

02 March 2017

## Portfolio Analysis - Social Protection 2016

Author: Dr Patrick Rudolph, Lukas Dietrich  
Editor: Bettina Zoch-Özel

### Challenges

Social protection is a core element of the Sustainable Development Goals (SDG 1.3) that were adopted by the heads of state and government from all over the world in September 2015. Functioning social protection systems are a necessary prerequisite for reducing inequality as a core objective of the 2030 Agenda ("Leaving no one behind"). At the same time, they provide important impetus for growth; as a result, the net economic effect is generally very positive. However, approximately 70 % of the global population lives without social protection: many people are at immediate risk of extreme poverty due to age, poor harvests, illness, accidents or the death of the main breadwinner.

### Ongoing programme

KfW Development Bank supports the development and expansion of sustainably fundable social protection systems in its partner countries on behalf of the Federal Ministry for Economic Cooperation and Development (BMZ) and various clients. We work together with our partners to develop country-specific solutions and innovative concepts.

Social protection covers all demand-driven approaches to protecting against life risks such as illness, unemployment, or poverty in old age. Though social protection is not an individual priority area within German Development Cooperation (DC) itself, relevant programmes are integrated into suitable DC focus areas (including health, good governance, sustainable economic development).

At the end of 2016, the relevant portfolio includes 60 projects or programmes with a total volume of approximately EUR 717 million. Projects in 18 countries and seven regional approaches are being implemented as a result. The "basic security" and "protection in the event of illness" fields of assistance are the focus of Financial Cooperation (FC), with 24 programmes each and a volume of approximately EUR 298 million and EUR 238 million, respectively. Measures in the two fields of assistance include, for instance, "cash for work" programmes with the objective of generating income and simultaneously improving infrastructure (in Namibia and Jordan, for example) or voucher programmes for improving poorer populations' access to health care services of a suitable quality, in particular for sexual and reproductive health (Cambodia, Yemen and Kenya, among other places) and support for expanding health insurance systems (Kenya, Tanzania, among

other places).

Ten programmes are related to protection against climate risks; EUR 175 million are being provided predominantly for financing need-based insurance solutions.

### Objectives and target groups

The sustainable development objectives agreed in 2015 serve as important orientation for development policy.

In social protection, a distinction must be drawn between direct and indirect approaches. In the case of direct approaches, individuals or households are directly protected by health insurance or admission to a cash transfer programme, for example. In indirect approaches on the other hand, the state purchases (index-based) insurance to be able to provide emergency assistance for the affected population, for example, if there is a drought (at the national level this can be implemented using existing social protection mechanisms). In addition to this type of macro-insurance, the promotion of financial intermediaries like insurance funds count as indirect social protection approaches. The social protection programmes financed by KfW Development Bank on behalf of the German Federal Government provide protection for nearly 34 million people using direct approaches. Protection for 357 million people is indirectly provided with regard to specific existential risks. On average, approximately 86 % of the directly and 79 % of the indirectly covered target groups live below the poverty line. This means that the programmes make a large contribution to sustainable poverty reduction.

### Form of financing

The portfolio in the area of social protection is primarily based on budget funds provided by the Federal Ministry for Economic Cooperation and Development in the form of grants (around EUR 671 million). EUR 10.2 million of the overall volume is financed with KfW's own funds, EUR 36 million stems from delegated cooperation arrangements with other customers.

### 2016 portfolio analysis

The analysis includes all ongoing programmes and projects up to the reporting date 31 December 2016. If social protection promotion is only a subcomponent of a programme, only the financing volume used for this purpose is included in the analysis. Support-

ing, educational and training measures are assigned to the corresponding main programme. The programmes are in different stages of implementation, from a KfW contract with the recipi-

ent/borrower through to final appraisal by the KfW evaluation department.

## Statistical overview of social protection

### Basis of the 2016 portfolio analysis

The following table shows the number, volume and target group size of all ongoing social protection programmes according to region by the reporting date 31 December 2016. The average values of the promotional funding are also included.

General overview	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa/Middle East	Supra-regional	Total
<b>General figures</b>							
Number of projects	31	11	1	1	9	7	60
% of total portfolio	52	18	2	2	15	12	100
Total volume (in EUR million)	432.6	86.5	8.5	1.5	113.4	74.3	716.8
of which KfW funds (in EUR million)	2.3	0	8.0	0	0	0	10.3
of which delegated cooperation funds (in EUR million)	36.0	0	0	0	0	0	36.0
<b>Target group</b>							
Target group reached directly (millions)	24.4	2.2	n.a. <sup>1</sup>	0.2	6.8	0	33.6
Proportion of poor people in the direct TG (millions)	20.8	1.9	n.a.	0.1	6.1	0	29.0
Proportion of women in the direct TG (millions.)	14.0	1.5	n.a.	0.1	6.1	0	21.6
Target group reached indirectly (millions)	175.0	161.9	n.a.	0	0	20.0	356.9
Proportion of poor people in the indirect TG (millions)	175.0	103.1	n.a.	0	0	4.0	282.1
Proportion of women in the indirect TG (millions)	90.0	80.9	n.a.	0	0	10.0	180.9
Target group reached overall (millions)	199.4	164.1	n.a.	0.2	6.8	20.0	390.5
<b>Average figures</b>							
Average programme volume (EUR million)	14.0	7.9	8.5	1.5	12.6	10.6	11.9

Differences in the totals are due to rounding.

