirect contributions stem from several mechanisms such as providing local currency financing and assuming risks that other institutions might not, enabling financial institutions in emerging markets to access capital. This broader financial inclusion can benefit women by providing them with access to credit and financial services, even without explicit gender mandates (Int 01, 07, 11, 14). Also, investments in rapidly growing sectors, such as technology companies in Africa that lead to the creation of numerous jobs, including highly skilled positions, may benefit women, even if they are not directly targeted (Int 25). In one case, a manufacturing company in Bangladesh, while not having an explicit gender component in its loan agreement, hired a significant number of women (50-55 percent of the new workforce) for its expansion, demonstrating a positive gender effect (Int 29). Further indirect gender effects may derive for instance from financing digital payment solutions that provide access to financial services for unbanked individuals, particularly women in rural areas or the informal sector who might otherwise lack access to credit (Int 25). Finally, DEG' and GIIF's emphasis on Environmental, Social and Governance standards, can indirectly improve working conditions and equal opportunities, and thus women development within financed companies (Int 01, 14, 18, 30).

Despite these contributions, the GIIF does not consistently incorporate gender-specific goals or reporting requirements across all its operations (Int 20). The integration of gender considerations often depends on alignment with the client's existing profile or ambitions, rather than being a universal mandate. The internal DERA has been criticized for potentially underestimating the impact of smaller institutions, which might obscure specific contributions to women's economic empowerment. Measuring the direct impact on women remains a challenge due to unclear data points and difficulties in comparing companies of different sizes (Int 14, 17, 18, 19, 25, 30).

In conclusion, the GIIF contributes to women's economic empowerment through a combination of targeted interventions and indirect positive effects stemming from its broader financial inclusion and development goals. Yet, while the commitment to gender is embedded in its strategy and processes, the direct measurement of impact and consistent explicit gender focus across all engagements present ongoing challenges (Int 14, 20, 28).

4. Conclusions and recommendations

This section presents the key conclusions and lessons learned following the analysis criteria, as well as the main recommendations to BMZ, DEG and CREDION.

4.1 Conclusions

On Relevance

- ✓ GIIF is **strongly aligned** with BMZ's diverse strategic priorities and targets including **BMZ's cross-cutting themes**, such as decent jobs, economic growth and renewable-efficiency energy in EMDEs

and DAC priority countries. Additionally, it plans to fully align with gender equality in its further implementation.

- ✓ GIIF's sectoral priorities strongly align with **BMZ's priority sectors**, such as renewable energy, financial sector development (for SME growth), agribusiness and industrialization for job creation, and infrastructure development. The facility is strategically aligned with BMZ's cooperation strategies in prioritized OECD-DAC countries.
- ✓ GIIF has proven to be a **flexible blended finance instrument**. It has demonstrated a strong capacity to adapt priorities to address the ongoing market demands in EMDEs. While the expansion towards global markets means diversification, there is an explicit concern that the GIIF's initial focus on Africa and the specific strong commitment to the region has diminished.
- ✓ The continuous pursuit of more novel financial products tailored to address market needs of diverse clients reflects GIIF's **high level of flexibility**. GIIF's operational model reinforces BMZ's **innovation and partnership agenda**. It was one of the first development promotion funds managed through DEG, pioneering complex blended-finance reporting and risk-sharing structures.
- ✓ GIIF represents significant **potential** in development finance and private-sector mobilization, as it plans to attract private credit insurers into developmental investments through a "*first-loss*" position.
- ✓ GIIF possesses a **complex structure**. It has the ability to enable DEG to provide large ticket sizes with long tenors, share losses, and offer diverse financing products such as local currency lending. This leverages DEG's operations and attractiveness with its clients.
- ✓ The facility's **crisis financing window offered liquidity relief and resilience** to SMEs and FIs in the COVID-19 crisis, specifically, helping them to sustain jobs and economic activity. This financing window supports BMZ's peace and crisis-prevention aims by safeguarding livelihoods in fragile contexts.

On Coherence

- ✓ The GIIF is designed to be **complementary** to other German development financing programs, without duplicating efforts. GIIF achieved this by addressing unmet needs as well as higher-risk investments that other programs or DEG typically avoid. This complementary attribute is particularly evident in its **revolving fund and financing approach**, which contrasts with the common non-repayable financing offered by other programs, and even within some DEG's supporting programs.
- ✓ **LCY financing** offered by GIIF is **flexible** in terms of coverage and type of currency. Yet, GIIF's complex synthetic FX structure to enable LCY transactions with TCX is often viewed as more operational burdensome than LCY financing offer from other non-German DFIs. The inherent regulatory constraints derived from German legislation raise questions about the necessity and the potential of GIIF's internal transformation.
- ✓ Many BMZ-supported initiatives are joint efforts with other DFIs and international private partners. The GIIF is **solely supported**, launched, and managed in Germany but with a global scope of action.

On Effectiveness

- ✓ **GIIF's portfolio** is predominantly comprised by FIs. By 2024, GIIF has supported 24 deals. Out of 24 deals that are financed, 20 are performing well, while four have been written off. This reflects an overall success rate. In terms of geographic score, deals are operating across Africa mostly, followed by Latin America and Asia, with nearly half of the portfolio concentrated in Africa.

- ✓ **Crisis financing at a global scope** has proved to be effective to mitigate COVID-19 pandemic. Financing committed for the crisis window (including Africa crisis) account for more than half of the total deals in GIIF's portfolio.
- ✓ **More funds deployed to Africa risk than to Africa crisis and AfricaGoGreen.** Financing was not executed through AfricaGoGreen. Finding suitable African high-risk fund investments for this specific financing window has not demonstrated effectiveness. Instead, priorities slightly shifted and funds were reallocated to expand the scope and achieve the goals by facilitating more access to finance outside of Africa.
- ✓ The majority of the **deals reported positive numbers**, especially the DERa scores of each deal.
- ✓ The classification of the **GIIF as a development promotion fund** in Germany is a major achievement at implementation level. Although this new categorization of GIIF is bringing more regulations to the instrument, at the same time, it enables GIIF to employ new finance products, thereby providing more flexibility.
- ✓ The **profit-sharing mechanism has effectively incentivized DEG** to seek and approve high-risk investments with a very negative risk profile (M-Rating). At the same time, this mechanism introduces a slight degree of complexity to transactions.
- ✓ Data **granularity is an ongoing challenge for reporting** on the end-clients' side, especially among FIs, general partners and first-time fund managers. Despite strict controls, FIs and NBFIs still struggle to accurately report the ultimate purpose of the credit they provide to their client portfolio through personal loans. This limitation may affect the quality of information DEG requires to assess development impact further.

On Additionality

- ✓ The facility generally achieves financial and non-financial additionality. The main financial additionality condition met relates to **enabling DEG to undertake riskier investments**, that would normally be possible under its operations. GIIF has also been created to **mobilize capital** directly mostly with DEG, but also has contributed to mobilizing private capital indirectly (around 157 million euros), thereby enabling private sector projects on the asset side.
- ✓ In case of LCY financing, GIIF also demonstrates financial additionality, as it serves as an **enabling instrument** by offering local-currency financing through synthetic hedging. Through GIIF's structure, DEG aims to reduce exchange rate risks and currency volatility, thereby benefiting the end-client.
- ✓ **LCY is fundamental and demanded in EMDEs**, particularly in contexts where SMEs and FIs do not generate any revenues in hard currency. However, some deal managers perceive that this results with slightly higher rates for both the client and GIIF. While collaboration with TCX to perform LCY transactions is regarded positively, there is a prevalent perception that GIIF's internal structure still has an operational disadvantage compared to other DFIs or TCX's shareholders, which can integrate hedging operations directly into their balance sheets.
- ✓ A clear **advantage of LCY transactions with GIIF** is that end-clients can register these operations transactions in their accounting records in the country's local currency without additional steps or external authorization, simplifying administration.
- ✓ GIIF also demonstrates financial additionality by offering longer tenors, larger ticket sizes, and favorable financing conditions to DEG clients.
- ✓ GIIF also **improves the Internal Rate of Return (IRR)** for high-risk equity transactions in high-risk countries and markets. Without GIIF, many deals with a lower initial IRR would not proceed.

