



Federal Ministry  
for Economic Affairs  
and Climate Action

# Investment Guarantees Annual Report 2023



[bmwk.de](https://www.bmwk.de)

## **Imprint**

### **Publisher**

Federal Ministry for Economic Affairs and Climate Action (BMWK)  
Public Relations  
11019 Berlin  
[www.bmwk.de](http://www.bmwk.de)

### **Current as at**

February 2024

This publication is available for download only.

### **Picture credits**

adobeStock / Hamik / p. 27  
BMWK / Dominik Butzmann / p. 3  
Düvelsdorf Handelsgesellschaft mbH, Ottersberg / p. 15

### **Getty Images**

Luis Alvarez / p. 28, 29  
Smileus / p. 6, 7

### **iStock / iggy1965 / Title**

Knauf Insulation Holding GmbH, Iphofen / p. 18  
MM Kunststoff Holding GmbH, Königsbrunn / p. 22

### **Central ordering service for publications of the Federal Government:**

Email: [publikationen@bundesregierung.de](mailto:publikationen@bundesregierung.de)  
Tel.: +49 30 182722721  
Fax: +49 30 18102722721

This publication is issued by the Federal Ministry for Economic Affairs and Climate Action as part of its public relations work. The publication is available free of charge. It is not for sale and may not be used by political parties or groups of electoral campaigning.

# Foreword

Dear ladies and gentlemen,

The Federal Republic of Germany assumed investment guarantees with a total volume of 1.5 billion euros in 2023. The number of applications accepted, 53, is significantly up over the previous year (43), an increase of 23 percent. It is particularly gratifying that the share of small and medium-sized enterprises, at some 70 percent compared with the total number of applications accepted, stands at the highest ever recorded level.

The Federal Government also supports Ukraine economically. We have therefore kept the investment guarantees open for Ukraine after the beginning of the Russian invasion and were even able to implement improved cover conditions for loans in 2023. The positive effect is clearly evident: Ukraine came in first place among all investment targets as regards the number of applications accepted, and demand continues to be very high.

The investment guarantee scheme is also an important instrument in reaching the Federal Government's diversification and climate protection targets. We therefore decided on both a diversification and a climate action strategy for the investment guarantees in 2023. When we look back on the 60-year history of the scheme, we can say that the adjustments implemented in 2023 unquestionably represent one of the greatest changes.



German companies will now be supported even more effectively in opening up new markets. The Federal Government will be offering special conditions for the assumption of investment guarantees in highly promising markets, thus providing incentives for the stronger diversification of external economic relations. With the climate strategy for the investment guarantee scheme, we are in addition systematically promoting investments in climate-friendly projects by means of improved cover conditions. This will actively support both German investors in their foreign investments in key climate-friendly technologies and developing and emerging countries in the transition to a climate-neutral economy.

You can find further details of the development of the investment guarantee scheme in 2023 on the following pages. I trust you will find them interesting reading.

A handwritten signature in blue ink, reading "Robert Habeck". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

**Dr. Robert Habeck**  
Federal Minister for Economic Affairs and  
Climate Action

# Contents

Foreword.....	3
<b>The year at a glance.....</b>	<b>6</b>
Result of the business year.....	8
Host country risk assessment.....	12
The diversification strategy of the Investment Guarantee Scheme.....	13
The climate strategy of the Investment Guarantee Scheme.....	16
Crisis management and claims payments.....	19
International cooperation.....	21
Result of the Investment Guarantee Scheme.....	23

<b>Investment guarantees and foreign trade promotion</b>	<b>28</b>
Basics of investment guarantees	30
The Interministerial Committee	31
Eligibility of direct investments for cover	32
<b>Annex</b>	<b>34</b>
Definitions and Explanations	34
Remarks	35
Service	36

# The year at a glance

*In 2023 the Federal Government assumed investment guarantees for 1.5 billion euros. The total volume is thus down year-on-year (2022: 2.3 billion euros). The overall volume fluctuates from year to year due to cover for individual major projects. The decrease is also however the result of the derisking approach which was introduced at the end of 2022. In contrast, the number of applications accepted, 53, showed a significant increase over the previous year (43). The sharp rise in the volume (2023: 2.8 billion euros; 2022: 1.9 billion euros) and number (2023: 86, 2022: 65) of new applications attests to the continuing high level of interest in covering political risks. The Federal Government has provided incentives for a stronger diversification of external economic relations. With the climate strategy of the instrument for foreign trade promotion which came into force in November 2023 the investment guarantees were in addition aligned with the 1.5 degree target. The Federal Government was very active in crisis management in many countries in 2023 as well.*

## 70 percent

70 percent of the applications accepted in 2023 were made by small and medium-sized enterprises, the highest figure since the scheme was founded.

Page 8

## 65 percent

65 percent of policyholders received an investment guarantee for the first time in 2023. This is the highest figure since 2006.

Page 10



70 percent

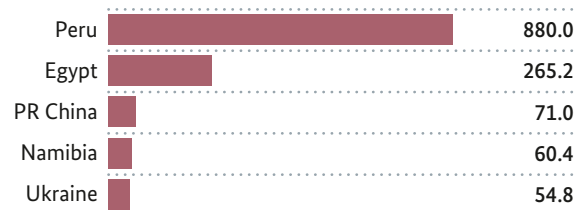
## Result of the business year

- The number of **applications accepted** in 2023, 53, saw a significant rise over the previous year (43), whereby more **projects** were also supported than the year before (2023: 34; 2022: 29). The volume of cover (capital and earnings) newly assumed here for projects in a total of 14 markets (2022: 16), at 1.5 billion euros, came in lower year-on-year (2022: 2.3 billion euros) due to a smaller number of large-scale projects. Among other reasons, this is due to the derisking approach which has been implemented since the end of 2022 and which introduced a cap of a maximum of three billion euros cover per company and host country.
- Regionally, 49 percent of the applications accepted were accounted for by projects in (Eastern) Europe (in particular Ukraine and Turkey) and 40 percent by projects in Asia (mainly PR China and Taiwan). These are followed by projects in Africa (Egypt, Namibia and South Africa) with 9 percent as well as South and Central America (Peru) with 2 percent. Ukraine holds pride of place by a large margin among the investment markets in the number of applications accepted. Projects were covered for the first time again after a long gap in Peru, Kazakhstan and Namibia.
- As regards **sectors**, projects in the infrastructure sector came in first in terms of applications accepted (21 percent) ahead of the food and luxury goods industry and the energy sector (both 13 percent). With 70 percent, the majority of the applications accepted were once again accounted for by the industrial sector ahead of services (30 percent).
- In terms of the number of applications accepted, **equity participations and investment-like loans** were roughly equal as forms of cover.
- 70 percent of the applications accepted in 2023 were made by **small and medium-sized enterprises**, a further increase on the previous year's already record figure (47 percent) and also the highest figure ever recorded for the investment guarantee scheme. This is clear evidence that, especially for small and medium enterprises, effective cover against political risks in opening up foreign markets is continually becoming more relevant.

