

# Portfolio in the Education Sector 2013

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KfW Development Bank has been working on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ) for over 30 years to improve the standard of education for people all over the world. The work focuses on providing young people in developing countries with access to educational environments conducive to learning, thus improving their basic competencies and facilitating their path into work.

## Millennium development goals

By improving access to education for boys and girls KfW is making a contribution towards the millennium development goals 2 and 3, which aim to reduce the alarming number of children<sup>1</sup> – currently 61 million – who do not have access to primary and secondary education. Girls are particularly badly affected. Around 11.5 million young people are reached every year with the investment in education. The number of those who benefit in the course of the planned life of the infrastructure for which support has been provided multiplies when taking into account the repeated use of learning facilities, teaching capacity and materials by successive generations of pupils. In the medium term, the education projects also contribute to reducing poverty – and thus also to the first millennium development goal – by investing in the future of young people and increasing their opportunities on the job market.

## Current projects

At present, KfW Development Bank is managing 107 projects in 36 countries and three cross-border regions, accounting for a total of EUR 1.3 billion. The funds allocated by the

German Federal Government for education have seen a steady increase over recent years, because the BMZ sees education as a key sector, as expressed in the BMZ's education strategy for 2010-2013 "Ten goals for more education". Working within the framework of bilateral cooperation with individual partner countries, KfW is strengthening the education sectors in nine countries through jointly funded projects with other donors. Apart from access to and the quality of educational facilities, the aim, in particular, is to achieve efficiency and decentralisation in educational management.

## Goals and target groups

The majority of our projects concentrate on improving the infrastructure of education and teaching quality. Here the focus is on creating or improving low-maintenance classrooms, which are suitable for local conditions and conducive to teaching. In addition to this, the quality of education is enhanced by high-quality equipment with learning materials and pre- and inservice training for teaching personnel. The demand-side financing of education for students, apprentices and pupils is an innovative approach. For example, KfW has a system of grants for secondary school pupils to nurture a new generation of leaders in Kenya. In Ghana it is also funding self-directed learning in the form of education vouchers for vocational training programmes. The target group for the projects is predominantly primary and secondary pupils (around 92 %) but also includes pre-school children and young adults. As half of the target group lives below the poverty line, 64 % of our projects directly target the fight against poverty and a further 20 % fight poverty at the macro level. These projects benefit boys and girls equally. In 83 % of the programmes, the

effect on gender equality is indirect, but in four projects the effect is intentionally very direct.

## New commitments in 2012

In 2012 KfW Development Bank signed contracts with partner countries for new educational projects with funding of around EUR 329 million. Contracts will shortly be signed for a further five projects, which were examined in 2012, and represent EUR 71.5 million of funding. The new projects to which KfW has committed will allow us to reach around 3.4 million people worldwide. In 2012 subsidies for thirteen national basic education programmes were approved, including two projects with an emergency funding aspect in refugee camps in Kenya and in Gaza. Apart from finance provided by subsidies in countries such as Ghana and Ethiopia, in 2012 KfW also expanded its activities by granting development loans from its own funds for seven new projects in China in the field of vocational training. In the subsector of higher education, the extension of the Faculty of Engineering at the University of Namibia is being financed.

## Portfolio evaluation for 2013

Below is an assessment of all current Financial Cooperation (FC) projects. The finance agreement has been signed for all these projects and they are in different stages of implementation.

1 Cf. UNESCO, Education For All Global Monitoring Report, 2012

## An overview of the education sector

The following table shows the number, volume and target group of all current projects for each region in the education sector. Average values are also considered.

General review	Africa (SSA)	Asia	Europe	Latin America	MENA	Total
<b>General figures</b>						
Number of projects	35	34	3	12	23	<b>107</b>
Percentage of the overall portfolio	33 %	32 %	3 %	11 %	21 %	<b>100 %</b>
Total funding in (in € million)	446.9	452.6	5.5	100.9	283.7	<b>1,289.6</b>
Including KfW's own funds (in € million)		194.0				<b>194.0</b>
Including funds for mandates (in € million)	46.7					<b>46.7</b>
<b>Target group</b>						
Target group reached (in millions)	4.34	3.43	0.01	1.72	2.01	<b>11.5</b>
Proportion of poor (in millions)	2.9	1.4	0.006	0.6	0.9	<b>5.8</b>
Proportion of women (in millions)	2.0	1.8	0.004	0.9	1.0	<b>5.6</b>
<b>Average figures</b>						
Average funding of projects (in € million)	12.8	13.3	1.8	8.4	12.3	<b>12.1</b>
FC funding per person (€ per person reached)	92	132	637	59	141	<b>108</b>

Since 2013 KfW Development Bank has provided EUR 46.7 million in subsidies for research centres studying climate change and sustainable agriculture in sub-Saharan Africa as part of a BMBF (German Federal Ministry of Education and Research) mandate. The entire population of the partner countries benefit from this indirectly. However, this overall figure has not been included when reviewing the portfolio's target group and when determining the FC funding per person.

