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Portfolio Analysis – Health 2017

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Challenges

In the Agenda 2030 for Sustainable Development, health is the third of a total of 17 goals. This SDG focuses on equal access to quality, essential 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 illness costs, up to 100 million people fall below 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. Tropical diseases that have not been dealt with continue to be a risk in many partner countries. Many non-communicable diseases like diabetes, cardiovascular diseases and cancer are also clearly on the rise. With the focus on health during the German presidencies of the G7 and G20, the core concerns of German development cooperation in the health sector were also clearly structured. Fighting infectious diseases, improving maternal and child health and strengthening health care systems serve as the foundation for Germany's involvement.

New projects for 2017

In 2017, KfW Development Bank concluded financing agreements in the amount of around EUR 400 million for 29 new projects in the health sector (compared with 2016: EUR 360 million). This sum comprises around EUR 272 million in budget funds from the Federal Ministry for Economic Cooperation and Development (BMZ), EUR 123 million in KfW market funds and around EUR 5 million in delegated funds from the German Federal Ministry of Education and Research (BMBF). Approximately 47% of the funds are used in Sub-Saharan Africa, about 44% in Asia/Oceania, 5% in Europe/Caucasus and 2% in North Africa/the Middle East. The remaining funds are allocated to supra-regional measures.

In Sub-Saharan Africa (SSA), the top priority is providing funding to fight infectious diseases followed by reproductive health. In Asia/Oceania on the other hand, the focus is the sub-sector infrastructure and health services. In Europe/Caucasus, a contract for a new project focusing on medical training and advanced training

was signed with Turkey. In Yemen – North Africa/Middle East – a project to promote reproductive health was relaunched. 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 what are known as product development partnerships.

Ongoing programmes

With a financing volume of about EUR 2.9 billion, KfW Development Bank supported 225 health projects in 41 countries by the end of 2017. Of those, 78 projects revolve around reproductive health and 71 focus on improving health care infrastructure. Further issues include: battling infectious diseases (44 projects), health policy and health services administration programmes (18 projects), basic nutrition (5 projects), basic and advanced medical training (5 projects) and medical research (4 projects). Overall, a relative shift in weight from the sub-sector reproductive health to the sub-sector infrastructure and health services has been observed over the last 5 years. The other sub-sectors are at a constant level. Looking at the portfolio by region, there is a slight shift in favour of Sub-Saharan Africa, which is in line with political requirements in the context of the special programme Health in Africa.

Form of financing for ongoing programmes

With 67% (EUR 1.92 billion) budget funds from the German Federal Government are still the most important source of funding within the current FC health portfolio. Primarily due to the increasing use of funds raised by KfW on the capital market, however, this share has declined slightly over time. At present, the KfW funds amounting to EUR 863 million are used exclusively in the form of development and promotional loans in advanced Asian countries (China, India, Indonesia and Sri Lanka). In addition, KfW Development Bank also manages funds from other donors by means of mandates (around EUR 92 million) to achieve a more efficient division of tasks. These are implemented predominantly in supra-regional projects (54%), as well as in Afghanistan (41%) and in Malawi (4%).

Target groups for the ongoing programmes

More than 758 million people benefit directly or indirectly from the 158 projects that have been running since 2011. Around 76% of

the projects in the health sector contribute directly to alleviating poverty.¹

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 2017, but for which no ex post evaluation has currently been performed by KfW's external 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 ca/Middle East	Afri-	Inter-regional	Total
General figures								
Number of projects	85	123	4	1	7		5	225
Percentage of total portfolio	38%	55%	2%	0.4%	3%		2%	
Total volume (in EUR million)	920	1,766	25	5	95		60	2,872
Percentage of total volume	32%	62%	1%	0.2%	3%		2%	
of which budget funds (in EUR million)	917	866	25	5	95		10	1,917
of which KfW funds (in EUR million)	0	863	0	0	0		0	863
of which delegated funds (in EUR million)	4	38	0	0	0		50	92
Disbursement status	62%	70%	69%	94%	91%		43%	67%
Target group (projects with a financing agreement before 2011 are not taken into account in the target group statistics)								
Total target group reached (millions)	308	434	0.7	0.2	16			758

Core statements

- At the end of 2017, KfW had supported 225 projects in the health sector with a total volume of EUR 2.9 billion.
- At EUR 1.92 billion (around 67%), most of the portfolio is financed with budget funds.
- 94% of the portfolio is concentrated on the regions of Asia/Oceania (55%) and Sub-Saharan Africa (38%).
- Health projects reach over 758 billion people.