- ✓ GIIF has also proved to have a **catalytic effect** in attracting other DFIs to mobilize capital and collaborate with end-clients who have received GIIF funding.
- ✓ The facility also demonstrates **non-financial additionality** by encouraging end-clients to initiate BSS measures (through DEG Impulse) in parallel to the GIIF financing. Through DEG's high reporting standards and requirements, end-clients benefit directly from this to implement or improve their own Environmental and Social (E&S) management standards.

On Efficiency

- ✓ The **implementation** of GIIF is facilitated by DEG's internal processes and well-defined operational guidelines. Efficiency is achieved through a **positive collaborative structure** among stakeholders, with clear responsibilities for all program implementers. GIIF leverages its operations, especially from the internal expert group, for impactful transaction assessment.
- ✓ **Pipeline management** is an ongoing concern that creates uncertainty regarding fund availability and the GIIF's current priorities. Complex projects often result in longer earmarking of funds, which in turn limits the availability of capital for more feasible investment opportunities.
- ✓ DEG's **reporting systems** collect detailed key information to provide a comprehensive overview of each deal on economic, social and environmental dimensions. DEG's Development Effectiveness Rating (DERa) is a central impact reporting tool. These systems are complex in the quantification and assessment of achievements and impacts. Smaller SMEs and FIs appear to be disadvantaged by the impact indicators, as some metrics seem better aligned with the capacities of larger companies. The quality of reporting is influenced by **granularity** of the data and delays in the timelines of the deals.
- ✓ Expenses within GIIF are deemed in line with those of any other fund. However, the **financial health** is impacted by currency fluctuations, write-offs of some deals, and revaluation effects.
- ✓ BSS measures offered (through DEG Impulse) bring a **positive impact to end-clients** by strengthening E&S performance, enhance their corporate governance practices, and boost operational capacity within the SMEs, FIs, general partners or investees.

On Impact

- ✓ GIIF has contributed through crisis financing to both the **creation and preservation of jobs**, which was vital during the COVID-19 crisis. Crisis financing mitigated negative effects of COVID-19, including prevented layoffs and shortage of liquidity in EMDEs.
- ✓ The facility is an enabler for DEG to take up **high-risk investments in EMDEs**, where poor ratings would otherwise deter private investment. This elevates DEG's risk appetite and its confidence to position in the market.
- ✓ DEG offers a **diverse and impactful portfolio** aimed at contributing to different SDGs. The achievements at impact level are reflected through the reporting of job growth and preservation, contribution to local income and economic growth, but to a lesser extent to women's empowerment or energy efficiency (as this was an intrinsic goal for DEG, not GIIF).
- ✓ With the provision of **tailored financial products** such as LCY and the upcoming stand-alone guarantees, the GIIF's contribution is gaining more momentum and demand in the EMDEs.

4.2 Recommendations

The following recommendations are based on the key findings and on the main conclusions drawn:

1. On the strategic planning, thematic priorities and financing windows:

Continue to prioritize GIIF's focus strategically. The challenges in the effective identification and deployment of funds planned for the AfricaGoGreen financing window compromise GIIF's original focus and its alignment with BMZ to boost renewable energy, climate protection and energy-efficiency in the African region. Since there are diverse development funds publicly known in the African markets or support programs similar to the AfricaGoGreen financing, along with the limitations in the African region and SMEs, DEG should consult with BMZ on how GIIF's Africa financing windows could be best adapted, achieve more flexibility of these windows, and explore other investment opportunities (e.g., expanding to other underserved sectors in Africa or targeting riskier countries). Formalize the ongoing discussions to adapt the scope of the global crisis financing window beyond COVID-19 pandemic to encompass a wider range of emerging global crises (war, conflicts, among others). The adaptation should include developing more flexible eligibility criteria and repayment structures that account for a more unpredictable nature of such events, ensuring this financing window remains for future interventions.

While GIIF will introduce the promotion of indicators to boost women's participation and empowerment in SMEs (e.g., prioritizing women-led companies, the 2X Challenge initiative), GIIF should proactively and systematically embed a gender lens and ensure the consistent collection of gender-related data to better capture the impacts on women's empowerment and gender equity.

Given that GIIF has successfully evolved into a promotion development fund, the facility should continue to expand its product offering (as planned), explore additional regulatory conditions to maximize GIIF's potential (e.g., include private investors). To support this strategic growth, DEG should engage in discussions with BMZ regarding additional funding opportunities. To ensure that the facility targets more effectively higher-risk project opportunities and therewith enhance portfolio's diversification across sectors and riskier countries, DEG and BMZ should discuss and assess whether public visibility for GIIF should be pursued.

2. On the LCY financing

Continuity of this finance product offer is important for broadening GIIF's scope of action. While many DFIs and GIIF maintain the same rates for LCY transactions, we recommend including interviews with DFIs and end-clients from diverse sectors in the final evaluation to gain a comprehensive perspective in local-currency financing.

3. On the collaboration with stakeholders (BMZ):

Communication, and reporting frequency are adequate and should continue. We suggest jointly consultation between DEG and BMZ to tailor a supplementary reporting format to support the annual reporting. For instance, a one-pager infographic or a similar reporting format used for ImpactConnect should provide brief updates on ongoing deals and their lifecycle. Only in case of critical transactions, highlight key information if the long-term impact of a deal is compromised. A more tailored reporting format would help BMZ stay better informed and increase transparency on GIIF's fund use.

4. On the pipeline management and internal communication:

Strengthen internal communications protocols between DEG (market) and DEG Impact to improve coordination and accelerate decision-making, which in turn will support a more robust and timelier

pipeline. Maintain systematization and periodicity of communication exchanges to ensure that emerging developments are shared consistently. Although a specific GIIF-platform within DEG is not needed, DEG Impact should foster internal communication strategies among deal managers to share experiences with GIIF, raise awareness among other colleagues who are yet not familiar with GIIF's structure, benefits and impact potential in upcoming deals.

5. On the BSS:

Strengthen communication and coordination with DEG Impulse to explore and develop strategies for increasing the use of BSS among GIIF's clients. Continue the follow-up with SMEs/FIs that did not show an interest in using BSS. Intensify the integration of more accessible (in cost and implementation) BSS offers targeted at deals that report serious liquidity constraints.

6. On DERA:

DERA is a very comprehensive complex tool that is beyond the scope of this evaluation. Continue to complete the transition of all indicators needed for the private equity funds to the DERA 2.0. The team should coordinate periodical meetings for exchange of experience and better reporting.