### Top 5 markets by volume of accepted applications

in million EUR

2023



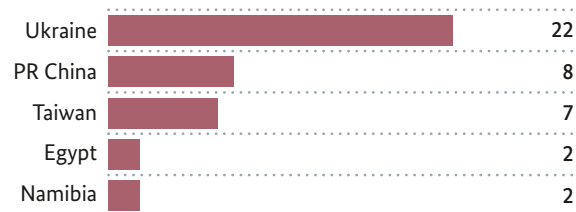
Top 5 markets 2023: (91 %) 1,331.4

Worldwide 2023: (100 %) 1,456.4

### Top 5 markets by number of accepted applications

Number

2023



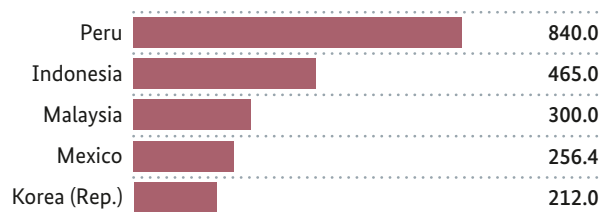
Top 5 markets 2023: (77 %) 41

Worldwide 2023: (100 %) 53

### Top 5 markets by volume of newly registered applications

in million EUR

2023



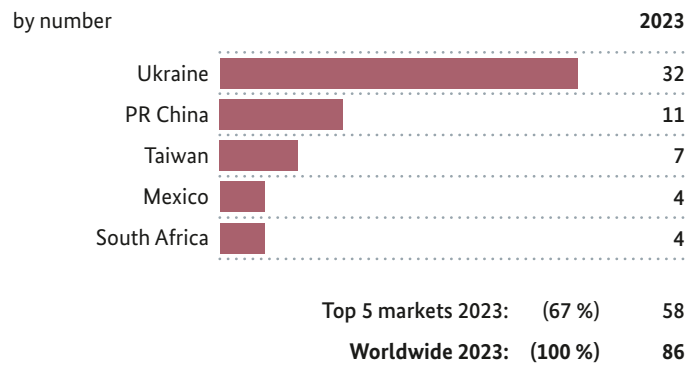
Top 5 markets 2023: (74 %) 2,073.4

Worldwide 2023: (100 %) 2,801.3

- 65 percent of the **policyholders** were receiving an investment guarantee **for the first time** in 2023. This was a substantial increase on the previous year's already high share (52 percent) and the highest figure since 2006. It also represented an increase in the number of policyholders at the end of 2023 year-on-year (2023: 199; 2022: 188). This underlines the growing importance of the investment guarantees for German companies in today's challenging geopolitical environment.
- Investments **of any size** are eligible for cover. In 2023 the Federal Government assumed guarantees in a range from 10,000 euros to 880 million euros.
- The volume of **new applications** in 2023, at 2.8 billion euros, was considerably higher than the preceding year's figure (1.9 billion euros). The number of new applications, too, went up markedly to 86 (2022: 65). This shows the continuing high level of interest in cover against political risks by means of investment guarantees.
- The number of **enquiries** received in 2023 rose again compared with the high level of the previous year (2023: 221; 2022: 151).
- Enquiries were placed here for 64 markets, whereby projects in Ukraine were the greatest focus of investors' interest by a large margin (90). Small and medium-sized enterprises submitted 82 percent of enquiries (2022: 64 percent).
- The Federal Government's maximum liability under the **guarantee portfolio**, with 28.5 billion euros at the end of 2023, remained high (2022: 30.1 billion euros). Here, too, the effects of the derisking approach implemented since the end of 2022 were noticeable.
- In 2023 the Federal Government again took diplomatic supporting action for a number of covered investments in order to head off the failure of the projects and to prevent losses. The main thrust of such **crisis management activities**, in view of the Russian invasion of Ukraine, however involved covered projects in Ukraine, Russia and Belarus.
- **Internationally**, the German investment guarantee scheme once again posted the second highest guarantee portfolio among the insurers organized in the Berne Union in 2023.

65  percent

### Top 5 markets of newly registered applications



### Applications approved by sectors

in percent and number

#### Primary sector

13 % = 7  
Food and luxury foods industry

13 % = 7  
Energy industry

#### Tertiary Sector

10 % = 5  
Other tertiary sector

21 % = 11  
Infrastructure

2023

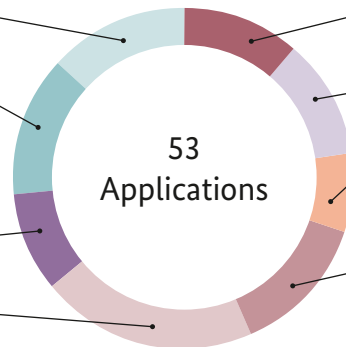
#### Secondary sector

11 % = 6  
Mechanical engineering

11 % = 6  
Construction industry

8 % = 4  
Automotive industry

13 % = 7  
Other secondary sector  
(e. g. chemical and pharmaceutical industry)



## Host country risk assessment

The Federal Government remains prepared to assume guarantee cover for German investments in **Ukraine**. The decision on whether to grant cover is taken individually on a case-by-case basis taking into consideration the political and economic situation as well as, in particular, the project location. In 2023 the Federal Government assumed numerous guarantees including the war risk for investments in Ukraine. The improved cover conditions for Ukraine decided in August 2023 were applied here, according to which no application fee is charged, a temporary ruling till 2025. In addition to this, cover for the conversion and transfer risk, up to now excluded, as well as for payment moratoriums (KT/ZM) for investment-like loans is now possible again.

The suspension of the assumption of investment guarantees for **Russia** and **Belarus** decided in connection with the Russian invasion of Ukraine in February 2022 remains in force until further notice.

The Federal Government once again assumed full cover for the capital invested as well as earnings falling due from projects in **Taiwan** in 2023 too. Since no German-Taiwanese investment protection treaty (BIT) exists, the decision was made on the basis of the Taiwanese legal system.

Cover was assumed in full on the basis of the BIT for the invested capital in a project in **Egypt**. The Federal Government also assumed cover for the earnings due, whereby the disbursement period stipulated for indemnification due to conversion and transfer risks and/or payment embargo and moratorium risks was extended from six to nine months. In view of the economic situation, the same ruling also applied to the assumption of guarantees for investments in Turkey.

Improved cover conditions were also applied for the first time in respect of projects in **Turkey**, **Kazakhstan** and **South Africa** under the diversification strategy of the investment guarantees as well as based on the climate strategy of the investment guarantees for projects in **Ukraine**, **Kazakhstan** and **Taiwan**.