<sup>1</sup> The quantification for a programme is not yet completed

#### Core statements

- KfW is currently supporting 60 programmes in the area of social protection with a total volume of nearly EUR 717 million.
- With a total volume of approximately EUR 433 million, more than half of the funds in the 31 programmes are invested in Sub-Saharan Africa. The North Africa / Middle East region is in second place with approximately EUR 113 million and 9 programmes. This means that two thirds of the programmes and approximately three quarters of the funds benefit both of these regions.
- With around EUR 671 (approx. 93 %), the majority is financed with budget funds. Around EUR 10 million and EUR 36 million are KfW funds or delegated funds, respectively.
- The average financing volume of the programmes is around EUR 12 million.
- 86 % of the directly and 79 % of the indirectly protected target groups live below the national poverty line. Women are disproportionately represented in the directly secured target group (64 %). Men and women are represented almost equally in the indirectly secured target group (proportion of women is 51 %).

## Overview of the fields of assistance and regions

The Financial Cooperation commitment in the "protection against climate risks", "protection for the elderly", "protection in the event of illness", "basic security" and miscellaneous fields of assistance are described in the following overview.

Field of assistance / region	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa / Middle East	Supra-regional	Total
<b>Protection against climate risks</b>							
Number of projects	2	0	1	0	0	7	10
Volume (in EUR million)	92.2	0	8.5	0	0	74.3	175.0
Target group reached directly (millions)	0	0	n.a. <sup>2</sup>	0	0	0	0
Target group reached indirectly (millions)	150.0	0	n.a.	0	0	20.0	170.0
Proportion of poor people in the indirect TG (millions)	150.0	0	n.a.	0	0	4.0	154.0
Proportion of women in the indirect TG (millions)	75.0	0	n.a.	0	0	10.0	85.0
<b>Total target group reached (millions)</b>	150.0	0	n.a.	0	0	20.0	170.0
<b>Protection for the elderly</b>							
Number of projects	0	1	0	0	0	0	1
Volume (in EUR million)	0	3.0	0	0	0	0	3.0
Target group reached directly (millions)	0	0	0	0	0	0	0
Target group reached indirectly (millions)	0	140.0	0	0	0	0	140.0
Proportion of poor people in the indirect TG (millions)	0	98.0	0	0	0	0	98.0
Proportion of women in the indirect TG (millions)	0	70.0	0	0	0	0	70.0
<b>Total target group reached (millions)</b>	0	140.0	0	0	0	0	140.0
<b>Protection in the event of illness</b>							
Number of projects	12	10	0	0	2	0	24
Volume (in EUR million)	142.8	83.5	0	0	12.0	0	238.3
Target group reached directly (millions)	18.7	2.2	0	0	6.7	0	27.6
Proportion of poor people in the direct TG (millions)	17.5	1.9	0	0	6.1	0	25.5
Proportion of women in the direct TG (millions)	10.7	1.5	0	0	6.1	0	18.3
Target group reached indirectly (millions)	0	21.9	0	0	0	0	21.9
Proportion of poor people in the indirect TG (millions)	0	5.1	0	0	0	0	5.1
Proportion of women in the indirect TG (millions)	0	10.9	0	0	0	0	10.9
<b>Total target group reached (millions)</b>	18.7	24.1	0	0	6.7	0	49.5
<b>Basic security</b>							
Number of projects	16	0	0	1	7	0	24
Volume (in EUR million)	195.4	0	0	1.5	101.4	0	298.3
Target group reached directly (millions)	5.7	0	0	0.2	0.06	0	5.9
Proportion of poor people in the direct TG (millions)	3.3	0	0	0.1	0.04	0	3.5