5. Annex

5.1 Evaluation matrix

Criterion	Evaluation question	Indicator(s)	Methods	Primary/Secondary Data Source(s)
1. Relevance	1.1 To what extent does the instrument address important development priorities of BMZ?	<ul style="list-style-type: none"> ✓ Extent of the GIIIF's compliance/alignment with national development plans or sectorial strategies ✓ Number and type of ongoing commitments approved that address specific cross-cutting themes (i.e., decent employment, gender equity, climate, human rights) ✓ Number and type of commitments approved and that foster investment in Africa (priority BMZ region) 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews ✓ Descriptive statistical analysis 	<ul style="list-style-type: none"> ✓ Progress reports ✓ Available statistics about country finance development (OECD) ✓ BMZ strategy papers ✓ GIIIF module proposal, monitoring reports ✓ Interviews with DEG, CREDION and BMZ representatives (involved in the program)
	1.2 To what extent is the design of the instrument suitable for this purpose?	<ul style="list-style-type: none"> ✓ Extent of GIIIF's alignment to BMZ's set priorities outlined in the description of concept and design of the instrument ✓ Proportion of involved agencies/stakeholders consulted to shape the design of the instrument 	<ul style="list-style-type: none"> ✓ Interviews ✓ Document analysis 	<ul style="list-style-type: none"> ✓ GIIIF module proposal, yearly progress reports ✓ Notes /minutes/agreements taken in meetings of the advisory committee (if available). ✓ Interviews with DEG, CREDION and BMZ representatives
	1.3 Is the instrument flexible enough to address shifting priorities?	<ul style="list-style-type: none"> ✓ Existence of documentation evidencing GIIIF's response to unexpected external events or policy changes (updates) (COVID-19, food security crisis, climate crisis, war) ✓ Extent of GIIIF's responsiveness between crisis onset and program adjustment. ✓ % of funds reallocated to new prioritized themes 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ Progress reports, and module proposal ✓ Interviews with DEG, CREDION and BMZ representatives
	1.4 To what extent has crisis financing proved relevant?	<ul style="list-style-type: none"> ✓ Extent of the alignment of the crisis financing option with current priorities ✓ Existence of an adequate needs assessment tool providing information about relevance of this financing option ✓ % of requests made by SMEs to receive financing options tackling crisis financing vs. risk financing ✓ # of received applications to finance specifically crisis financing deals/commitments that were approved 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews ✓ Descriptive statistical analysis 	<ul style="list-style-type: none"> ✓ Statistics derived from available financial reports ✓ DERA eligibility sheets, transaction assessments and other monitoring data ✓ Interviews with DEG Impact (program managers, consultants), deal/commitment managers (DEG), and CREDION (coordination, asset managers).

<p>2. Coherence</p>	<p>Internal coherence 2.1 To what extent is the facility complementary to other programs of German development financing?</p>	<ul style="list-style-type: none"> ✓ Extent of inclusion of blended finance instruments in national policies/strategies. ✓ # of documented projects (that provide evidence of duplication of financed activities by a third party) 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ List of RZ-R programs ✓ Benchmarking reports ✓ Interviews with BMZ, DEG Impact (consultants), deal/commitment managers (DEG), and CREDION.
<p>3. Effectiveness</p>	<p>3.1 To what extent has the program achieved the objectives at the outcome level since the start in 2019?</p>	<ul style="list-style-type: none"> ✓ Achievement of the output indicators ✓ Achievement of specific outcomes ✓ Total of EUR, USD disbursed to SMEs or projects (or in LCY where relevant) ✓ Volume of private capital mobilized ✓ Ratio of private to public investment in transactions ✓ % of first-time investors in new or emerging markets ✓ % of deals/commitments that reported increasing in business volume, employee growth, or expansion ✓ Proportion of deals who reported developing/improving E&S monitoring mechanisms ✓ Disaggregation of current deals by sector, size and location 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews ✓ Statistical descriptive analysis 	<ul style="list-style-type: none"> ✓ Module proposal ✓ Progress reports, financial reports. ✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data ✓ Interviews with DEG Impact, deal/commitment managers (DEG) and CREDION staff (coordination and asset managers).
<p>3.2 To what extent does the GIIF's profit-sharing mechanism effectively contribute to achieving its objectives?</p>	<ul style="list-style-type: none"> ✓ Proportion of total profits distributed to DEG within the foreseen timeframe ✓ Proportion of level of transparency, trust and timeliness of profit distribution (risk-profit-profile of deals with GIIF vs. risk-profit-profile without GIIF) 	<ul style="list-style-type: none"> ✓ Interviews ✓ Document analysis 	<ul style="list-style-type: none"> ✓ Module Proposal ✓ Progress reports ✓ Interviews with DEG Impact and CREDION 	
<p>3.3 To what extent have the Business Support Services (BSS) offered by DEG been proved useful for the clients?</p>	<ul style="list-style-type: none"> ✓ % of clients eligible for the BSS who applied for the BSS and completed application process for its subsequent utilization ✓ Deals/commitment managers' perception of the demand and usefulness of the BSS among the clients 	<ul style="list-style-type: none"> ✓ Interviews ✓ Document analysis 	<ul style="list-style-type: none"> ✓ Progress reports ✓ Eligibility sheets, transaction assessments and other monitoring/reporting data ✓ Interviews with DEG Impact, deal/commitment managers (DEG) and BSS staff. 	
<p>3.4 To what extent have unintended effects been caused or are likely to occur?</p>	<ul style="list-style-type: none"> ✓ To be developed inductively 		<ul style="list-style-type: none"> ✓ Interviews with DEG and CREDION ✓ Progress reports ✓ Eligibility sheets, transaction assessments and other monitoring/reporting data 	
<p>3.5 To what extent has crisis financing proved effective? 3.5.1 How do the effect of crisis financing compare to the effects of risk financing?</p>	<ul style="list-style-type: none"> ✓ # of supported deals under the crisis financing that remain operational (at the time of the interim evaluation) ✓ % of deals/commitments that reported increase in business volume, employee growth, or expansion 	<ul style="list-style-type: none"> ✓ Statistical descriptive analysis ✓ Document analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ Financial statements ✓ Progress reports ✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data 	

				<ul style="list-style-type: none"> ✓ Interviews with DEG Impact, deal/commitment managers (DEG) and asset managers (CREDION)
	3.6 To what extent does the facility have potential in the context of private capital mobilization?	<ul style="list-style-type: none"> ✓ Leverage ratio: official capital invested ✓ Extent of secondary mobilization reported by clients (if available at DEG) 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ Progress reports ✓ Interviews with DEG Impact, deal/commitment managers (DEG) and asset managers (CREDION)
4. Additionality	4.1 To what extent is the local currency financing option of GIFF additional?	<p>Financial additionality</p> <ul style="list-style-type: none"> ✓ Comparison of LCY financing provided (new and existing clients) ✓ # of LCY financing deals that reported improved/better financial conditions/terms (tenor, grace period, FX risk) <p>Development additionality</p> <ul style="list-style-type: none"> ✓ Proportion of deals/commitments using the LCY financing option that reported an increase of favorable situation (growth/secured jobs/economic recovery) ✓ # LCY financing deals/commitments with improvement in ESGs standards 	<ul style="list-style-type: none"> ✓ Interviews ✓ Document analysis ✓ Statistical descriptive analysis 	<ul style="list-style-type: none"> ✓ Eligibility sheets and transactions assessments ✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data ✓ Interviews with DEG and CREDION ✓ Interviews with end-clients of LCY financing
	4.2 To what extent does GIFF make financing in challenging emerging markets possible, where DEG would not have otherwise done?	<p>Financial additionality</p> <ul style="list-style-type: none"> ✓ Comparison of the IRR/ RARORC with and without GIFF among the deals/commitments. <p>Development additionality</p> <ul style="list-style-type: none"> ✓ Proportion of deals/commitments where a change in the development categories is expected/reported in the DERA system). ✓ Deal/commitment managers perception during application and selection process 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Descriptive statistical analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ Margin calculator sheets ✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data ✓ Interviews with DEG Impact, deal/commitment managers (DEG) and CREDION
5. Efficiency	<p>5.1 To what extent is the facility efficient?</p> <p>5.1.1 To what extent has crisis financing in particular proven efficient?</p>	<ul style="list-style-type: none"> ✓ # of suitable KPIs/ criteria elements considered for the monitoring of the performance of the funds. ✓ Changes/adaptations during implementation in workflows or decision-making processes (eligibility of deals; integration of portfolio) ✓ Time from submission until approval of crisis financing 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data ✓ Operational Guidelines ✓ Interviews with DEG and CREDION
6. Impact	6.1 To what extent has the program achieved the objectives at the impact level since its start in 2019?	<ul style="list-style-type: none"> ✓ Total of private investment catalyzed by the GIFF since launch (disaggregated by sector and type of instrument) 	<ul style="list-style-type: none"> ✓ Document analysis ✓ Interviews 	<ul style="list-style-type: none"> ✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data

