INTEGRATED SDG INSIGHTS
KENYA

This initiative supports the articulation of national commitments to SDG transformation, towards accelerated SDG action in the second half of the 2030 Agenda.

HOW TO READ THIS REPORT

Integrated SDG Insights provides an overview of a country's economic growth trajectory, highlighting potential conflicts between growth, environmental concerns, and societal well-being (referred to as the **SDG Moment**).

It builds from the foundation of national SDG progress through the lens of the 5Ps and uses machine learning to analyse national development ambition with an SDG lens (**SDG Trends & Priorities**).

Combined, these insights are mapped against SDG interlinkages to define policy choices the accelerate SDG progress, tailored to national context (**SDG Interlinkages**).

These policy choices are made against fiscal constraints and opportunities for stimulus to ensure choices translate to development impact and leave no one behind (**Finance & Stimulus**).

SDG MOMENT: KENYA

While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

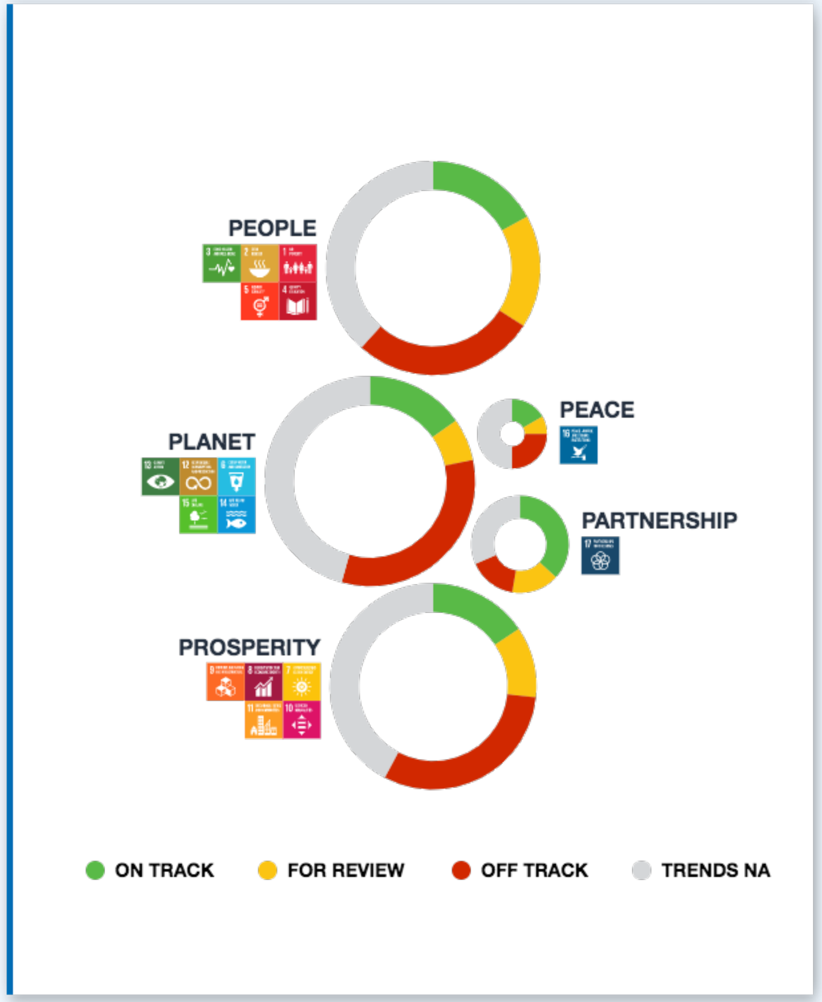
Kenya’s pace of growth during the cycle 2023-2025 is in acceleration, characterized by being 80% higher, on average, than the global rate, though still below the country’s growth trajectory projected before the pandemic.[1] Accordingly, Kenya’s commitments to achieving the SDGs are focused on increasing people’s well-being.

While this pace of growth is expected to reduce the incidence of poverty at $2.15 and $3.65 a day, there are still significant distributional challenges to accelerate the pace of progress. Moreover, the cycle of accelerated growth occurs at the expense of the environment as the country’s carbon emissions intensity of GDP is projected to increase at an annual rate of 0.5% due to fossil fuel usage — though the emissions intensity would follow a downward trend when also considering land-use change.[2]

[1] The economic cycle is determined by adjusting the country’s current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.
[2] CO2 emissions intensity of GDP is computed as tonnes of CO2 per $1,000 (2017 PPP).