Proportion of women in the direct TG (millions)	3.3	0	0	0.1	0.03	0	<b>3.4</b>
Target group reached indirectly (millions)	0	0	0	0	0	0	<b>0</b>
Proportion of poor people in the indirect TG (millions)	0	0	0	0	0	0	<b>0</b>
Proportion of women in the indirect TG (millions)	0	0	0	0	0	0	<b>0</b>
<b>Total target group reached (millions)</b>	<b>5.7</b>	<b>0</b>	<b>0</b>	<b>0.2</b>	<b>0.06</b>	<b>0</b>	<b>5.9</b>
<b>Miscellaneous</b>							
Number of projects	1	0	0	0	0	0	<b>1</b>
Volume (in EUR million)	2.2	0	0	0	0	0	<b>2.2</b>
Target group reached directly (millions)	0	0	0	0	0	0	<b>0</b>
Target group reached indirectly (millions)	25.0	0	0	0	0	0	<b>25.0</b>
Proportion of poor people in the indirect TG (millions)	25.0	0	0	0	0	0	<b>25.0</b>
Proportion of women in the indirect TG (millions)	15.0	0	0	0	0	0	<b>15.0</b>
<b>Total target group reached (millions)</b>	<b>25.0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>25.0</b>

Differences in the totals are due to rounding.

<sup>2</sup> The quantification for a programme is not yet completed.

#### Core statements

- In each case, around 40 % of the programmes are allotted to the "protection in the event of illness" and "basic security" fields of assistance. The total of approximately EUR 537 million used here correspond to three quarters of the total portfolio for social protection. Nearly 34 million people directly benefit from both areas, a further 22 million people benefit indirectly.
- With EUR 175 million in ten programmes, 24 % of the funds used for social protection are used in the "protection against climate risks" field of assistance. The funds are predominantly concentrated on Sub-Saharan Africa.

#### Overview of the fields of assistance and promotion approaches

The following tables differentiate between the diverse promotion approaches<sup>3</sup> in the area of social protection (voucher, cash transfer, cash for work, food for work, food aid, direct and indirect insurance approaches as well as miscellaneous Financial Cooperation approaches).

Field of assistance / promotion approach	Voucher	Cash transfers	Cash for work	Food for work	Direct insurance	Indirect insurance	Food aid	Misc. PBA <sup>4</sup>	Total
<b>Protection against climate risks</b>									
Number of projects	0	0	0	0	1	9	0	0	<b>10</b>
Volume (in EUR million)	0	0	0	0	8.5	166.5	0	0	<b>175.0</b>
<b>Protection for the elderly</b>									
Number of projects	0	0	0	0	0	1	0	0	<b>1</b>
Volume (in EUR million)	0	0	0	0	0	3.0	0	0	<b>3.0</b>

<b>Protection in the event of illness</b>									
Number of projects	10	3	0	0	5	0	0	6	<b>24</b>
Volume (in EUR million)	79.0	17.3	0	0	84.0	0	0	58.0	<b>238.3</b>
<b>Basic security</b>									
Number of projects	0	4	15	3	0	0	2	0	<b>24</b>
Volume (in EUR million)	0	66.2	174.6	32.8	0	0	24.7	0	<b>298.3</b>
<b>Miscellaneous</b>									
Number of projects	0	0	0	0	0	1	0	0	<b>1</b>
Volume (in EUR million)	0	0	0	0	0	2.2	0	0	<b>2.2</b>
<b>Total projects</b>	<b>10</b>	<b>7</b>	<b>15</b>	<b>3</b>	<b>6</b>	<b>11</b>	<b>2</b>	<b>6</b>	<b>60</b>
<b>Total volume</b>	<b>79.0</b>	<b>83.5</b>	<b>174.6</b>	<b>32.8</b>	<b>92.5</b>	<b>171.7</b>	<b>24.7</b>	<b>58.0</b>	<b>716.8</b>

Differences in the totals are due to rounding.

<sup>3</sup> Joint financing in part with other donors

<sup>4</sup> Other project-based approaches

#### Core statements

- "Cash for work" programmes, which are primarily labour-intensive employment measures for refugees in Sub-Saharan Africa and the Middle East, account for one quarter of the programmes for social protection. The highest amount of around EUR 175 million for social protection programmes flows into the 15 projects.
- With around EUR 172 million, approx. 24 % of the portfolio is implemented in the area of indirect insurance approaches. The "voucher", "direct insurance" and "cash transfers" promotion approaches each have a percentage of around 12 % of the portfolio.
- Indirect insurance approaches make it possible to reach a particularly large number of people when compared to the financing volume used. However, it is important to keep in mind that the relevant approaches usually "only" provide protection against rather rare events or are dependent upon further financing sources (government subsidies, insurance fees, etc.) to ensure the intended risk coverage.



Dr Patrick Rudolph

KfW Group  
KfW Development Bank  
Palmengartenstrasse 5-9  
D-60325 Frankfurt am Main

Phone +49 69 7431 – 2840  
Fax +49 69 7431 -2944  
info@kfw-entwicklungsbank.de  
[www.kfw.de](http://www.kfw.de)