		✓ Perception among stakeholders of observed progress		✓ Interviews with DEG Impact, deal/commitment managers (DEG), and CREDION
6.1.1	To what extent is the program likely to achieve the objectives at the impact level in the further course of its implementation?	✓ Perception of deal managers of trajectory of the portfolio	✓ Document analysis ✓ Interviews	✓ DERA ratings, eligibility sheets, transaction assessments and other monitoring/reporting data ✓ Financial reports ✓ Interviews with DEG and CREDION
6.2	How does the impact of crisis financing compare to the impact of risk financing?	✓ Comparison of achievement of development outcomes and extent of catalytic effect in the long-term	✓ Document analysis ✓ Descriptive statistical analysis ✓ Interviews	✓ Progress Reports, Transaction assessments, DERA scores ✓ Financial reports ✓ Interviews with DEG t

5.2 List of documents

- ✓ **Project proposal**
 - GIIF01: Module proposal (2022)
- ✓ **BMZ strategic documents**
 - GIIF21-22: BMZ Handbooks on bilateral cooperation. Handout HR008 (2023, 2025). Financial Cooperation with Regions (FZR)
 - GIIF23: BMZ Handout of bilateral DC: guidelines for trust investment in DC
 - GIIF24: BMZ Handout of bilateral DC: orientation framework for funds in the financial cooperation
 - GIIF26: BMZ Handout of bilateral development cooperation: guidelines for the bilateral financial and technical cooperation with cooperation's partner of German DC
 - GIIF25: BMZ Handout of bilateral development cooperation: quality standards for impact matrix
- ✓ **Annual progress reports, and reporting of the GIIF**
 - GIIF10-12: GIIF yearly reporting to BMZ (2022, 2023 and 2024)
 - GIIF20: DEG Internal GIIF yearly report (2024)
 - GIIF:13-19: CREDION quarterly reports (2023, 2024)
- ✓ **Strategy papers, policy briefs**
 - OECD 2018: OECD-DAC – Blended Finance Principles
 - OECD 2017: OECD – Blended finance – Policy perspectives
 - OECD 2024: OECD – Insights on emerging markets
 - OECD 2025: OECD – Global outlook on financing for sustainable development
 - OECD 2025a: OECD – Unlocking LCY financing in emerging markets
 - OECD 2021c: OECD – Evaluating financial and development additionality in blended finance operations
 - IFC 2012: IFC Performance Standards on E&S sustainability
 - DEG 2024c: Policy brief of the DERA score 2.0
 - GSG 2025: Global Steering Group for Impact Investment's Report: A New Lens on SME Mobilisation: How to Maximise Private Capital Flows to SMEs
- ✓ **Plan of Operations**
 - GIIF04: GIIF Operation Guidelines
- ✓ **Internal reporting information about the deals/commitments (2019-2024, where possible)**
 - GIIF29: Overview of Reporting Requirements to CREDION (GIIF Equity Participations)
 - GIIF27: Overview of Reporting Requirements to CREDION (GIIF Debt Sub-participations)
 - GIIF30: GIIF Pipeline
 - GIIF28: DERA Ratings of deals (compiled), and DERA Ratings (individual): Acc07, Acc08, Acc09, Acc10, Ame14, Ban17, Ban18, Bra03, Bra04, Cne03, Cne04, Co03, Co04, Dar03, Dar04, Dav15, Dav16, Era03, Era04, Ham03, Ham04, Inc03, Inc04, Int03, Int04, Lap03, Lap04, Let04, Let05, Mac03, Mac04, Mcp03, Mcp04, Nmb02, Nmb03, Pfk02, Pfk03, Pft02, Pft03, Tid03, Tid04, Tru03, Tru04, Uba03, Uba04, Uhu03, Uhu04
 - Eligibility sheets: Acc05, Ame12, Ban15, Bra01, Cne01, Co01, Dar01, Dav13, Era01, Ham01, Inc01, Int01, Lap01, Let01, Let02, Mac01, Mbir01, Mcp01, Pri01, Tid01, Tru01, Uba01, Uhu01
 - Transaction assessments: Acc06, Ame13, Ban16, Bra02, Cne02, Co02, Dar02, Dav14, Era02, Ham02, Inc02, Int02, Lap02, Let03, Mac02, Mbir02, Mcp02, Nmb01, Pfk01, Pft01, Tid02, Tru02, Uba02, Uhu02
- ✓ **Reporting submitted by deals/commitments**
 - Annual Environmental and Social Monitoring Report (AESMR): Ban19, Bra05, Bra06, Cne05, Co05, Dav17, Era05, Era06, Ham05, Inc05, Int05, Lap05, Let06, Let07, Mac05, Mcp05, Nmb04, Pfk04, Pft04, Uba05, Uhu05

5.3 Further literature

Dembele, F., T. Randall, D. Vilalta and V. Bangun (2022), "Blended finance funds and facilities: 2020 survey results", OECD Development Co-operation Working Papers, No. 107, OECD Publishing, Paris.

Horrocks, P., C. Marshall, C. Thomas, T. Venon, D. Portmann and W. Okuwobi (2025), "Unlocking local currency financing in emerging markets and developing economies: What role can donors, development finance institutions and multilateral development banks play?", OECD Development Co-operation Working Papers, No. 117, OECD Publishing, Paris, <https://doi.org/10.1787/bc84fde7-en>.

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OECD (2025), G20/OECD Report on blended finance derisking measures: The case of guarantees and credit enhancement instruments, OECD Publishing, Paris, <https://doi.org/10.1787/9df5fe74-en>.

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OECD (2025), OECD DAC Blended Finance Guidance 2025, Best Practices in Development Co-operation, OECD Publishing, Paris, <https://doi.org/10.1787/e4a13d2c-en>.

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Orth, M., V. Habel, J. Richter and H. Roggemann (2020), Structured Funds. A balancing act between financial sustainability and development impact, German Institute for Development Evaluation (DEval), Bonn.

Winckler Andersen, O., Hansen, H. and Rand, J. "Evaluating financial and development additionality in blended finance operations", OECD Development Co-operation Working Papers, No 91 OECD Publishing, Paris.

World Bank. 2023. International Finance Corporation Additionality in Middle-Income Countries. Independent Evaluation Group. Washington, DC: World Bank.

5.4 List of interviewees

Table 5: Final list of key stakeholders interviewed.