### Key statements:

- The current funding for the education sector is EUR 1.3 billion and this includes 85 % from the budgets of the BMZ and the BMBF.
- Around 92 % of the portfolio benefits the regions of Africa, the Middle East and Asia.
- The funds reach 11.5 million people and, of these, 38 % live in sub-Saharan Africa and 30 % are in Asia.
- Half of the target group live under the absolute poverty line.
- The beneficiaries are 67 % the poor in sub-Saharan Africa, with around 41 % in Asia and 35 % in Latin America.
- The target group includes men and women in almost the same proportions

## Review of subsectors

The following overview shows the FC involvement in the individual subsectors of primary and secondary education, vocational training and higher education.

Education subsector	Africa (SSA)	Asia	Europe	Latin America	MENA	Total
<b>Primary and secondary education</b>						
Number of projects	28	10	2	8	21	<b>69</b>
Funding (in € million)	318.1	116.5	4.0	70.9	271.8	<b>781.3</b>
Proportion of projects devoted to primary and secondary education	40.6 %	14.5 %	2.9 %	11.6 %	30.4%	<b>100 %</b>
Proportion of all projects	26.2 %	9.3 %	1.9 %	7.5 %	19.6%	<b>64.5 %</b>
Proportion of total FC funding for education	24.7 %	9.0 %	0.3 %	5.5 %	21.1%	<b>60.6 %</b>
Persons reached (in thousands)	4,284.2	3,200.6	7.7	1,109.8	1,997.2	<b>10,599.5</b>
<b>Technical / Vocational education training</b>						
Number of projects	5	21	1	2	2	<b>31</b>
Funding (in € million)	74.1	281.1	1.5	10.0	11.9	<b>378.6</b>
Proportion of projects devoted to technical / vocational education and training	16.1 %	67.7 %	3.2 %	6.5 %	6.5%	<b>100 %</b>
Proportion of all projects	4.7 %	19.6 %	0.9 %	1.9 %	1.9%	<b>29.0 %</b>
Proportion of total FC funding for education	5.7 %	21.8 %	0.1 %	0.8 %	0.9%	<b>29.4 %</b>
Persons reached (in thousands)	50.7	142.5	1.0	3.9	13.1	<b>211.2</b>
<b>Higher education</b>						
Number of projects	2	3	0	1	0	<b>6</b>
Funding (in € million)	54.7	55.0		10.0		<b>119.7</b>
Proportion of all projects	1.9 %	2.8 %		0.9 %		<b>5.6 %</b>
Proportion of total FC funding for education	4.2 %	4.3 %		0.8 %		<b>9.3 %</b>
Persons reached (in thousands)	1.0	88.5		3.0		<b>92.5</b>

In addition, EUR 10 million has been used in selected regions of Honduras to support peaceful co-existence and the creation of safe areas for around 600,000 young people.

Furthermore, individual training and education schemes have been carried out since 2001. In the current portfolio, around EUR 13,000 has been allocated in this way to finance a scheme in India.

### Key statements:

- Over 60 % of the portfolio supports the area of primary and secondary education, both in terms of the number of projects and total funds.
- 74 % of the budget for vocational training relates to Asia, in particular for development loans in China.
- There are six projects in the field of higher education. Of these, three are in China using the KfW's own funds and a further three are in Africa and Latin America using funds from the BMZ and BMBF respectively.
- The project reaches 10.6 million pupils at primary and secondary school, 210,000 vocational training students and 93,000 higher-education students. In addition to this, there are around 600,000 young people who benefit from extracurricular projects.
- The per-capita budget is approx. EUR 74 in the primary and secondary school sector. The costs for vocational training and higher education are considerably higher at around EUR 1,800 and approx. EUR 790 per person.

## Review of codes

The following overview lists the codes for programme-based approaches, gender equality and the poverty orientation of all education projects for each region. Here projects coded PBA 2 are funded on a sector-wide basis as basket finance with other donors, whereas PBA 1 coding indicates special coordination with partner strategy and the use of local systems. PBO 0 is the code used for other projects. The classification GG 2 is used for all projects where gender equality is the main objective, with GG 1 being used to identify projects where this is an ancillary objective and GG 0 used where gender-related equality is not pursued explicitly.

Codes (Number of projects)	Africa (SSA)	Asia	Europe	Latin America	MENA	Total	Total (Share)
<b>Programme-based approaches</b>							
PBA 0	14	28	3	9	15	69	64 %
PBA 1	11	1	0	2	7	21	20 %
PBA 2	10	5	0	1	1	17	16 %
<b>Gender equality</b>							
GG 0	2	11	0	0	1	14	13 %
GG 1	32	20	3	12	22	89	83 %
GG 2	1	3	0	0	0	4	4 %
<b>Poverty orientation</b>							
Fighting poverty through self-help	2	1	0	3	6	12	11 %
Other direct measures to fight poverty	20	16	1	6	14	57	53 %
Interdisciplinary means of fighting poverty at macro and sector level	12	6	0	2	1	21	20 %
General direction of development policy	1	11	2	1	2	17	16 %
<b>Number of projects</b>	<b>35</b>	<b>34</b>	<b>3</b>	<b>12</b>	<b>23</b>	<b>107</b>	<b>100 %</b>

### Key statements:

- Around 36 % of educational projects have a programme-based approach (PBA 1 or PBA 2), the majority of these projects (55 %) are in sub-Saharan Africa.
- 87 % of the programmes promote gender equality, either directly or indirectly.
- 64 % of education programmes focus directly on poverty orientation. Furthermore, 20 % of projects contribute to reducing poverty at macro and sector level.

If you have any questions or are interested in receiving further information, please contact:

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