¹ See poverty orientation AO 1 and AO 2

² Differences in the totals are due to rounding

Analysis of the sub-sectors³

Sub-sector	OECD-DAC definitions
Reproductive health	Fighting sexually transmitted diseases, including HIV/AIDS Family planning A&F of public health medicine / reproductive health Promotion of reproductive health
Fighting infectious diseases	Fighting tuberculosis Fighting infectious diseases
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 sub-sectors in the health field.⁴

Sub-sectors in the regions, new commitments 2017

Category	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa/Middle East	Africa	Inter-regional	Total
Reproductive health								
Number of projects	5	2	0	0	1		0	8
Total volume (in EUR million)	67	13	0	0	8		0	88
Percentage of regional volume	35%	7%	0%	0%	100%		0%	
Percentage of sub-sector volume	75%	15%	0%	0%	8%		0%	
Fighting infectious diseases								
Number of projects	6	4	0	0	0		0	10
Total volume (in EUR million)	95	41	0	0	0		0	136
Percentage of regional volume	50%	23%	0%	0%	0%		0%	

³ Classification according to the CRS codes, but projects can also have an impact in other sub-sectors

⁴ Differences in the totals are due to rounding

ume							
Percentage of sub-sector volume	70%	30%	0%	0%	0%	0%	
Infrastructure and health services							
Number of projects	3	5	0	0	0	0	8
Total volume (in EUR million)	28	111	0	0	0	0	139
Percentage of regional volume	15%	63%	0%	0%	0%	0%	
Percentage of sub-sector volume	20%	80%	0%	0%	0%	0%	
Health policy and health services administration							
Number of projects	0	1	0	0	0	0	1
Total volume (in EUR million)	0	12	0	0	0	0	12
Percentage of regional volume	0%	7%	0%	0%	0%	0%	
Percentage of sub-sector volume	0%	100%	0%	0%	0%	0%	
Other							
Number of projects	0	0	1	0	0	1	2
Total volume (in EUR million)	0	0	21	0	0	5	26
Percentage of regional volume	0%	0%	100%	0%	0%	100%	
Percentage of sub-sector volume	0%	0%	81 %	0%	0%	19%	
Regional total volume (in EUR million)	190	177	21	0	8	5	400

Sub-sectors in the total portfolio

Sub-sectors	Reproductive health	Fighting infectious diseases	Infrastructure & health services	Health policy and health services administration	Other	Total
General figures						
Number of projects	78	44	71	18	14	225
Percentage of total number of all projects	35%	20%	32%	8%	6%	
Total volume (in EUR million)	865	546	1,036	223	202	2,872
Percentage of total volume	30%	19%	36%	8%	7%	
Disbursement status	67%	91%	56%	77%	54%	67%
Average FC volume (in EUR million)	11	12	15	12	14	13
Target group (projects with a financing agreement before 2011 are not taken into account in the target group statistics)						
Total target group reached (millions)	265	170	253	39	31	758

Core statements

- Infrastructure projects and health services make up 35% of the total volume of new commitments in 2017. This includes primarily the building and expansion of hospitals and new training centres. The regional priority here is in Asia/Oceania (around 63%).
- Another third of new commitments in 2017 benefit measures designed to fight infectious diseases. The largest volume in this area is in Sub-Saharan Africa (approx. 70%), followed by Asia/Oceania (around 30%).
- In relation to the 2017 financing volume, projects that focus on reproductive health are mainly in Sub-Saharan Africa (around 76%), followed by Asia/Oceania (around 15%) and North Africa/Middle East (around 9%).
- The average FC volume of new projects in 2017, including additional financing, is around EUR 14 million.

Analysis 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, describes which percentage of project funds are used for maternal/child health or reproductive health (below 15%, 15–85%, over 85%).⁵

⁵ Differences in the totals are due to rounding

Markers	Sub-Saharan Africa	Asia/Oceania	Europe/Caucasus	Latin America	North Africa/Middle East	Africa	Inter-regional	Total (percentage share)
Project-based approaches								
PBA 0	56	109	4	1	7		5	182 (81%)
PBA 1	26	2	0	0	0		0	28 (12%)
PBA 2	3	12	0	0	0		0	15 (7%)
PBA 3	0	0	0	0	0		0	0
Gender equality								
GG 0	0	32	3	0	0		4	39 (17%)
GG 1	59	91	1	1	6		1	159 (71%)
GG 2	26	0	0	0	1		0	27 (12%)
Poverty orientation								
AO 0	3	47	0	0	0		4	54 (24%)
AO 1	24	15	0	0	0		1	40 (18%)
AO 2	58	61	4	1	7		0	131 (58%)
RMNCH⁶								
RMNCH 0	7	17	0	0	0		2	26 (21 %)
RMNCH 1	10	10	1	0	10		1	32 (26%)
RMNCH 2	39	22	0	0	3		0	64 (52%)

Core statements

- In total, around 19% of the projects in the health sector follow a programme-based approach (PBA 1 to PBA 3).
- About 83% of the health projects promote gender equality directly (GG2) or indirectly (GG1).
- Around 76% of the projects in the health sector contribute directly to alleviating poverty (markers AO 1 and AO 2).
- Over half of projects clearly focusses on maternal and child health and on reproductive health (RMNCH marker 2).



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⁶ Marker has been recorded for projects only since framework planning in 2014