Name	Position	Contact information	Role/responsibility in the GIIF
Dr. Hans-Peter Küppers	Program Manager	hans-peter.kueppers@bmz.bund.de	Responsible on behalf of BMZ (Trustor)
Dr. Matthias Krause	Deputy Head for financial instruments	Matthias.Krause@bmz.bund.de	Responsible for the BMZ FZ-R Portfolio
Nathalie Spath	Policy Advisor	nathalie.spath@deginvest.de	Fiduciary responsibility and strategic development
Florian Borgmann	Senior Manager	Florian.borgmann@deginvest.de	Focal point between BMZ and DEG
Michael Roloff	Syndication Manager	Michael.roloff@deginvest.de	Syndication
Ulrich Mueller-Gaude	Investment Manager	Ulrich.Mueller-Gaude@deginvest.de	Restructuring Department (KaC), restructuring specialist of the write-offs: ACCESO, DARAJU, and TRUSTCO.
Hannah von Rhein	Investment Manager	hannah.vonrhein@deginvest.de	Restructuring Department (KaC), restructuring specialist of the write-offs: ACCESO, DARAJU, and TRUSTCO.
Annette Ewald	Investment Manager	Annette.Ewald@deginvest.de	Manager of the deal/commitments AMETHIS III and LAPROPHAN
Sabella Wolpher	Investment Manager	Sabella.Wolpher@deginvest.de	Manager of the deal/commitment BANGA
Fahmeda Ahmed	Investment Manager	Fahmeda.Ahmed@deginvest.de	Manager of the deal/commitment BANGA
Adam Boehm	Investment Manager	Adam.Boehm@deginvest.de	Manager of the deal/commitments Coopenae (CNE) and COOPEANDE
Jeroen Kingma (CC)	Investment Manager	Jeroen.Kingma@deginvest.de	Manager of the deal/commitments Coopenae (CNE) and COOPEANDE
Stefanie Baller	Investment Manager	Stefanie.Baller@deginvest.de	Manager of the deal/commitments DAVR and HAMKOR
Diana Schmitt	Investment Manager	Diana.Schmitt@deginvest.de	Manager of the deal/commitment ERANOVE
Niclas Roszak	Industries & Services Debt Latin America	Niclas.Rozsak@deginvest.de	Manager of the deal/commitment INCOSA
Ilka Krüger	Investment Manager	Ilka.Krueger@deginvest.de	Manager of the deal/commitments INTERECU and Machala
Chantal Newmann	Investment Manager	Chantal.Newman@deginvest.de	Manager of the deal/commitment MCIV

Name	Position	Contact information	Role/responsibility in the GIIF
Sebastian Sonnenschein	Investment Manager	Sebastian.Sonnenschein@deginvest.de	Manager (within Team) of deal/commitments INTERECU and MACHALA
Thomas Meyer	Investment Manager	Thomas.Meyer@deginvest.de	Manager of the deal/commitments PFK (Kenia and PFTZ (Tanzania))
Johann Stahnke	Investment Manager	Johann.Stahnke@deginvest.de	Manager of the deal/commitment TIDE II (TLCOM)
Thomas Mielke	Investment Manager	Thomas.Mielke@deginvest.de	Manager of the deal/commitment UBA
Kostadin Stoychevski	Investment Manager	Kostadin.Stoychevski@deginvest.de	Manager of the deal/commitment UHURU
Olga Hülsmann	Senior Manager Impact & Services	olga.huelsmann@degimpact.de	Coordinator of the GIIF activities, consultant for the GIIF in ESG topics, DERA and overarching contracts
Melis Demirel	Syndication Manager	melis.demirel@degimpact.de	Consultant for the GIIF in Syndication, pipeline, liquidity and cash management topics (contact person in market).
Christian Sokola	Senior Manager	christian.sokola@degimpact.de	Consultant for LCY hedging and management (contact person in market)
Viola Holberg	Senior Fund Manager	v.holberg@credion-ag.de	GIIF Funds Management
Tobias Weitzel	Managing Director	tobias.weitzel@credion-ag.de	Overall responsibility of the GIIF Funds Management
Manfred Agüero	Manager	Not available	End-client. LCY financing (Sub-participation).
Reinaldo Herrera	Financial Manager	reherrera@coopenae.fi.cr	End-client. LCY financing (Sub-participation).
Jonas Enrico Luini	SVP Structuring and Sales	j.luini@tcxfund.com	Hedge partner for local currency loans
Thomas Oostheim	AVP CEO Office	t.oostheim@tcxfund.com	Hedge partner for local currency loans

5.5 Data collection instruments

5.5.1 Interview guides

Interview Guide – BMZ program representatives

0. Background and context.

- ✓ Please describe your (current/past) role and responsibilities in the GIIF Program.
- ✓ Time in the position

1. Relevance Can you explain briefly, how the GIIF was originally designed? (*How initial discussions to draft the module document took place; partners involved in the process; main topics addressed; main guiding documents for the design*)?

1.2. In your opinion, how (well) does the GIIF align with the strategic priorities of BMZ? (*Rationale for a blended finance instrument*)

1.3. Can you describe what is/are the main challenge(s) faced by a SME/project/financial institution when applying for financing in financial institutions (*e.g., local banks, European banks, international development banks*)?

1.4. Do you consider that the GIIF is addressing a specific need in the market? If yes, to what extent is specifically addressing the needs and challenges faced by SMEs in the emerging markets?

1.5. The GIIF was classified in 2022 as “development promotion funds”. To what extent this has been relevant (thinking in terms of specific benefits/features: e.g., providing more flexibility to the financing options for the companies, establishing new supporting services, requiring or enforcing new standards/principles, etc.)?

2. Coherence

2.1. Keeping in mind the challenges that a SME/project/financial institution faces when applying for financing, in your opinion, how does the GIIF stand out?

2.1.1. (*Which elements/features of the risk financing makes it unique/attractive?*)

2.1.2. (*Which elements or features of the crisis financing makes it unique/attractive?*)

2.2. Do you know any other blended finance instruments/facilities/programs operating at national or European level that are also providing financing options (short-and- long-term loans, mezzanine loans, currency hedging) with similar conditions for SMEs in developing countries or emerging markets? *If yes → can you briefly mention the program(s) and do you know if they have a particularity that the GIIF does not offer?*

3. Effectiveness

3.1. In your opinion, what have been the key achievements of the GIIF so far?

3.2. Is the project running according to what was originally planned? *If no, could you describe the aspect(s) that has/have been modified and how this/these has/have affected the course of the implementation of the program? Do you have an example of this?*

- 3.3. Has the GIFF experienced an expansion (in e.g., allocation of resources, activities, processes, benefits, portfolio, pipeline)?
- 3.4. Specifically, what was the reason behind the change of the management of the funds (moving from Mauritius to Germany)? *(How was this process overall?)*
- 3.5. Which have been the main challenges since the implementation of the GIFF?
- 3.6. In your experience, which type finance option(s) from the GIFF portfolio has/have presented the most benefits/conditions to the potential clients/investors? And which the least? *(Please provide an example of this).*

4. Efficiency

- 4.1. Can you briefly describe the internal process followed for eligibility of new deals?
- 4.2. Which are the main monitoring mechanisms that are in place to assess and the GIFF's performance? *(What are the key indicators that are delivered to BMZ; how is the format and periodicity of the reporting?)*
- 4.3. Can you describe to what extent do you consider that the DERA monitoring system is comprehensive? *(How was its transition from 1.0 to 2.0?)*
- 4.4. Do you consider that the allocation of resources and margins and fees established are suitable for all the partners involved? *(If no, can you elaborate?)*
- 4.5. How would you describe the role of the shareholders meeting (Gesellschafterversammlung)?
- 4.6. Do you consider that the operation process could be improved or strengthened? *(If yes, in which aspect and how?)*
- 4.7. Is there anything in regard to the coordination/communication with the implementing partner that could be improved or strengthened? *(Can recall an example and a suggestion for improvement?)*

5. Impact

- 5.1. To what extent do you consider that the facility is achieving the objectives of creating and sustaining decent jobs, enabling access to credit and financing in emerging markets and promoting green energy supply?