SDG TRENDS

Understanding how Kenya performs against the SDG targets provides a baseline landscape against which to build integrated SDG pathways. SDG progress tracking follows UN Stats standards and methodology, and is aligned with country profiles.



Trends in detail:
https://data.undp.org/sdg-push-diagnostic/KEN/sdg-trends

SDG PRIORITIES

Kenya's national priorities are analysed using machine learning to reveal the most prominent SDGs referenced in national policy documents. This analysis uses a custom-built model for SDG classifications that considers 100k+ terms, phrases and expressions.

Key documents analyzed:

1. Kenya Vision 2030: A Globally Competitive and Prosperous Kenya
2. Third Medium-Term Plan 2018-2022: Mid-Term Review Report
3. The Kenya Kwanza Manifesto. The Bottom Up Economic Transformation Agenda (BETA) 2022 - 2027

Priorities in detail:
https://data.undp.org/sdg-push-diagnostic/KEN/current-priorities

SDG INTERLINKAGES

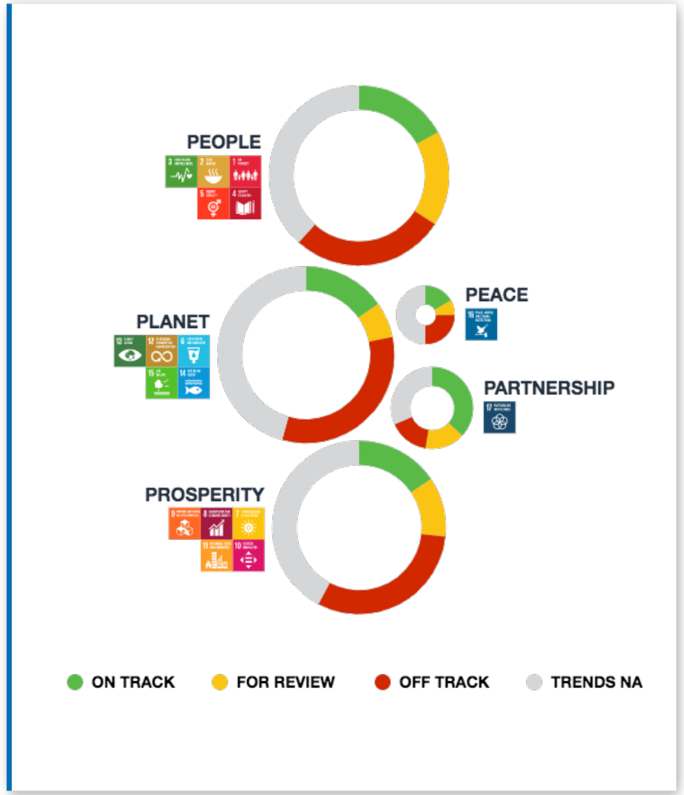
SDG interlinkages reveal how actions directed towards one SDG can impact others. Uncovering and understanding these interactions can help Kenya to achieve the 2030 Agenda for Sustainable Development and to navigate trade-offs.

Based on a global framework for interlinkages, Kenya's SDG progress is colour-coded at the target level.

Building from national trends and priorities, the following integrated SDG pathways reflect policy choices with the most potential to accelerate the SDGs for Kenya:

- Target 8.5: Full employment and decent work with equal pay. This will help achieve progress in 55 other SDG targets.
- Target 11.1: Safe and affordable housing. This will help achieve progress in 27 other SDG targets.
- Target 16.6: Develop effective, accountable and transparent institutions. This will help achieve progress in 72 other SDG targets.

These SDG targets could be the basis upon which Kenya articulates its ambitions for the next seven years and makes commitments at the upcoming SDG Summit.



TRANSFORMATIVE PATHWAYS

SYNERGIES

TRADE-OFFS

SDG INTERLINKAGES

8.5 by 2030 achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value

“Our estimates show that if the workers [10 million micro- small and medium-sized enterprises (MSMEs) within the informal sector] were as productive as those in the formal sector, they would be generating Sh6 trillion a year, which is 60 per cent of GDP….” - Kenya Kwanza manifesto. This statement best captures the challenge of decent jobs in Kenya.

