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Portfolio Analysis – Health 2016

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Challenges

The new 2030 Agenda for Sustainable Development has a total of 17 goals, the third of which is health. This SDG focuses on equal access to health care services and medicines, as well as financial risk protection (Universal Health Coverage – UHC). Globally, approximately one billion people do not have access or equal access to appropriate and affordable health care. Due to high individual direct payments, up to 100 million people fall beneath the poverty line each year. The health systems are often weak: they lack adequate infrastructure, specialists, medicines, sustainable financing and efficient management. Global developments like climate and demographic change, urbanisation, and migration present great challenges, especially for these weak health care systems. Crises and conflicts aggravate the situation. In many partner countries, tropical diseases that have not been dealt with continue to be a risk, primarily for the poorest parts of the population, while non-communicable diseases like diabetes, cardiovascular diseases and cancer are on the rise. The effect of the Ebola epidemic was that health became the focus of the German G7 and G20 presidencies. The core concerns developed at that time include fighting infectious diseases, improving maternal and child health, and strengthening health care systems. This creates the basis for the German commitment to the global Gavi Vaccination Alliance, the German Federal Ministry for Economic Cooperation and Development's special project, "Health in Africa", which focuses on training, equipment and education, and the extension of the "Rights-based Family Planning and Maternal Health" initiative.

New projects for 2016

In 2016, KfW Development Bank concluded financing agreements in the amount of around EUR 360 million in the health sector (compared with 2015: EUR 294 million). This sum comprises around EUR 267 million in Federal Ministry for Economic Cooperation and Development (BMZ) budget funds, EUR 48 million in KfW market funds and EUR 45 million in delegated funds from the German Federal Ministry of Education and Research (BMBF). Approximately 60% of the funds are used in sub-Saharan Africa, about 25% in Asia. The rest of the funds are allocated to supra-regional measures.

In sub-Saharan Africa, the priority is on promoting the subsectors of reproductive health and disease control¹, while the areas of infrastructure and health care services are the focus in Asia. The largest portion of new commitments in Asia is for an infrastructure project in China, which is being financed with a promotional loan. The new supra-regional projects relate to medical research and support development of new medicines and diagnostic procedures for diseases associated with poverty within the scope of so-called product development partnerships. There were no new projects in Europe, North Africa / the Middle East, and Latin America in 2016.

Ongoing programmes

With a financing volume of about EUR 2.8 billion, KfW Development Bank supervised 221 health projects in 38 countries by the end of 2016. Of those, 65 projects support reproductive health and 65 support improving health care infrastructure. Further issues are: battling infectious diseases (58 projects), health policy and health services administration programmes (20 projects), basic nutrition (7), basic and advanced medical training (4) and medical research (2).

Form of financing for ongoing programmes

With a volume of EUR 1.96 billion, approximately 70% of the funds are made available in the form of FC financing (pure budget funds) from the Federal Ministry for Economic Cooperation and Development. KfW funds in the amount of EUR 739 million are used in the form of promotional and development loans in China, India, Vietnam and Sri Lanka.

KfW Development Bank also manages funds from other donors by means of mandates (around EUR 114 million) to achieve a more efficient division of tasks. These are implemented supra-regionally (63%), in Asia, excluding China (33%), and in Africa (4%).

Target groups for the ongoing programmes

More than 633 million people benefit directly or indirectly from the 141 projects that have been running since 2011. On average, 40% of them are living below the poverty line. Approximately half of the target group in Sub-Saharan Africa and North Africa / the Middle East is poor, for example, and 28% in Asia/Oceania. The poverty rate for projects relating to reproductive health is 50%.

¹ Composition of the subsectors: see the following page.

Overview of ongoing health projects

The following table provides a regional overview of the ongoing projects for which a financing agreement was concluded on 31 December 2016, but for which no ex post evaluation has currently been performed by KfW's independent evaluation unit. Accompanying measures, basic and advanced training, and additional financing are assigned to the respective main project.²

Category	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa / Middle East	Supra-regional	Total
General figures							
Number of projects	90	112	3	4	9	3	221
Percentage of total portfolio	41%	51%	1%	2%	4%	1%	100%
Total volume (EUR million)	948	1.62	4	26	127	82	2,811
Percentage of total volume	34%	58%	0.1%	0.1%	4.9%	2.9%	100%
of which budget funds (EUR million)	945	846	4	26	127	10	1,958
of which KfW funds (EUR million)	0	739	0	0	0	0	739
of which delegated funds (EUR million)	4	38	0	0	0	72	114
Target group³							
Number of projects	63	66	0	2	7	3	141
Total volume	701	954	0	13	113	82	1,863
Total target group reached (millions)	312	297	0	0.7	23	0	633
Number of poor people (millions)	158	83	0	0.26	13	0	255
Proportion of poor people	51%	28%	0	37%	57%	0	40%

Core statements

- At the end of 2016, KfW supported 221 projects in the health sector with a total volume of EUR 2.8 billion.
- At EUR 1.96 billion (around 70%), the majority of the portfolio is financed with budget funds.
- A total of 90% of the portfolio is concentrated on the regions of sub-Saharan Africa (41%) and Asia/Oceania (51%).
- Health projects reach approximately 633 million people, of which an average of 40% live below the poverty line.

² Differences in the totals are due to rounding

³ Projects started before 2011 and ongoing projects are not taken into account in the target group statistics.

Examination of subsectors

We differentiate between five subsectors, which consist of the fields of assistance defined by OECD-DAC as follows.

Subsector	OECD-DAC definitions
Reproductive health	Fighting sexually transmitted diseases including HIV/AIDS, proportionate Family planning A&F of public health medicine / reproductive health Funding for reproductive health
Fighting infectious diseases	Fighting tuberculosis Fighting infectious diseases Fighting sexually transmitted diseases, including HIV/AIDS, proportionate
Infrastructure and health services	Basic health services Medical services Infrastructure in the field of basic health care
Health policy and health services administration	Health policy and health services administration
Other	Basic and advanced medical training Medical research Basic nutrition

The tables below differentiate between the regions and the subsectors in the health field.⁴

Subsectors in the total portfolio:

Subsectors	Reproductive health ⁵	Fighting infectious diseases ⁶	Infrastructure & health services	Health policy and health services administration	Other	Total
General figures						
Number of projects	65	58	65	20	13	221
Percentage of total number of all projects	29%	26%	29%	9%	6%	100%
Total volume (EUR million)	791	595	942	246	237	2811
Percentage of total volume	28%	21%	34%	9%	8%	100%
Average FC volume (EUR million)	12.2	10.3	14.5	12.3	18.2	12.7
Target group⁷						
Number of projects	49	24	42	13	13	141
Total volume	485	303	682	157	236	1863
Total target group reached (millions)	238	147	177	33	38	633
Proportion of poor people (millions)	118	68	39	12	18	254
Proportion of poor people	50%	46%	22%	36%	47%	39%

⁴ Differences in the totals are due to rounding.

⁵ Family planning, HIV/AIDS, STDs

⁶ TB, Polio

⁷ Only projects with an agreement starting in or after 2011 are taken into account. Ongoing projects started before 2011 are not taken into account in the target group statistics.

Subsectors in the regions:

Category	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa / Middle East	Supra-regional	Total
Reproductive health							
Number of projects	36	22		2	4	1	65
Percentage of the number of all projects in the subsector	55%	34%		3%	6%	1%	100%
Total volume (EUR million)	425	316		13	28	10	792
Percentage of subsector volume	54%	40%		2%	4%	1%	100%
Fighting infectious diseases							
Number of projects	32	21	3	2			58
Percentage of the number of all projects in the subsector	55%	40%	6%	3%			100%
Total volume (EUR million)	320	258	4	13			595
Percentage of subsector volume	54%	43%	1%	2%			100%
Infrastructure and health services							
Number of projects	9	56					65
Percentage of the number of all projects in the subsector	14%	86%					100%
Total volume (EUR million)	63	879					942
Percentage of subsector volume	7%	93%					100%
Health policy and health services administration							
Number of projects	8	12					20
Percentage of the number of all projects in the subsector	40%	60%					100%
Total volume (EUR million)	97	149					246
Percentage of subsector volume	39%	61%					100%
Other							
Number of projects	5	1			5	2	13
Percentage of the number of all projects in the subsector	38%	8%			38%	16%	100%
Total volume (EUR million)	44	21			100	72	237
Percentage of subsector volume	19%	9%			42%	30%	100%

Core statements

- Infrastructure projects and health services make up a percentage (34%) of the total volume. This includes above all the building and expansion of hospitals as well as new training centres. The regional priority here is in Asia/Oceania (~93%).
- Approximately one third of the funds are used for reproductive health measures. The largest volume executed in this area is in sub-Saharan Africa (~54%), followed by Asia/Oceania (~40%), North Africa / Middle East and Latin America (~3% each).
- With regard to the financing volume, projects aimed at combating infectious diseases are mainly in sub-Saharan Africa (~54%), followed by Asia (~42%).
- Projects aimed at health policy and health services administration are mainly (volume-wise) in Asia/Oceania (~61%), followed by sub-Saharan Africa (39%).
- The average FC volume of the projects, including additional financing, is around EUR 12.7 million.

Examination of development policy markers

Here, the markers for programme-based approaches, gender equality and poverty orientation, and reproductive, maternal, newborn and child health are listed according to region. General and sectoral budget aid projects are marked with PBA 3. PBA 2 indicates basket funding with other donors, and PBA 1 refers to projects that are implemented in the scope of programme-based approaches. PBA 0 – projects do not correspond to the PBA criteria. GG 2 classification designates all projects that have gender equality as a main priority; GG 1 projects see this as a secondary objective, and GG 0 designations are not aimed toward gender equality. The same gradations apply for poverty orientation markers (AO 0, AO 1, AO 2). The RMNCH marker, which represents the contribution to **R**eproductive, **M**aternal, **N**ewborn and **C**hild health, is being featured for the first time. The classification describes which percentage of project funds are used for maternal/child health or reproductive health (below 15%, 15–85%, over 85%).⁸

Markers	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa / Middle East	Supra-regional	Total (percentage share)
Project-based approaches							
PBA 0	55	101	3	3	9	3	174 (79%)
PBA 1	28	0	0	1	0	0	29 (13%)
PBA 2	7	11	0	0	0	0	18 (8%)
PBA 3	0	0	0	0	0	0	0
Gender equality							
GG 0	2	29	3	0	0	2	36 (16%)
GG 1	63	81	0	4	8	1	157 (71%)
GG 2	27	0	0	0	1	0	28 (13%)
Poverty orientation							
AO 0	3	37	0	0	0	2	42 (19%)
AO 1	26	12	0	0	0	1	39 (18%)
AO 2	61	63	3	4	9	0	140 (63%)
RMNCH							
0	51	84	3	3	5	3	149 (67%)
1	8	16	0	1	2	0	27 (13%)
2	31	12	0	0	2	0	45 (20%)

Core statements

- In total, around 21% of the projects in the health sector follow a programme-based approach (PBA 1 and PBA 2).
- About 84% of the health projects promote gender equality directly (GG2) or indirectly (GG1).
- Around 81% of the projects in the health sector contribute directly to alleviating poverty (markers AO 1, AO 2).
- Approximately 67% of projects currently have the RMNCH marker 0.



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⁸ Differences in the totals are due to rounding