Do you have any other comments that you consider are useful for the evaluation team that were not addressed during this interview?

Gender mainstreaming and gender lens

- ✓ What are the specific measures established in the GIFF to mobilize and facilitate funding options to boost women empowerment in the private sector?
- ✓ Are the engagements supporting SMEs that are offering products/services that aim at improving or boosting women empowerment (as leaders, entrepreneurs, specifically)?
- ✓ Are there current commitments comprised by women-led companies?

Interview Guide – DEG (Implementing partners)

0. Background and context.

- ✓ Please describe your (current/past) role and responsibilities in the GIIF Program.
- ✓ Time in the position

1. Relevance

Can you explain briefly, how the GIIF was originally designed?

- 1.2. In your opinion, how (well) does the GIIF align with the strategic priorities of BMZ?
- 1.3. Can you describe what is/are the main challenge(s) faced by a SME/project/financial institution when applying for financing in financial institutions (*e.g., local banks, European banks, international development banks*)?
- 1.4. Do you consider that the GIIF is addressing a specific need in the market? If yes, to what extent is specifically addressing the needs and challenges faced by SMEs in the emerging markets?
- 1.5. The GIIF was classified in 2022/2023 as “development promotion funds”. To what extent this has been relevant (thinking in terms of specific benefits/features: *e.g., providing more flexibility to the financing options for the companies, establishing new supporting services, requiring or enforcing new standards/principles, etc.*)?

2. Coherence

- 2.1. Keeping in mind the challenges that a SME/project/financial institution faces when applying for financing... In your opinion, how does the GIIF stand out?
 - 2.1.1. (*Which elements/features of the risk financing makes it unique/attractive?*)
 - 2.1.2. (*Which elements or features of the crisis financing makes it unique/attractive?*)
- 2.2. Do you know any other blended finance instruments/facilities/programs operating at national or European level that are also providing financing options (short-and- long-term loans, mezzanine loans, currency hedging) with similar conditions for SMEs in developing countries or emerging markets? *If yes → can you briefly mention the program(s) and do you know if they have a particularity that the GIIF does not offer?*

3. Effectiveness

- 3.1. In your opinion, what have been the key achievements of the GIIF so far?
- 3.2. Is the facility running according to what was originally planned? *If no, could you describe the aspect(s) that has/have been modified and how this/these has/have affected the course of the implementation of the program? Do you have an example of this?*
- 3.3. Has the GIIF experienced an expansion (in terms of allocation of resources, activities, processes, benefits, portfolio, pipeline)?
- 3.4. Specifically, what was the reason behind the change of the management of the funds (moving from Mauritius to Germany)?
- 3.5. Which have been the main challenges since the implementation of the GIIF?

- 3.6. In regard to the possibility for clients of requesting and accessing the Business Support Services, do you know to what extent is this service being demanded/used by the GIFF recipients?
- 3.7. In your experience, which type finance option(s) from the portfolio has/have presented the most benefits/conditions to the potential clients/investors? And which the least? *(Please provide an example of this).*

4. Efficiency

- 4.1. Can you briefly describe the internal process followed for eligibility of new deals?
- 4.2. Which are the main monitoring mechanisms that are in place to assess and the GIFF's performance?
- 4.3. Can you describe to what extent do you consider that the DERA monitoring system is comprehensive?
- 4.4. Do you consider that the allocation of resources and margins and fees established are suitable for all the partners involved? *(If no, can you elaborate?)*
- 4.5. In your opinion, what is/are the main challenge(s) faced by a company/project/financial institution when applying for financing offered by the GIFF portfolio?
 - 4.5.1. *In terms of fiscal and other business regulations (especially foreign exchange transactions regulation)*
 - 4.5.2. *In terms of bureaucracy and paperwork with other agencies or authorities.*
- 4.6. How would you describe the participation and role of the Gesellschafterversammlung so far (what is its status) and what has been its role in the Trust's "Abwicklung"?
- 4.7. Thinking about the overall process ...Is there anything in the operation process that could be improved or strengthened?
- 4.8. How is the coordination with the involved DEG departments and the deal/commitment managers? *Is there anything in this regard could be improved or strengthened? (Can you recall an example and a suggestion for improvement?)*
- 4.9. How is the coordination/communication with CREDION? Is there anything in this regard that could be improved or strengthened? *(Can you recall an example and a suggestion for improvement?)*
- 4.10. How is the coordination/communication with BMZ? Is there anything that could be improved or strengthened? *(Can you recall an example and a suggestion for improvement?)*

5. Impact

- 5.1. To what extent do you consider that the facility is achieving the objectives of creating and sustaining decent jobs, enabling access to credit and financing in emerging markets and promoting green energy supply?

Gender mainstreaming

- ✓ What are the specific measures established in the GIFF to mobilize and facilitate funding options to boost women empowerment in the private sector?

- ✓ Are the commitments supporting enterprises (SMEs) that are offering products/services that aim at improving or boosting women empowerment (as leaders, entrepreneurs, specifically)?

Do you have any other comments that you consider are useful for the evaluation team that were not addressed during this interview?

Interview Guide – CREDION (KVG)

0. Background and context.

- ✓ Please describe your (current/past) role and responsibilities in the GIIF Program.
- ✓ Time in the position

1. **Relevance** Can you describe what is/are the main challenge(s) faced by a SME/project/financial institution when applying for financing in financial institutions (e.g., local banks, European banks, international development banks)?

1.2. Do you consider that the GIIF is addressing a specific need in the market? *If yes, in your experience, to what extent is GIIF specifically addressing the needs and challenges faced by SMEs in the emerging markets?*

2. Coherence

2.1. Keeping in mind the challenges that a SME/project/financial institution faces when applying for financing... In your opinion, how does the GIIF stand out?

2.1.1. *(Which elements/features of the risk financing makes it unique/attractive?)*

2.1.2. *(Which elements or features of the crisis financing makes it unique/attractive?)*

2.2. Do you know any other blended finance instruments/facilities/programs operating at national or European level that are also providing financing options (short-and- long-term loans, mezzanine loans, currency hedging) with similar conditions for SMEs in developing countries or emerging markets? *If yes → can you briefly mention the program(s) and do you know if they have a particularity that the GIIF does not offer?*

3. Effectiveness

3.1. In your opinion, what have been the key achievements of the GIIF so far?

3.2. Is the facility running according to what was originally planned? *If not, could you describe the aspect(s) that has/have been modified and how this/these has/have affected this? Do you have an example?*

3.3. Has the GIIF funds experienced any major expansion (in terms of allocation of resources, more flow and mobilization of the initial capital, etc.)?

3.4. In your experience, which have been the main challenges since the transfer of the management of the GIIF funds to CREDION? (Coordination, reporting, etc.)?

3.5. In your experience, which type of finance option(s) from the portfolio has/have more solicited? And which the least? *(In which sense? Can you please provide any examples?)*.

- 3.6. Which of the transactions has presented a more failure rate (no longer viable)? *Can you mention one example?*
- 3.7. In your experience, have the clients reported any difficulties during the eligibility phase?

4. Efficiency

- 4.1. Can you briefly describe the internal operation process followed by CREDION with DEG and DEG Impact for the management of the funds?
- 4.2. Which are the monitoring and reporting mechanisms within CREDION for the management the funds? *(Format and periodicity of the reporting?)*
- 4.3. *If involved, do you consider that the allocation of resources and margins and fees established are suitable for all the partners involved? (If not, can you elaborate?)*
- 4.4. What is/are the main challenge(s) faced during the start of the management of funds of a new deal of the GIFF portfolio?
- 4.4.1. *In terms of fiscal and other business regulations (especially foreign exchange transactions regulation) or in terms of bureaucracy and paperwork with other agencies or authorities*
- 4.5. Thinking about the process that CREDION follows within the GIFF for the management of the funds. Is there anything in the operation process that could be improved or strengthened?
- 4.6. How is the coordination/communication with DEG? Is there anything in this regard that could be improved or strengthened? *(Can you recall an example and a suggestion for improvement?)*

5. Impact

- 5.1. Do you consider that the facility is achieving their objectives and making a significant impact beyond its scope?

Do you have any other comments that you consider are useful for the evaluation team that were not addressed during this interview?

Gender mainstreaming

- ✓ Are there current deals/commitments that are comprised by women-led enterprises?

Interview Guide – DEG (Deal/Commitment Managers)

0. Background and context.

- ✓ Please describe the commitment you currently manage and how long you have been managing it.

1. **Relevance** In your experience, what are the main challenge(s) faced by a SME/project/financial institution when applying for financing *(e.g., local banks, European banks, international development banks)?*
- 1.2. In your experience, to what extent does the GIFF meet the needs of the *SME or financial institution in the emerging markets?*

2. Coherence

- 2.1. Do you know any other blended finance instruments/facilities/programs operating at national or European level that are also providing financing options (short-and- long-term loans, mezzanine loans, currency hedging) with similar conditions for SMEs in developing countries or emerging markets? *If yes → can you briefly mention the program(s) and do you know if they have a particularity that the GIIF does not offer?*

3. Effectiveness

Effectiveness of the GIIF program

- 3.1. In your opinion, what have been the key achievements of the GIIF so far?
- 3.2. *Are there any modifications that have affected the course of the implementation of the GIIF funds? (Delay in Due Diligence or other phases in the process before/after approval of projects, few projects in pipeline) Do you have an example of this?*
- 3.3. Has the GIIF experienced an expansion (e.g., allocation of resources, activities, processes, benefits, portfolio, pipeline)?
- 3.4. In your experience, which have been the main challenges since the implementation of the GIIF? (Strategies, coordination, reporting, pipeline, etc.)?

Effectiveness of the Engagement

- 3.5. In your opinion, what have been the key achievements of the commitment/engagement you are managing so far? And what have been the main challenges faced by the engagement?
- 3.6. In regard to the use the Business Support Services (BSS), do you know to what extent is this service being used by the GIIF commitments? (*Explore if clients have shared with them their experience*).
- 3.7. In your experience, which type finance option(s) from the portfolio has/have presented the most benefits/conditions to the potential clients/investors? And which the least? (*In which sense? Can you please provide examples of this?*)
- 3.8. In your experience, which advantages does the crisis financing offers that the risk financing does not? (e.g., more flexible conditions in terms of maturity, exit strategy, duration)
- 3.9. In your experience, have the clients reported any difficulties during the eligibility phase?
- 3.10. In your experience, how is the quality of the reporting submitted by the clients in order comply with the reporting requirements? (e.g., E&S, transparency, other impact indicators)?
- 3.11. [Only for engagements where FX Hedging was performed] To what extent are end-clients of the FX hedging satisfied with this service? (Conditions, fees, time of transactions) Is there anything in that could be improved?

Gender mainstreaming

- ✓ Are there current deals/commitments that are comprised by women-led enterprises?

- ✓ During the time you have managed the commitment/deal, to what extent has the commitment committed to promote women (e.g. implementing measures at the workplace; creating/offering women-specific products (loans, etc.))? Can you give us an example?

4. Efficiency

- 4.1. [If applicable] Can you briefly describe the internal operation process followed for eligibility and approval of new deals?
- 4.2. Which are the main reporting mechanisms **for the clients** to report to DEG /GIIF?
- 4.3. Which are the main monitoring and reporting mechanisms to assess the performance of the commitments and to report to DEG /GIIF/ CREDION?? (*What are the key indicators; format and periodicity?*)
- 4.4. To what extent do you consider that the DERA monitoring system is comprehensive?
- 4.5. To what extent do you consider that the allocation of the financial and human resources to carry out the activities and to maintain the pipeline for the GIIF is suitable?
- 4.6. To what extent do you consider that the margins and fees established are suitable for the clients?
- 4.7. In your opinion, what are the main challenges reported by companies/projects/financial institutions when applying for financing offered by the GIIF? (e.g., *fiscal, foreign regulation, internal paperwork, lack of/unsatisfactory reporting, transparency*).
- 4.8. [if applicable] In your experience, do you identify any positive or negative elements expressed/experienced by the clients who received crisis financing?
- 4.9. What has been so far the challenge(s) expressed by the clients for the implementation of E&S systems and the reporting of the required indicators?
- 4.10. Does the facility foster continuous exchange of experiences between deal/commitment managers to address any concerns? (*If yes, have common issues/concerns been identified?*)
- 4.11. Thinking about the overall process (application, eligibility, communication with the client and reporting), is there anything in the operation process that could be improved or strengthened?
- 4.12. How is the coordination/communication with other involved DEG departments /managers? *Is there anything in this regard could be improved or strengthened? (Can you recall an example and a suggestion for improvement?)*
- 4.13. How is the coordination/communication with CREDION? Is there anything in this regard that could be improved or strengthened? (*Can you recall an example and a suggestion for improvement?*)
- 4.14. [Only for engagements where FX Hedging was performed] How is the collaboration with TCX? Is there anything in this regard that could be improved or strengthened? (*Can you recall an example and a suggestion for improvement?*)

5. Impact

- 5.1. Do you consider that the facility and the **engagement** is achieving their objectives and making a significant impact beyond its scope (e.g., decent jobs, economic growth, women empowerment, enabling access to financing in developing and emerging countries, promoting energy efficiency, renewable energies)?

Do you have any other comments that you consider are useful for the evaluation team that were not addressed during this interview?

Interview Guide– The Currency Exchange Fund TCX (Hedging service provider)

0. Background

1. **Relevance** Can you describe what are the main challenges that the Development Financial Institutions face (TCX is per se also a DFI) when trying to offer/enable financing solutions in emergency markets or developing countries?
- 1.2. Now, specifically, do you consider that the GIIF is addressing an *existing* specific financing gap/need in the EMDEs? *If yes, please describe briefly how.*
- 1.3. Can you briefly describe how a synthetic currency exchange works?
- 1.3.1. To what extent is this type of hedging product is incorporating the needs of the borrowers and the investors?

2. Coherence

- 2.1. In your opinion, how does the GIIF (in terms of providing Local Currency Loans or hedge) stand out?
- 2.2. As you have a close cooperation with multilateral and bilateral DFIs, and diverse European governments, do you know any other *blended finance instruments/programs* (at European level) that are also providing financing options similar to GIIF (especially currency hedging) with similar conditions for SMEs in developing countries or emerging markets? *If yes → can you briefly mention these blended finance instruments or development investment funds and do you know if they have a particularity that the GIIF does not offer?*
- 2.3. To what extent do you consider that the GIIF is bringing an added value as a financial vehicle and is not actually duplicating or overlapping efforts from the DFIs?

3. Effectiveness

- 3.1. Can you briefly describe the operation process that TCX follows along with GIIF for LCY loans and the LCY hedge?
- 3.2. In your opinion, to what extent has the GIIF scheme of LCY hedge and the LCY loans has provided a suitable solution to its clients?
- 3.3. From your experience, to what extent are the terms of the LCY financing (loans) and LCY hedging provided by GIIF manageable and adequate (e.g., maturity (tenor), grace period, LCY hedging rates, LCY interest rate, management fee, security, other conditions)?