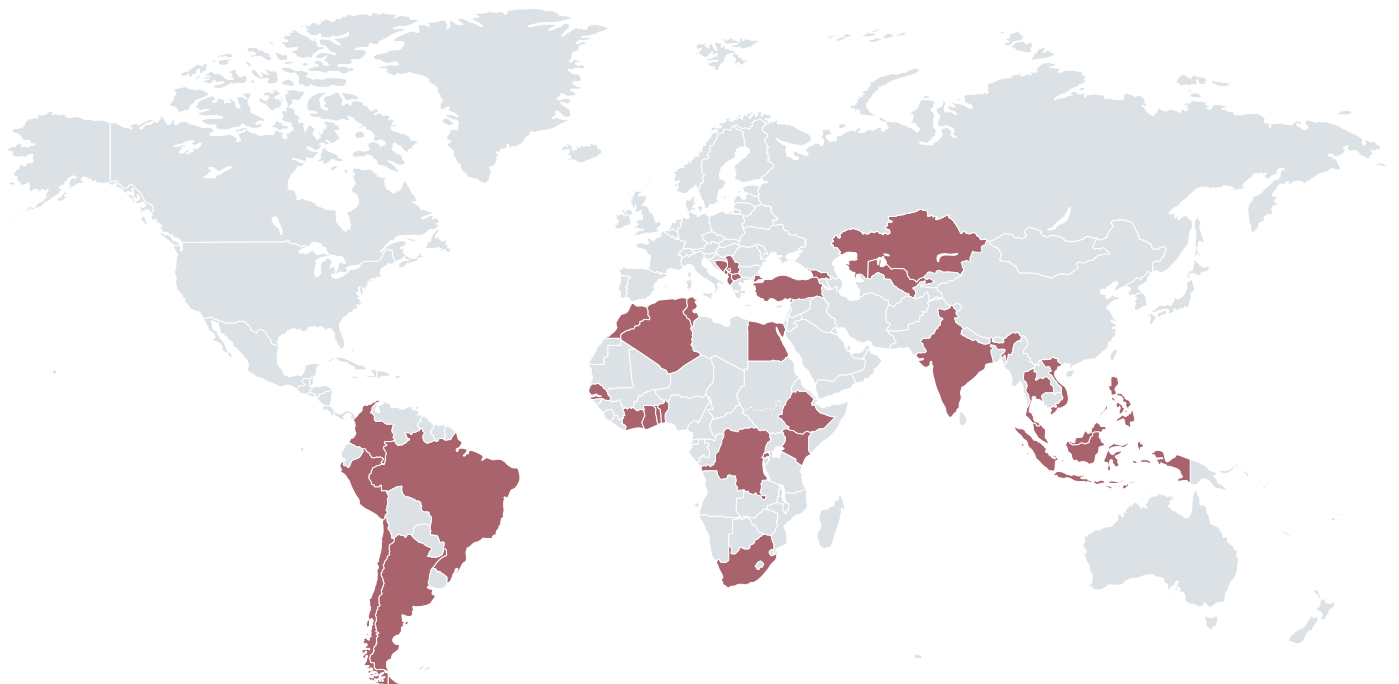
## The diversification strategy of the Investment Guarantee Scheme

The Federal Government has offered improved conditions for the assumption of investment guarantees in 20 selected diversification target areas since mid-October 2023. These can be either individual countries or also country groups, such as the western Balkans and members of the CwA initiative. A review of the incentives and the target countries will be held after 5 years in autumn of 2028.

The following incentives are being offered for projects in the selected countries:

- waiving of the application fee
- a reduced self-retention if an event of loss occurs (2.5 percent instead of 5 percent)
- a discount of 10 percent on the annual premium (for countries in OECD country risk categories 1–5)

These improved conditions apply in the case of a geographically distributed number of investment targets which offer good potential conditions for German companies but were hitherto not the main focus of attention for businesses and played only a minor role in the investment guarantee portfolio. Against this background, countries were selected which, taking economic and foreign policy criteria into account, were particularly prominent as partners of German foreign trade, transformation partners, partners in a rules-based global order or upcoming economic partners.

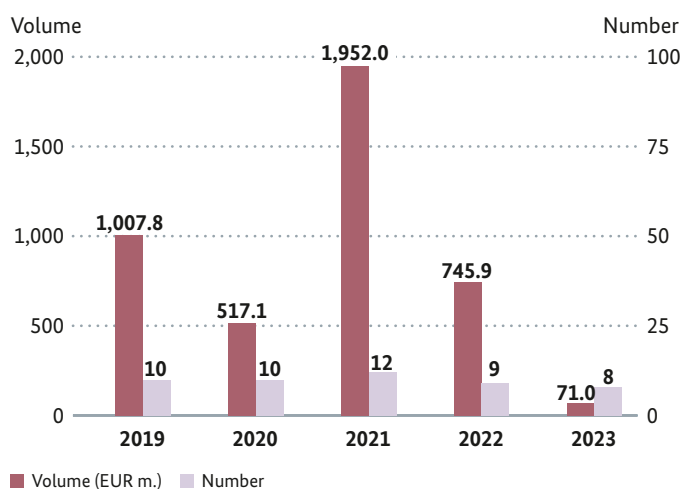


Part of the diversification strategy involves a moderate but targeted tightening of the conditions of cover for those countries which accounted for a disproportionately large concentration of covered projects in the past. In those countries which had a share of more than 20 percent of the overall cover volume of the scheme, the annual premium will be increased from the standard 0.50 percent to 0.55 percent of the investment volume secured by the

guarantee concerned. In addition, a maximum cover limit of three billion euros per company and host country (a so-called cover ceiling) has been introduced.

This cover ceiling in particular has led to a significant decline in the assumption of new cover for major projects in PR China compared with previous years:

#### Accepted applications PR China



The diversification strategy of the  
Investment Guarantee Scheme





### Project example: production of agricultural machinery in Ukraine

TOV Düvelsdorf Ukraine is a 100 % subsidiary of Düvelsdorf Handelsgesellschaft mbH, which develops and markets machinery and equipment for agricultural uses, which are mainly manufactured by its Ukrainian subsidiary. In all, some 130 workers are currently employed by Düvelsdorf, 105 of them at Düvelsdorf Ukraine in the Chmelnyzkyj Oblast. Manufacture of the machinery at the site in Ukraine currently takes place on 12,000 m<sup>2</sup> of factory floor space. Manufacture of the machinery has a relatively high degree of vertical integration. Production of metal sheet, piping and angle iron up to the final paint job of the finished product are almost entirely done independently. The products are stored temporarily at the company's German facility, assembled and delivered from there to the customers.

Düvelsdorf Handelsgesellschaft mbH,  
Ottersberg

## The climate strategy of the Investment Guarantee Scheme

The Federal Government actively supports the internationally agreed target of limiting the global rise in temperature to 1.5° Celsius. With its climate strategy in effect since 1 November 2023 for the guarantee instruments for foreign trade promotion, the investment guarantees have been aligned with this pathway. For this purpose, each investment abroad covered by the Federal Government will be allocated to one of three climate categories:

- **Projects in the “green” category** make a noticeable contribution to achieving the 1.5° target and qualify for improved cover conditions.
- **Projects in the “white” category** are not in conflict with achieving the 1.5° target and remain eligible for cover on the normal conditions.
- **Projects in the “red” category** are incompatible with the 1.5° target and are excluded from cover.

Allocation to one of these categories is either made via the so-called sector guidelines or as part of a benchmarking audit. Questions of eligibility for promotion on climate political grounds are addressed in the environmental, social and human rights audit.

The following improved cover conditions have been introduced for projects in the “green” category:

- reduction of the premium rate by 20 percent,
- reduction of the self-retention from 5 percent to 2.5 percent,
- an increase of the standard guarantee term by five years to 20 years (provided that the legal protection involved allows it) and
- waiver of the application fee (for renewable energy projects and projects for the production of green hydrogen).

The applications for investment guarantees have already been sorted into the appropriate categories since the beginning of 2023 in a pilot phase of the climate strategy (as yet without the improved cover conditions). The pilot phase showed that it is particularly the innovative German Mittelstand, e.g. in the classic mechanical engineering field, which already meets the requirements of the climate strategy with highly efficient products and production facilities. Both projects in the renewables sector as well as in construction materials and recycling were allocated to the “green” category here.

Progress in the implementation of this strategy is measured by means of the so-called “greenhouse gas (GHG) footprint” of the portfolio. This footprint comprises all greenhouse gas emissions in connection with the investments abroad covered by the Federal Government. In accordance with the Paris Climate Protection Agreement, the greenhouse gas footprint of the investment guarantee portfolio in connection with projects is to be reduced to net zero at the latest by 2045 in industrialized countries and 2050 in developing countries and emerging markets. The baseline for this is the greenhouse gas (GHG) footprint of the portfolio in 2022.

The climate strategy goes hand in hand with the **diversification strategy**<sup>1</sup> for the investment guarantees. A cumulation of incentives is possible, whereby the premium may be reduced to 0.4 percent p. a. This results in particularly attractive conditions for investments in renewable energies, transformation technologies and climate-friendly showcase projects in the countries given preferential status in the diversification strategy.

The climate strategy of the  
investment guarantee scheme



1 Cf. p. 13 “The diversification strategy of the investment guarantees”



### Project example: a production facility for glass mineral wool in Asia

Knauf Insulation is the specialist company for insulating materials in the Knauf Group, one of the leading manufacturers of construction materials worldwide. The launch of the business division Knauf Insulation came with its market entry in the USA in 1978. Since then the division has recorded continuous growth and, with a workforce of some 6,000 and 28 production facilities, generated turnover of 2.5 billion euros in more than 40 countries in 2022. Knauf Insulation produces energy-efficient and sustainable insulating materials made of glass wool, rock wool and wood wool.

The construction of the production facility for glass mineral wool in Johor Bahru, Malaysia, began in 2018 and it was completed in 2021. Knauf Insulation Malaysia supplies the Asia-Pacific region with products and systems which save energy consumption in buildings, improve safety and increase living comfort. Something like 200 jobs were created through the erection of the production facility, which has a capacity of 60,000 tonnes a year. The investment volume was some 115 million euros.<sup>2</sup>

**Knauf Insulation Holding GmbH,**  
Iphofen

<sup>2</sup> An investment like this one would profit from particularly favourable guarantee conditions since the introduction of the climate and diversification strategy of the Investment Guarantee Scheme due to the excellent insulation characteristics of the products it makes and the location involved.

## Crisis management and claims payments

The environment for German projects in developing countries and emerging markets has deteriorated noticeably over recent years. The consequences of the COVID19 pandemic, still unresolved trade disputes, the growing influence of nationalistic forces in some countries as well as, not least, the Russian invasion of Ukraine and the developments in the Middle East are major causes of concern to German investors in realizing their projects abroad.

The Federal Government provides effective political flanking measures for German companies in the event of interventions in projects abroad with the investment guarantee scheme. They benefit directly from the worldwide network of political and economic relations of the Federal Republic of Germany in case of difficulties with state authorities. When a project covered by investment guarantees is confronted with circumstances which make it likely a political risk will be realized, the Federal Government offers the policyholder political flanking measures customized to the individual case.

The Federal Government coordinates its crisis management here closely with the policyholder as regards the political and diplomatic measures available to it. Thus, for instance, the embassies of the Federal Republic of Germany in the host countries may accompany the policyholder in negotiations with the public authorities of the host country. The Federal Government can also support the policyholder by sending a note verbale to the government of the host country or directly speaking to them. In individual cases the support from the Federal Government may also involve participating in the costs for the prevention or mitigation of losses (e. g. attorneys' fees or court costs). With such supporting measures it was possible to prevent the occurrence of an event of loss in investments with a total volume of more than a billion euros in the last five years. If it proves impossible to avert an event of loss and the Federal Government pays indemnification to the policyholder, it will subsequently open recourse negotiations with the host country concerned to recover the money paid out. Recovery action in such cases is normally a drawn-out process over many years.

The main focus of activities in crisis management and claims in 2023, in view of the Russian invasion of Ukraine, was on covered projects in Ukraine, Russia and Belarus. In this context, the Federal Government paid 69 million euros in 2023 as indemnification for a covered project in Ukraine which had already been covered in 2009. Over and above that, nine further claims for projects in Ukraine and Russia, currently still pending, have been made in 2022 and 2023 since the start of the invasion. Due to the complexity of the facts involved, processing of these is still continuing. In addition to this, the Federal Government was also actively involved in crisis management in Algeria, Egypt, Libya as well as Lebanon and Iran.

When projects have been indemnified, the Federal Republic of Germany tries to secure recoveries by way of recourse action. The Federal Government sometimes needs to show considerable staying power here.

Thus, it was able at the end of 2023 to achieve recovery in full of the indemnification amount paid in a project more than 20 years after the event of loss. The amounts indemnified by the Federal Republic of Germany since the inception of the promotion scheme currently exceed the recoveries secured up to now by some 460 million euros. The revenues from the guarantee premiums overall continue to exceed the costs of the scheme by a wide margin.

Crisis management by  
the Federal Government



## International cooperation

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) represents the Investment Guarantees of the Federal Republic of Germany as their mandatary agent in the Medium/Long Term Committee of the “International Union of Credit & Investment Insurers” (Berne Union or BU), founded in 1934. The BU is the worldwide leading organization of state-supported and private export credit and investment insurers.

At the end of June 2023, the portfolio of the BU members in the field of direct investments, at 177 billion US dollars, was again approaching the level before the COVID19 pandemic. The growing need for insurance to cover the palpable political risks all over the world is characterized by ongoing geopolitical tensions, but also by a greater geographical diversification of production locations as part of the climate-friendly transformation process.

The international exchange of views about how cover schemes for trade and investment can contribute to the financing of climate-friendly projects and infrastructure projects to adjust to the expected consequences of climate change was the main focus of the BU members in 2023. The global restructuring of energy supply with its expected effects on the MENA region was the subject of in-depth discussions, as was also support for the reconstruction of Ukraine.