Lack of decent jobs is slowing down poverty reduction (target 1.1) and is an increasingly important concern for the young population in Kenya. Decent jobs are fundamental to development and achieving the SDGs.

A focus on creating decent jobs will trigger investments in sustainable agriculture systems (target 2.4), modern energy (target 7.1), digital public infrastructure (target 9.2) and in other sectors of the economy. This may also trigger new industries, for example in research and innovation.

For Kenya’s economy to create decent jobs, there needs to be a thriving private sector as labour productivity is much higher in the formal than in the informal sector. Skills development is also fundamental to the transition to decent jobs. Other measures that could help create decent jobs in the formal private sector include assisting firms access skills, technology and information, for example through technology transfer programmes, improving the business and investment environment and making it easier for firms to access finance.

Explore the interlinkages at:
https://data.undp.org/sdg-push-diagnostic/KEN/synergies-and-tradeoffs

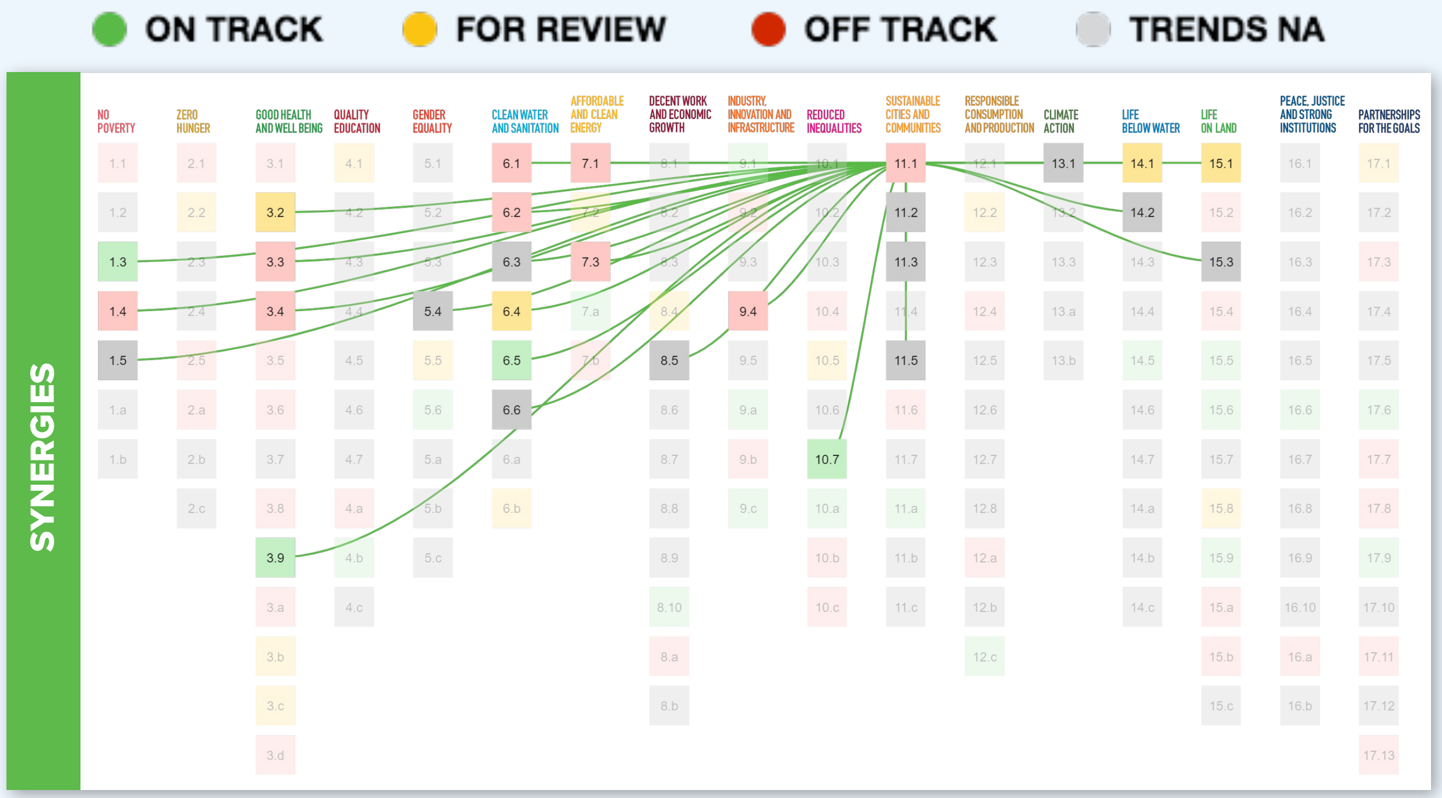
SDG INTERLINKAGES

11.1: By 2030, ensure access to all to adequate, safe and affordable housing and basic services, and upgrade slums

Kenya is pursuing a Bottom-Up Economic Transformation Agenda 2022-2027, commonly known as BETA. BETA is anchored on five pillars – Agriculture (target 2.4), MSMEs, Housing (target 11.1), Health care (target 3.8) and the Digital and Creative Economy (target 9.1). These are in line with access for all to adequate, safe and affordable housing and basic services, and also to upgrade slums (target 11.1).

When combined with the fact that this is being implemented in the context of devolved governments, housing and basic services in a decentralized setting will improve significantly. That also means that the definition of basic services will be expanded in order to achieve the aims of BETA to include for instance the public digital infrastructure.

Whereas there are already established mechanisms to track and monitor BETA's performance, Kenya will consider a Quarterly SDG Scoreboard that informs Quarterly SDG Conversations at key levels of governance. This will improve BETA's delivery and accelerate the achievement of the other SDGs, while taking care of the trade-offs.



Explore the interlinkages at:

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SDG INTERLINKAGES

16.6: Develop effective, accountable and transparent institutions at all levels

The issue of effective, accountable and transparent institutions is about the role of the state in delivering public services to its citizens. The Government of Kenya views responsive institutions at all levels, including foreign missions (target 16.8), as a critical ingredient to build a globally competitive and prosperous economy, a just and cohesive society and a democratic political system that protects the rights and freedoms of every individual.

Kenya may want to track the public service experience of its citizens – digitization (target 9.1), health (target 3.8), education (target 4.1) -, for example, on a quarterly basis. This could be part of a Quarterly SDG Scoreboard that could inform the Quarterly SDG Conversation. It is through such a process that any corrective measures can be undertaken at different levels, including at the Cabinet level.

With a Quarterly SDG Scoreboard and Quarterly SDG Conversations, Kenya can establish higher goals in terms of citizens' satisfaction with public and private services; and expand the basis of what public services should be. With this done at County and National level, it is expected that most of BETA priorities will be delivered.