- 3.4. To what extent does this GIIF scheme (synthetic LCY loan) is more attractive for the borrowers? (e.g., in terms of fiscal benefits, less risk bearing for the borrowers, other (off-shore) regulations)?
 - 3.4.1. Are there any disadvantages of this type of hedging product offered by GIIF and TCX?
 - 3.4.2. How is the synthetic currency exchange?
- 3.5. In your opinion, how transparent has GIIF been with all involved partners (the borrower, the hedge partner and DEG)?
- 3.6. Have there been any unforeseen internal challenges that GIIF along with TCX have encountered (e.g., delays, modifications in partner collaboration, etc.) that have affected the results achievement?
- 3.7. Have there been any **unforeseen external factors** that GIIF along with TCX have encountered (that have affected the results achievement? Within the GIIF LCY financing, have there been cases where the borrower could not settle the payments and this hindered TCX's capacity to cover the risk? Can you provide us with an example?
- 3.8. Do you have any recommendations to enhance GIIF and achieve the desired results?

4. **Additionality**

- 4.1. Since TCX also incorporates in its operations the additionality as a principle (TCX also is providing solutions where markets are thin or inexistent), in your experience, how is the GIIF bringing additionality (specially with the LCY hedge, they can also elaborate on the other products)?
- 4.2. In your opinion, in which sectors/markets is the GIIF enabling additionality? Which sectors or markets do still need strengthening or coverage that GIIF would potentially be capable to address or offer solutions?

5. **Efficiency**

- 5.1. How did the collaboration between GIIF and TCX began? Since when is TCX involved as hedge partner in GIIF?
- 5.2. Keeping in mind the collaboration between GIIF and TCX:
 - 5.2.1. Firstly, which partners (DEG, DEG Impact, CREDION, other within the program) are TCX directly working with?
 - 5.2.2. How would assess the collaboration so far and the overall operational process? (
- 5.3. Have there been any bottlenecks or delays so far during the operational process? (*If yes, what caused this?*)
- 5.4. How is the coordination, communication and reporting between GIIF and the implementing parties involved during the LCY hedge?
 - 5.4.1. Are there any areas that need improvement? If yes, please specify and provide an example if possible. If not, what has worked so far?
- 5.5. Does TCX have a direct communication with deal/commitment manager(s) or with the end-client that has solicited the LCY hedge?)

6. Impact

6.1. Do you consider that the GIFF LCY hedge options (specifically through the FX hedging) has contributed to its objectives at impact level?

6.1.1. To what extent has the GIFF financing option contributed to the SDGs 5 (gender equality), SDG 8 (decent work and economic growth) and SDG 9 (increase access to finance for SMEs)?

Gender mainstreaming (gender lens investing)

- ✓ To what extent are the GIFF financing options (such as LCY loans) directed to women-led business or women's economic empowerment (2X Challenge)?

Do you have any other comments that you consider are useful for the evaluation team that were not addressed during this interview?

Interview Guide– end-clients of LCY financing

0. Background

- 1 Name(s)
- 2 Position(s)
- 3 Name of the company/financial institution (FI)
- 4 Client status (new/existing; time). How did the request to DEG for financing started?

1. **Relevance** In your experience, do you consider that the [GIIF] funding is addressing an *existing* specific financing gap/need in the market or in your country? *If yes, please describe briefly how.*

2. Effectiveness

- 2.1. From your perspective, to what extent are terms of the LCY financing of provided by GIFF are manageable and adequate (e.g., maturity, grace period, interest rate, management fee, security, other conditions)
- 2.2. Which aspects of the GIFF funding have been more attractive for your company/FI? (e.g., in terms of fiscal and other business regulations)?
- 2.3. Were you able to implement the planned activities (expansion, capital investments, other) as a result of receiving this LCY financing?
- 2.4. What (positive/negative) changes have occurred in your company/FI since receiving the LCY financing (e.g., employment growth, improved capacity; infrastructure, products, clients)? (Explore any external/internal factors)
- 2.5. Has there been any relevant challenges (e.g., delays, modifications, etc.) that the company/FI has encountered since the disbursement of the LCY financing?

Gender mainstreaming

- ✓ Has the LCY financing encouraged the company/FI to adopt or improve any policies or practices that promote gender equality (hiring, equal pay, equal opportunities, leadership, workplace safety) *If so, how?*
- ✓ Has the LCY financing encouraged the company/FI to adapt any of the products/services to better serve the needs or women-led business or individuals? *If so, how?*

3. Efficiency

- 3.1. As a DEG client, how would you describe the process of applying for and receiving the financing?
- 3.2. Were any bottlenecks or delays during the process? *(If yes, what caused this?)*
- 3.3. To what extent was the documentation requirements for the Due Diligence (DD) adequate? Was there any documentation that at the time of the application was not meeting the requirements for the funding?
- 3.4. Before applying to the LCY financing, were any E&S monitoring/reporting mechanisms in place?
- 3.5. How long did it normally take from the application to the approval and the disbursement?
- 3.6. Taking into consideration your experience as(new/existing) DEG client, how transparent and responsive was **DEG** (and/or **CREDION, TCX**) during the application and disbursement process?
- 3.7. Do you consider that the resources (funds granted), the margins and fees are adequate/realistic for your company/institution? *(If no, can you elaborate?)*
- 3.8. How has been the communication with deal/commitment manager(s)? *(If yes, have any issues/concerns been identified and addressed?)*
 - 3.8.1. Is there anything in the communication channel/process that could be improved or strengthened?
- 3.9. How comprehensive is the (annual) reporting system (e.g., Annual Environmental and Social Monitoring Report) agreed with DEG?
 - 3.9.1. Did/do you receive(d) any support to fill out and submit the reporting documentation?
- 3.10. Have your company (FI) requested the BSS or was the BSS offered during the application process? *(If yes, please share the type of BSS requested or offered [e.g., E&S risk management, capacity-building, etc.] and describe briefly the process).*
- 3.11. Were the BSS measures successfully implemented in your company/FI? *(If so, did these BSS meet the needs of your company/FI? If not, what is/are the reasons behind this?)*
- 3.12. Are there any unintended (positive/negative) effects caused after receiving the LCY financing? *(Something that was not planned, that through the funding was somehow altered?)*
- 3.13. Does the financing received from (DEG-GIIF) has had any type of **catalyzing effect** or **enabled** new strategic collaborations (in terms of attracting additional resources, either public or private, co-financing, attractive possible investors or other DIFs)?
- 3.14. What types of credit or loans do your customers request most frequently, and what customer profiles tend to access them?
 - 3.14.1. Have you been able to find out whether this financing has enabled your clients to access new financial opportunities, strengthen their financial capacities, or access new sources of capital for their activities?
- 3.15. Has the entity received, currently or in the past, any type of financing, line of credit, or investment from international banks or foreign financial institutions?
- 3.16. Before applying to the LCY financing with DEG, has the company/FI applied to other similar funding (offered by commercial or any other DFIs)?

3.17. If yes: was the application successful? Under what terms was the funding closed? Is it running in parallel to the GIFF? If not: what was/were the reasons for the refusal?

4. Impact

4.1. Do you consider that this LCY financing enabled any improvement outside your company/FI? (Especially SDGs objectives: decent jobs, economic growth, etc.)

Do you have any other comments that you consider are useful for the evaluation team that were not addressed during this interview?

5.6 Reconstructed Results Model *(aspect of additionality included in italic font)*