### International comparison by volume of guarantee portfolio

	December 2021	December 2022	June 2023
1	SINOSURE	SINOSURE	SINOSURE
2	DIA	DIA	DIA
3	NEXI	NEXI	NEXI
4	MIGA	MIGA	MIGA

SINOSURE = China Export & Credit Insurance Corporation, Beijing.  
DIA = Investment Guarantees of the Federal Republic of Germany.  
NEXI = Nippon Export and Investment Insurance, Tokio.  
MIGA = Multilateral Investment Guarantee Agency, Washington.

### Top 5 markets by guarantee volume

	June 2023
1	Indonesia
2	Ethiopia
3	PR China
4	Mongolia
5	Ecuador



### Project example: Manufacture of plastic components for commercial and construction vehicles in Bosnia-Herzegovina

The C.F. Maier Group with its head office in Königsbronn in Baden-Württemberg is among the leading manufacturers of components and systems made of fibre-reinforced plastics. With almost 60 years of experience and a broad spectrum of products and services, the company supplies customers all over the world and in the most diverse sectors. With the acquisition of Jaksche Kunststofftechnik and its modern production facility in Bosnia-Herzegovina in 2023, the company expanded its service portfolio even further and strengthened its position in a growing market. Through this strategic expansion with more than 120 employees, the C. F. Maier Group has intensified its involvement in plastics technology and further enhanced its palette of innovative manufacturing processes. The synergy effects between the companies enable an augmented development of advanced products and solutions from which first and foremost its customers profit.

**MM Kunststoff Holding GmbH,**  
Königsbronn



## Result of the Investment Guarantee Scheme

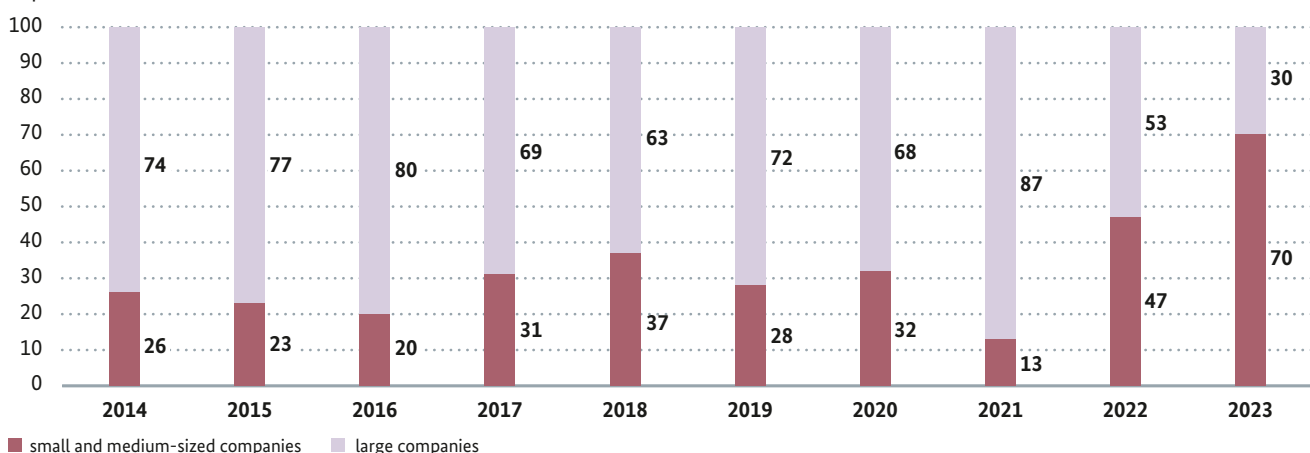
The guarantee portfolio includes covered investments in 56 markets and stands at the end of 2023 at 28.5 billion euros. In the guarantee portfolio, Asia has led the field since 2014 ahead of (Eastern) Europe, followed by South and Central America and Africa. Taiwan is represented for the first time in the **Top 10 markets** by number of guarantees compared with the previous year. On top of this, due to the large number of guarantees newly assumed, Ukraine has meanwhile moved up into fourth place. The industrial sector still accounts for the lion's share of the guarantee portfolio with the construction, automotive and chemical and pharmaceutical **sectors**. In terms of the **insurable forms of investment**, "equity participations" has for years been far and away the leading type (numbers: 79 percent; volume: 86 percent) in the guarantee portfolio ahead of the others, "investment-like loans", "other rights qualifying as assets" and "endowment capital".

The share of **small and medium-sized enterprises** in the guarantee portfolio, at some 32 percent, represents the highest level of the past ten years.

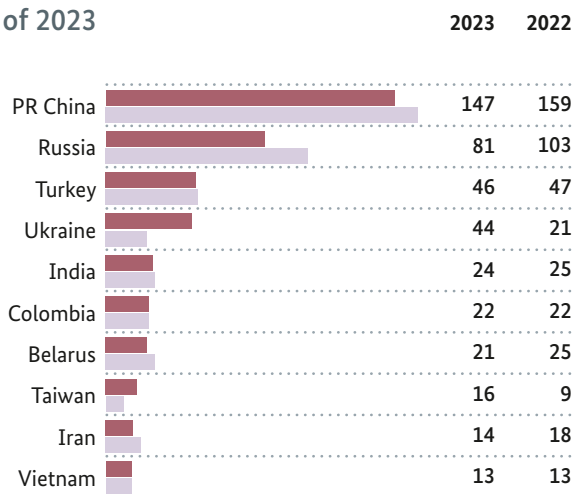
The capital cover in the portfolio of **pending applications** at year-end 2023 stood at 6.6 billion euros, a significant drop from the previous year's figure (10.4 billion euros). These are frequently applications which were made now in order to observe the stipulated deadline and are then completed by the companies concerned during the actual implementation of the projects abroad before being submitted to the Interministerial Committee for their decision. The noticeable decline in pending applications during 2023 is largely attributable to an active cleanup of the application portfolio which is still ongoing and could also reduce the portfolio of pending applications in 2024 too.

### Approved applications by size of company

in percent



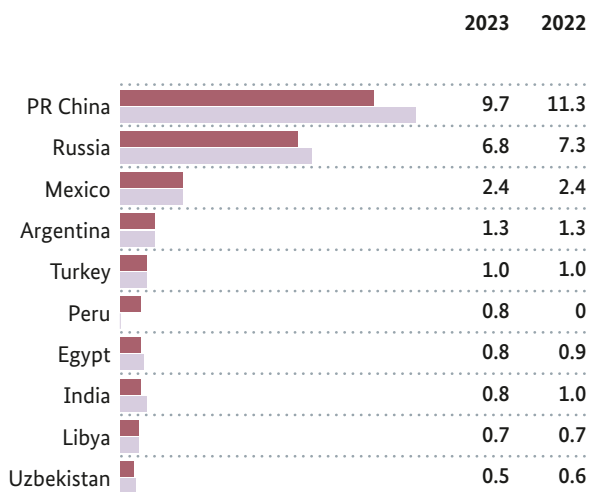
### Top 10 markets according to guarantee portfolio by number of guarantees at the end of 2023



■ 2023 ■ 2022

The Federal legislature sets a statutory maximum exposure for the cover of foreign direct investments and other guarantees in connection with untied loans (UFK-guarantees) and loans from the European Investment Bank annually in the Federal Budget Law (§ 3 Paragraph 1 sentence 1 number 2 letters a-c). This limit currently stands at 60 billion euros. The Budget Committee of the Lower House of the German Parliament must vote in favour of assuming guarantees with an exposure of more than 700 million euros in 2024.

### Top 10 markets according to guarantee portfolio by cover volume at the end of 2023



■ Volume 2023 (bn. €) ■ Volume 2022 (bn. €)

The total exposure of the Federal Government for investment guarantees at the end of 2023, at 28.5 billion euros, was 1.6 billion euros down on the previous year (end of 2022: 30.1 billion euros). The maximum liability of the Federal Republic of Germany under all guarantees newly issued in 2023 stood at 1.4 billion euros and was mainly accounted for by projects in Peru, Egypt and PR China. At the same time the outstanding commitments decreased, mainly due to the expiry of the term of guarantees, repayment of loans, sales of investment projects as well as through fair value adjustments of guarantees, by 3.0 billion euros.

The number of guarantees in the portfolio (599) is almost the same as the previous year (603). The number of policyholders, in contrast, has risen at the end of 2023 year-on-year (2023: 199; 2022: 188). The guarantee portfolio comprised projects in 56 target countries for investments, whereby the volume here was mainly accounted for by projects in Asia (45 percent) and (Eastern) Europe (30 percent). Projects in South and Central America (17 percent) and in Africa (8 percent) came third and fourth.

In terms of volume, the highest value among the covered projects with 9.7 billion euros went to PR China; projects in Russia (6.8 billion euros), Mexico (2.4 billion euros), Argentina (1.3 billion euros) and Turkey (1.0 billion euros) took second to fifth places. Together, projects in these five foreign markets account for 75 percent of total exposure.

### Number of guarantee portfolio by sectors

in percent and number

#### Primary sector

3 % = 16

Extractive industry

3 % = 17

Agriculture, forestry, water management

#### Tertiary sector

17 % = 102

Other tertiary sector  
(e. g. rental/leasing)

5 % = 32

Infrastructure

2023

#### Secondary sector

18 % = 109

Construction industry

12 % = 74

Automotive industry

9 % = 53

Chemical and pharmaceutical industry

9 % = 54

Energy industry

6 % = 38

Mechanical engineering

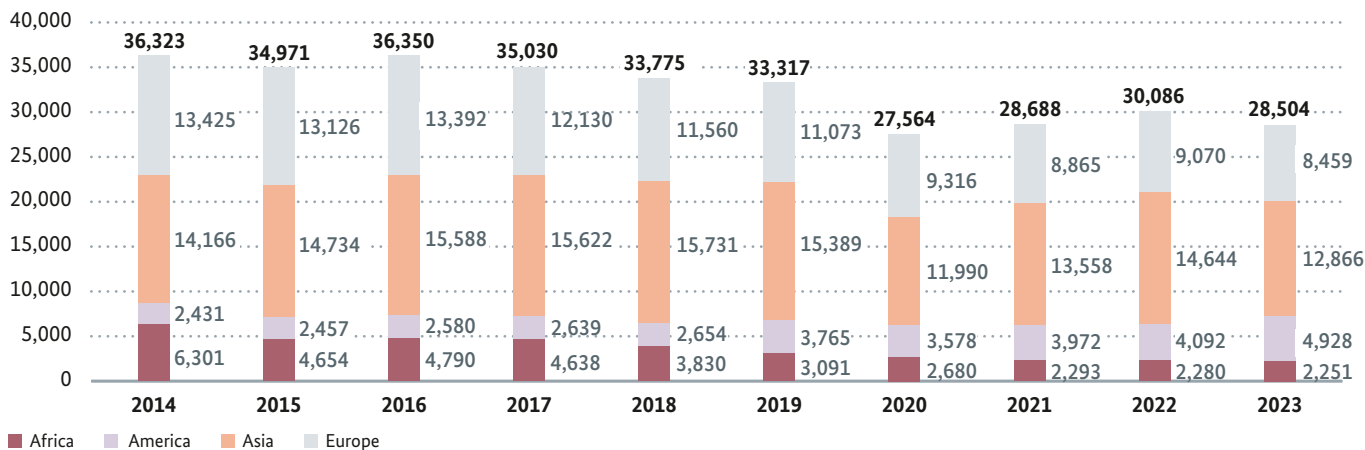
18 % = 104

Other secondary sector  
(e. g. electrical, optics, apparatus engineering)



## Maximum liability 10-year overview regional

in million EUR



Since the inception of the scheme the revenues of the Federal Government (fees and premiums as well as recoveries from recourse against host countries) under the scheme have exceeded the amounts paid out for claims and the costs of running it by a substantial margin. This was also the case in 2023.

## Development of outstanding commitments in billion EUR

### 30.1 Status at the end 2022

#### 1.4 New exposure

1.4 New in 2023

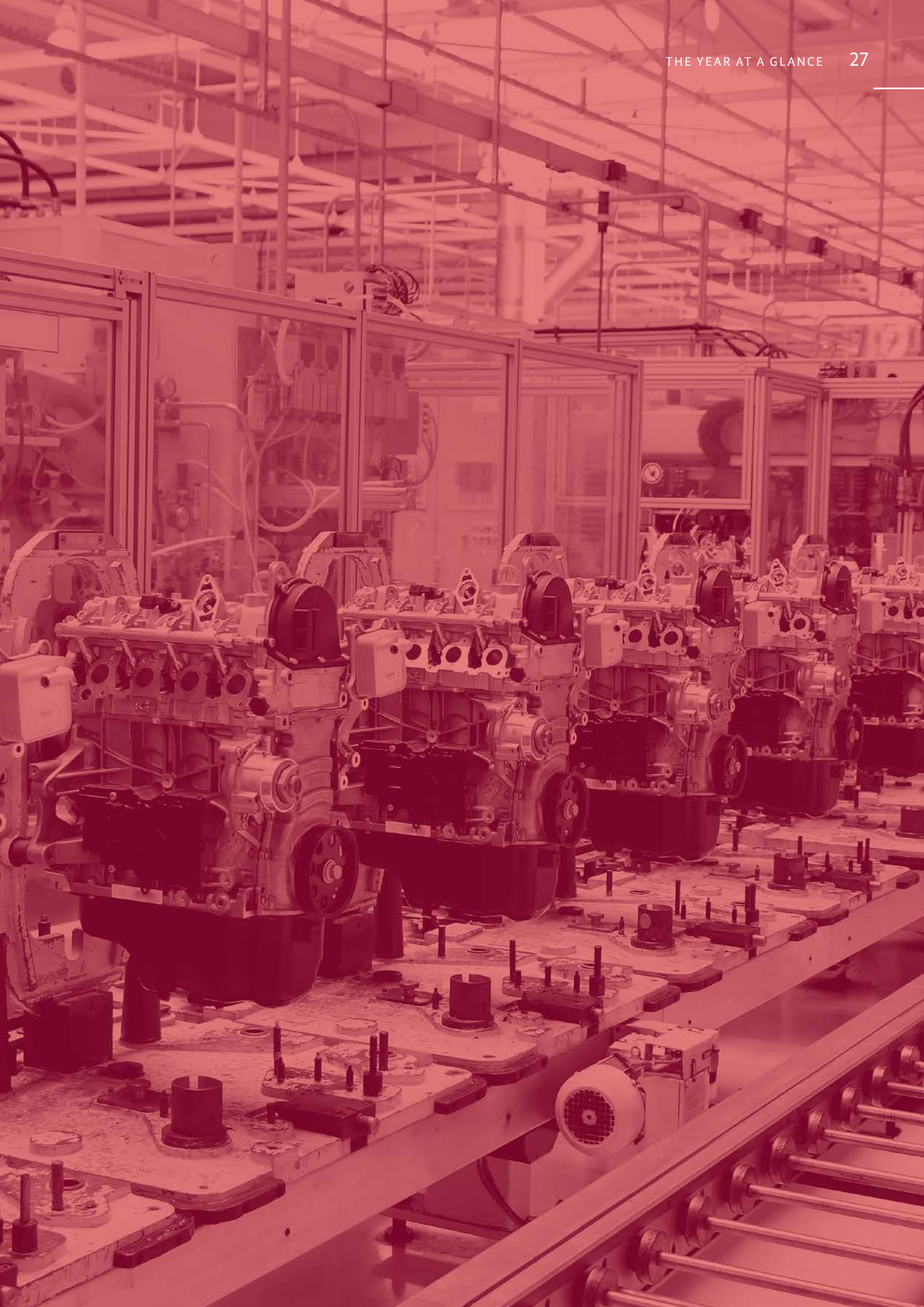
#### -3.0 Total reduction

-2.3 expired, repaid

-0.1 terminated

-0.6 not/partly realised

### 28.5 Status at the end of 2023



# Investment guarantees and foreign trade promotion

*German investments which are eligible for cover and present a justifiable risk can be provided with long-term cover against political risks. Applications for the assumption of investment guarantees are decided on by an Interministerial Committee*



## 3.6 billion euros

A total investment volume of some 3.6 billion euros is involved in the projects covered in 2023.

Pages 32/33

## 10,450

The projects covered in 2023 create or secure something like 10,450 jobs in the host countries for the investments.

Pages 32/33

## Basics of investment guarantees

Investment guarantees protect direct investments by German companies in developing countries and emerging markets against **political risks** such as:

- nationalisation, expropriation, acts equivalent to expropriation
- war, civil commotion as well as (on request) isolated acts of terrorism
- convertibility and transfer risks
- payment embargoes or moratoriums
- breach of contract cover (on request)

Investment guarantees offer **long-term security** since

- the Federal Government prevents the occurrence of events of loss through active crisis management;
- the Federal Government also participates, where appropriate, in the costs incurred for preventing losses;
- the Federal Government indemnifies the loss if an event of loss does occur; and
- the guarantees represent valuable collateral for lenders.



The capital paid in for new and follow-up investments and the earnings due are **eligible to receive a guarantee**. Guarantees are only assumed for projects which are **eligible for cover**<sup>3</sup> and which have adequate **legal protection**. This precondition is in principle met when a bilateral investment treaty (BIT) under international law exists between the Federal Republic of Germany and the host country or – looking ahead – a comparable agreement between the host country, the European Union and the EU member states exists. Alternatively, the Federal Government can assume a guarantee on the basis of the national legal framework in the country concerned when and to the extent that this gives adequate protection to German investors. There is **no upper or lower limit** for the amounts involved in eligible projects; however there is a cover limit of a maximum of three billion euros per company and host country (a so-called cover ceiling).

The application fee is waived in the case of applications for amounts under five million euros. For higher amounts, a one-off **fee** of 0.05 % of the maximum guarantee amount is payable, (maximum 10,000 euros). Following assumption of the guarantee, an **annual premium** of, under normal circumstances, 0.5 % p.a. on the covered capital and, where appropriate, covered earnings is charged. The standard period of validity for a guarantee is 15 years. This can be extended. The self-retention to be borne by the policyholder in the event of a claim is normally 5 %<sup>4</sup>.

<sup>3</sup> Cf. pp. 32ff.: "Eligibility of direct investments"

<sup>4</sup> Cf. In some cases different arrangements in connection with the diversification strategy of the Investment Guarantee Scheme (p. 13) and the climate strategy of the Investment Guarantee Scheme (p. 16)

## The Interministerial Committee

Decisions on applications for investment guarantees are taken by an Interministerial Committee (IMC) consisting of representatives of the Federal Ministry for Economic Affairs and Climate Action (BMWK, as lead ministry and chair of the Committee), the Federal Ministry of Finance (BMF) the Federal Foreign Office (AA) and the Federal Ministry for Economic Cooperation and Development (BMZ). In addition, experts from companies in various sectors of German industry and the German banks as well as the German business associations supporting economic relations with different regions of the world and representatives of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) as the Federal Government's mandatory agent for the investment guarantees also belong to the IMC. The Chairman of the IMC is Herr Ministerialrat Moritz Lumma, Director of the BMWK, Head of the Department VC 3: "Foreign investments".

In the IMC, the Federal Ministry for Economic Affairs and Climate Action (BMWK) as lead ministry decides, with the consent of the Federal Ministry of Finance (BMF) and in agreement with the Federal Foreign Office (AA) and the Federal Ministry for Economic Cooperation and Development (BMZ)

after consultation with the experts and considering the project specifics in accordance with budget law. The IMC also develops the underwriting approach of the guarantee scheme to fit the needs arising.

The IMC meets as a rule six times a year. This was also the case in 2023. The IMC met in June 2023 as part of its annual away meeting at the Chamber of Industry and Commerce Dresden. The participants of the IMC were able on this occasion to get a good impression of semiconductor production by the policyholder Infineon on a guided tour of the works of Infineon Technologies Dresden GmbH & Co. KG.

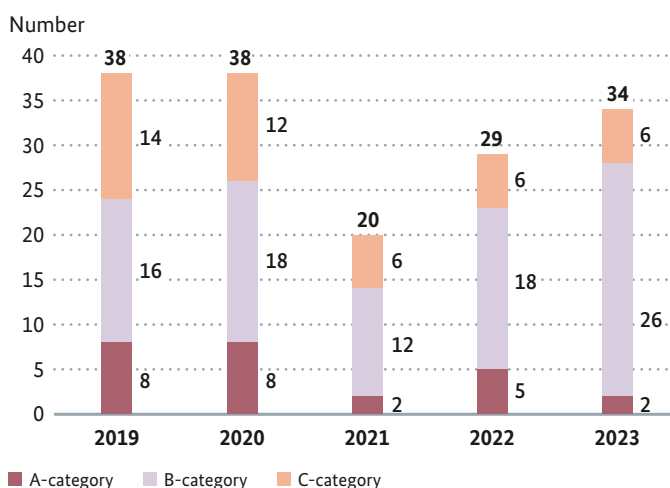


Application for investment guarantees

## Eligibility of direct investments for cover

The prerequisite for the assumption of an investment guarantee is the eligibility of the project to receive support. For this, the project must be assessed as having a positive impact both on the host country for the investment and positive feedback for Germany. The positive impacts include especially the creation as well as the securing of jobs. On top of this, the environmental, social and human rights impacts connected with the direct investment are an important priority in determining eligibility. All projects covered by an investment guarantee must implement not only the national guidelines of the host country, but also international standards (the IFC Performance Standards of the World Bank Group) in the principal risk areas. For this reason, every project is first of all audited as part of the application procedure, the relevant project risks are identified and categorized (Category A für high risks, Category B for medium risks and Category C for low risks) and the impacts arising from such risks and mitigation measures considered. Annual monitoring is prescribed following assumption of the guarantee for A and B projects.

## Year-over-year distribution of environmental categories by project



The requirements as to eligibility imposed by the investment guarantee scheme ensure that the covered projects are environmentally, socially and economically sustainable. The investment guarantee scheme supports the mobilization of investments in less developed countries. Thus, covered projects in 2023 involved a total investment volume of some 3.6 billion euros. In addition, the covered investments created or secured a total of some 10,450 jobs in the host countries. It can be assumed that the number of jobs created through indirect employments effects is in fact much higher.

The climate strategy<sup>5</sup> for the investment guarantees came into force as of 1 November 2023. The first projects in the renewables sector as well as in construction materials and recycling were categorized as particularly climate-friendly and were able to profit from improved cover conditions.

In 2022, the IMC began to invite companies applying for guarantees to direct discussions where there was need for clarification concerning the eligibility of projects. In connection with the Federal Government's China Strategy, the IMC decided in 2023 to hold a meeting with the investors in the case of all new applications and initial extension requests for investments in PR China. The background to this is the increasingly stringent scrutiny in the eligibility audit, which more and more throws up questions about the securing of jobs in Germany. But other aspects affecting eligibility are also addressed in these meetings, such as compliance with sustainability, environmental, labour and social standards.



Environmental, social and  
human rights audit of the  
investment guarantees

5 Cf. p. 16 "Climate strategy of the Investment Guarantee Scheme"

# Annex

## Definitions and Explanations



Glossary Investment  
Guarantees

**Bilateral Investment Treaty (BIT):** A treaty under international law between (two) countries under which they mutually guarantee legal protection for capital investments made by their citizens/companies on the territory of the other party to the treaty.

**Breach of contract cover:** Cover provided on special application against the risk of breach of contract by the government, state-directed or state-controlled authorities.

### Compact with Africa (CwA) initiative:

The Federal Government strengthens German investments in CwA countries by means of special measures in the investment guarantee scheme.



Focus  
Africa

**Conversion and transfer risk/payment embargo and moratorium risk:** Risks due to the impossibility of converting or transferring amounts deposited with a sound bank for transfer as well as payment embargoes or moratoriums.

**Cover for capital (capital cover):** Includes the contributions made to the capital investment (e.g. nominal capital investments); the value of the capital investment capitalized in accordance with accounting principles generally accepted in Germany can be covered in principle.

**Cover for earnings (earnings cover):** Includes distributed profits or profits payable (e.g. dividends, interest) on covered capital investments.

**Direct investments:** Capital investments related to entrepreneurial influence and control of business activity.

**Endowment capital:** Capital, goods or other services, provided on a long-term basis to a legally dependent branch.

**Guarantee:** Warranty of the Federal Republic of Germany to pay an indemnification for the loss of a capital investment caused by the occurrence of a political event of loss.

**IFC Performance Standards:** Principles of the International Finance Corporation (member of the World Bank Group) with regard to the identification and the handling of environmental and sustainability issues of projects abroad ([www.ifc.org](http://www.ifc.org)).

**Issued policies:** Approved guarantee applications insofar as guarantee declarations have been issued.

**Loan, investment-like:** Has to be long-term and differ from a financial loan by an appropriate form of contract according to the project.

**Maximum amount:** Total sum of cover for capital and earnings.

**Maximum liability (exposure):** Total sum of cover for capital and earnings minus retention.

**Other rights qualifying as assets:** Rights made long-term in cash or other in-kind contributions and the objective of entrepreneurial activity (e.g. rights under production agreements for oil).

**Outstanding commitments:** Portfolio of policies under which claims may still be made against the Federal Republic of Germany.

## Investment Guarantees of the Federal Republic of Germany

Investment Guarantees have been an established and effective foreign trade promotion instrument of the Federal Government for decades. Investment Guarantees protect eligible German direct investments in developing countries and emerging economies against political risks. This promotion instrument plays an important role in fostering economic growth as well as in protecting and creating jobs both in the host country and in Germany. The Federal Government commissioned PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC) to manage the federal funding instrument Investment Guarantees.

Information on other foreign trade promotion instruments of the Federal Government can be found at [www.bmwk.de/en](http://www.bmwk.de/en) under the heading Promotion of foreign trade and investment.

**Small and medium-sized enterprises:** Enterprises with a workforce up to 2,000 or a turnover of up to 500 million euros and not belonging to a larger group of companies.

**Statutory maximum exposure:** Maximum amount up to which an assumption of liability is permitted in the federal budget.

**Terrorism, isolated acts of:** Acts of terrorism which are not related to civil commotion or the like (= isolated) can be covered insofar as it is impossible to cover the risk on the private market at economically acceptable conditions and the situation in the host country must be such that acceptance of such a risk appears justifiable. The extension of cover is initially limited to five years with an increased premium of 0.6% p.a.

## Remarks

**Rounding differences:** For reasons of calculation, tables and figures may show rounding differences of +/- 1 unit (EUR, % etc.).

**Legal information:** The project reports used in this publication were written or authorised by the respective enterprises.

## Service

Further information as well as detailed consultation concerning the cover available may be obtained from PwC. General information on the **investment guarantees of the Federal Republic of Germany** is also available on the internet, e.g. the latest information in the DIA-Report, an informational video, the General Terms and Conditions, leaflets, a flyer as well as the annual and semi-annual report.

We have created a special hotline for **small and medium sized enterprises**. For details of this, please see our website ([www.investitionsgarantien.de/en](http://www.investitionsgarantien.de/en)).

With **state export credit guarantees** (so-called Hermes guarantees), German exporters and banks can cover the commercial and political risks arising out of their export business. They protect companies e.g. from the risk of non-payment when exporting goods and services to markets with an elevated risk and are a tried and trusted risk management tool in export business. The current state export credit guarantees annual report and basic information regarding this funding instrument can be found at [www.exportkreditgarantien.de/en](http://www.exportkreditgarantien.de/en).