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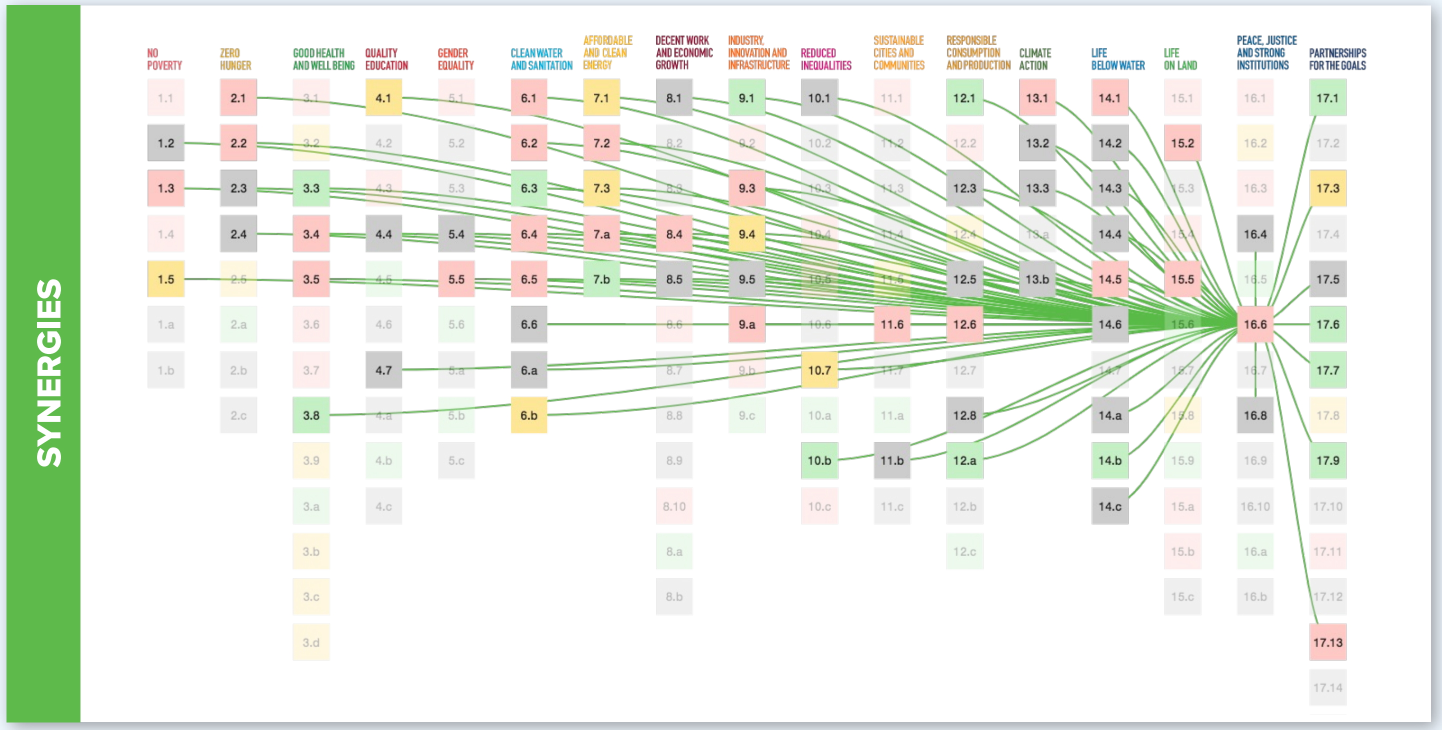

Explore the interlinkages at:
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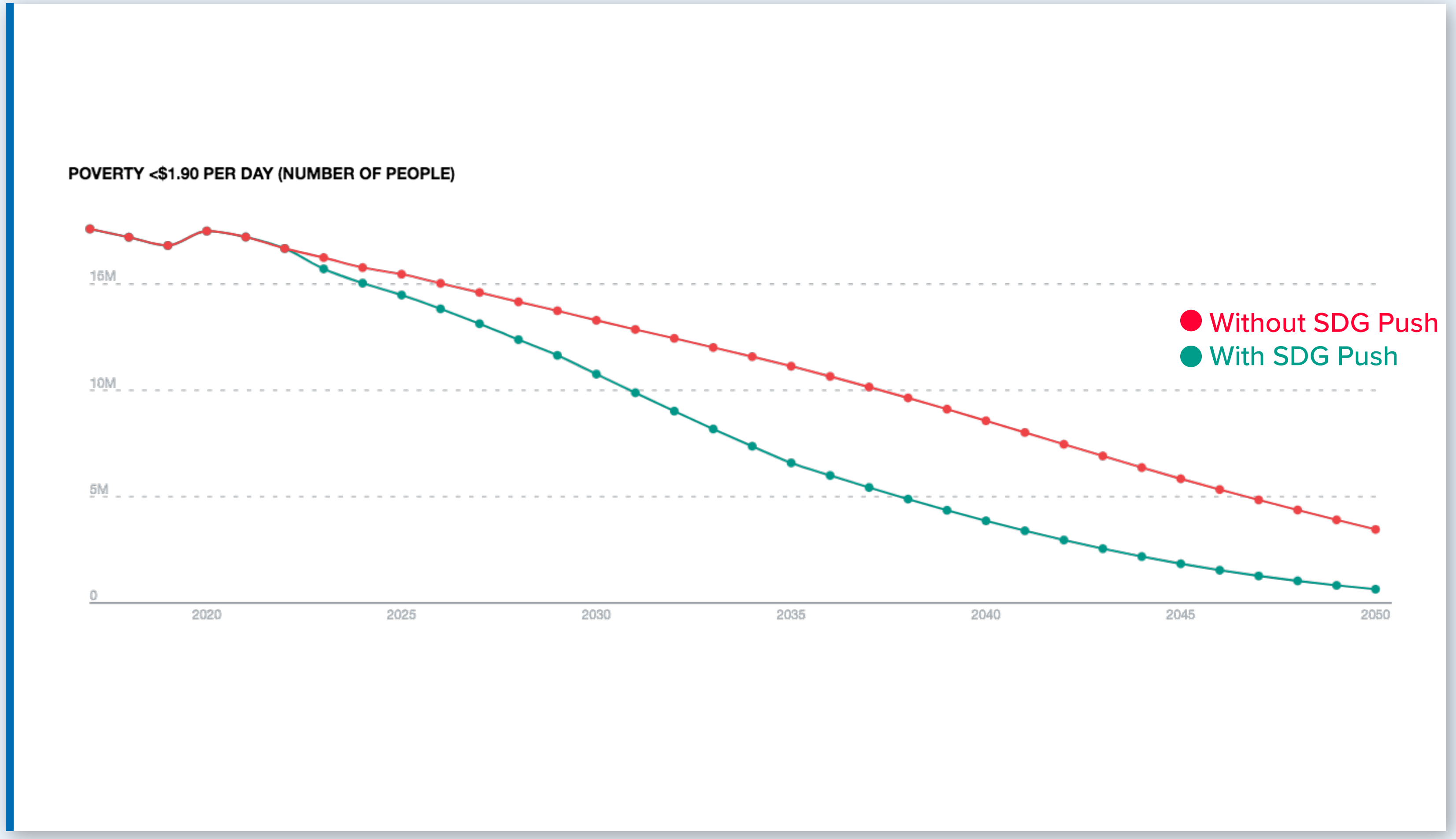
FUTURES SCENARIOS

Achieving the SDGs is possible.

The ‘SDG Push’ is a futures scenario based on 48 integrated accelerators in the areas of Governance, Social Protection, the Green Economy and Digital Disruption. It uses national data to explore the impact on human development by 2030 and by 2050 across key SDG indicators.

Incorporating ‘SDG Push’ accelerators into development interventions in Kenya can reduce the number of people living in poverty over time.

People living in poverty	By 2030	By 2050
Without the SDG Push	13 mn	3.5 mn
With the SDG Push	11 mn	0.65 mn



Explore SDG Futures Scenarios at:
https://data.undp.org/sdg-push-diagnostic/KEN/future-scenarios

FINANCE & STIMULUS

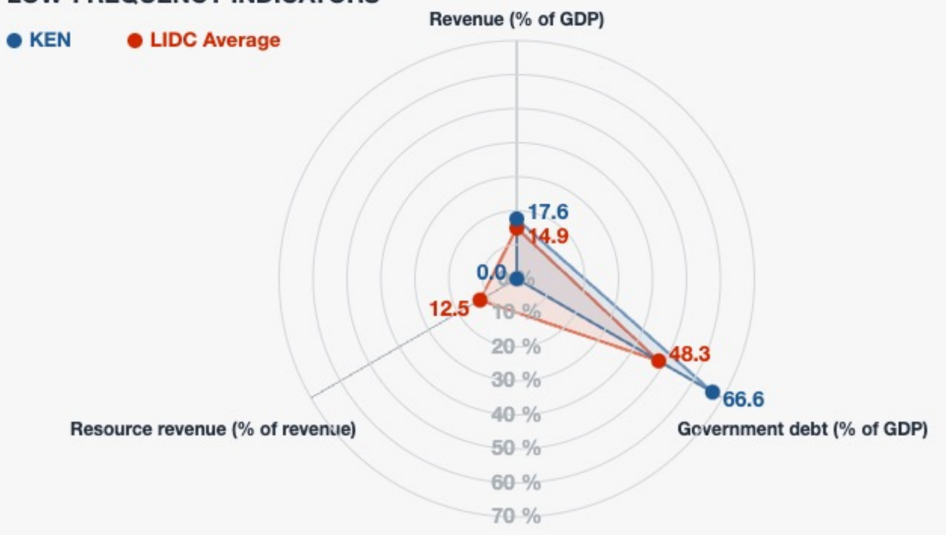
Many countries are facing reduced fiscal space, high debt levels, rising interest rates and downgrades on credit ratings. Fiscal and financial constraints tend to slow or even reverse SDG progress.

The radar diagram shows low frequency data points linked to government revenue and debt as a proportion of GDP and the natural resource share of total revenue. The financial indicator graphs show external debt servicing relative to revenue and the country's sovereign credit rating and 10-year bond yield. Kenya's gross government debt has risen sharply since the onset of the pandemic and is projected at 66.6% of GDP in 2023, which is more than 18 percentage points (pp) above the low-income developing countries' (LIDC) average of 48.3%. The country is projected to collect 17.6% of GDP in revenue this year, which is 2.7 pp above the LIDC group's 14.9%.

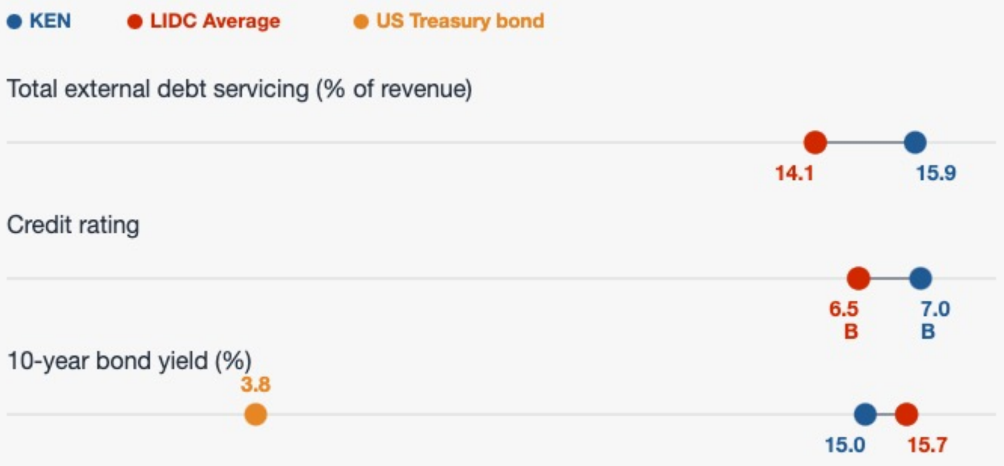
Kenya's public external debt servicing relative to revenue is projected to reach 15.9% this year, thus slightly above the average LIDC at 14.1%. Since early 2022, the country's credit rating – as is the LIDC average – is in the 'highly speculative' category. Because of rating downgrades and a tightening of international financial markets, Kenya is no longer able to access markets due to prohibitively expensive interest rates. The weak rating is also reflected in the country's 10-year bond yield which is trading at 15% – close to the LIDC average of 15.7% – and 11.2 pp above a 10-Year US Treasury bond. Of 70 countries reporting 10-year bond yields, Kenya's is the eighth highest. According to the country's latest Debt Sustainability Assessment of December 2022, Kenya is considered at 'high risk' of debt distress.

Kenya's Integrated National Financing Framework seeks to address key fiscal and financial constraints and build a more sustainable financial architecture at the national level. Priority actions include progressively relying on direct taxes to mitigate economic inequality and to ensure intergenerational equality of opportunity, while ensuring high incomes and wealth are taxed to redistribute revenues to socially uplift populations left behind; reducing budget deficits through fiscal consolidation and ensuring debt resources for financing national priorities and SDGs; optimizing incentives to attract private sector impact investments; and leveraging mobile money for enhancing financial inclusion.

LOW-FREQUENCY INDICATORS



FINANCIAL INDICATORS



Notes: External debt covers public and publicly guaranteed debt. The LIDC average of resource revenue (% of revenue) only includes the 38 countries that reported data for that indicator, that for 10-year bond yield (%) includes five LIDC enonomies. The credit rating shows the numerical average of S&P's, Moodys', and FITCH's ratings, expressed in S&P's scale in brackets.

Sources: UNU-WIDER GRD (resource revenue, data from 2021), IMF WEO April 2023 (debt and revenue, forecasts for 2023), IDS (external debt, data from 2023), worldgovernmentbonds.com and Haver Analytics (yields as of 8 June 2023), S&P, Moodys and FITCH (credit ratings, data from 2023).

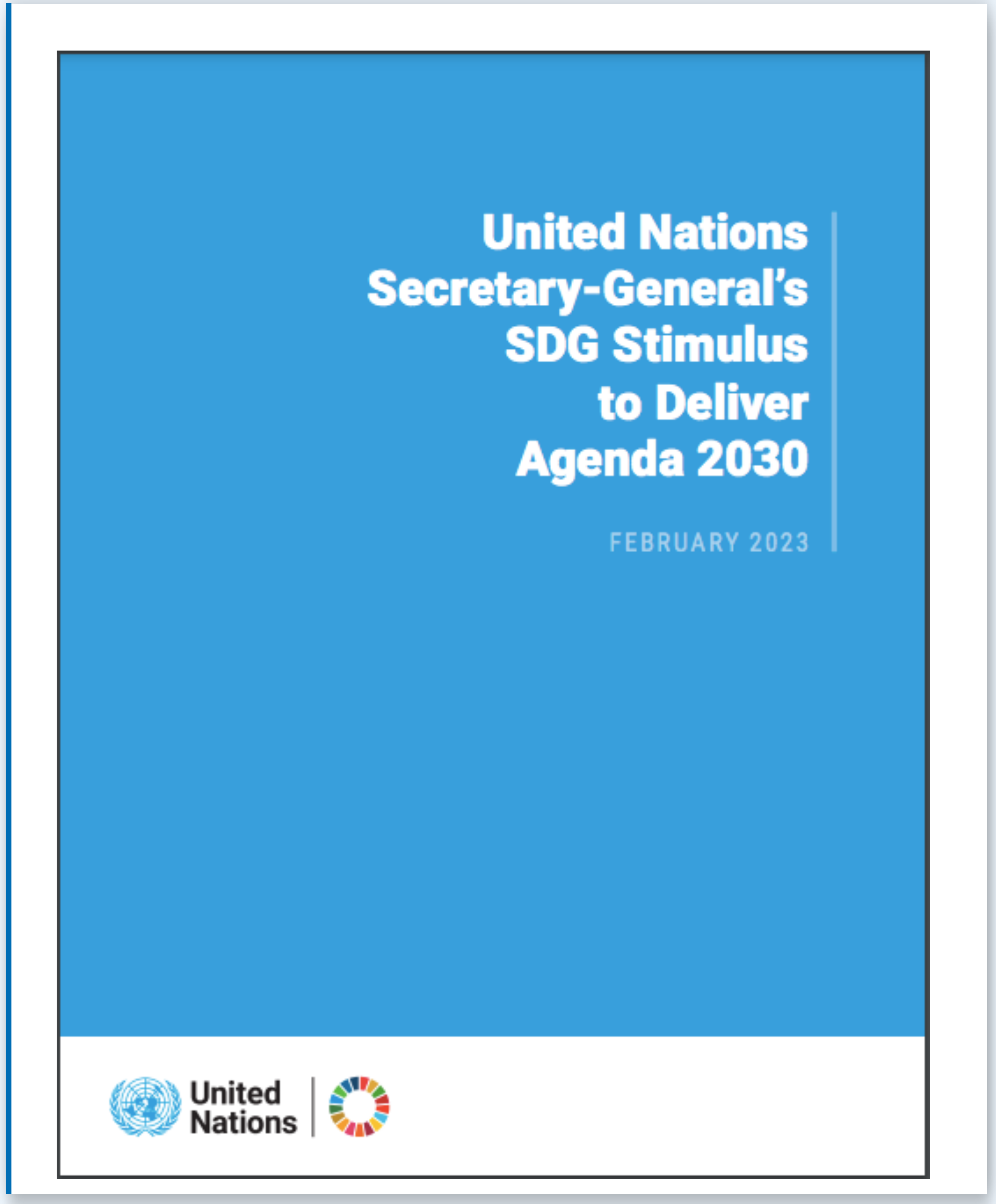
SDG STIMULUS

The UN Secretary General's SDG Stimulus Plan lays out a blueprint for action within the existing financial architecture. It includes:

- Providing liquidity to support recovery in the near term
- