

BearingPoint®

KfW enables budget transparency to support international development projects

KfW Development Bank wanted to make project funding more sustainable and efficient by using blockchain's potential for a transparent fund monitoring. To do this, the company had built a software solution but needed to test it in real-life situations before implementation. BearingPoint provided the testing for KfW's solution for three markets while demonstrating the tool's efficiency and capacity to mitigate risks.

KfW Development Bank is part of the German state-owned KfW Group, one of the largest development banks in the world. On behalf of the German Government KfW administers Germany's official Financial Cooperation Program in more than 100 developing countries.

Adapting a digital solution to specific country needs

Inefficiencies and high risks of misappropriation have led donors like KfW to establish costly parallel structures for disbursements in partner countries. Consequentially, country systems have been bypassed, remaining weak and resulting in limited structural impact of development cooperation. There was a need to allow donors to channel funds directly into partner country budgets while keeping fiduciary risks as low as possible.

KfW had developed an in-house, blockchain-based software solution, called TruBudget (i.e. Trusted Budget Expenditure), to address these challenges but had not yet deployed this tool in production.

Evaluating the solution viability in pilot countries

BearingPoint supported KfW in its efforts to progress TruBudget from the company's in-house lab into the real world. The team leveraged a combination of local contextual knowledge with the ability to implement on-site.

BearingPoint analyzed the functional requirements and tailored the rollout for each development area, working alongside KfW and local governments to identify the required interfaces to match with local IT systems.

The solution was tested in three countries – Burkina Faso, Ethiopia, and Georgia – by multidisciplinary teams, specializing in implementation and integration, as well as experts that could train local personnel in using TruBudget. .

Replacing costly risk management with a valuable solution

BearingPoint provided KfW with three proofs of concept in a single innovation cycle, revealing that TruBudget was indeed a viable solution for these development projects.

Field tests have revealed significant potential in improving the efficiency and transparency of corporate development projects using TruBudget.

Following positive feedback from the countries, KfW decided to proceed with a complete implementation in Burkina Faso, with more countries to follow soon.

Contact

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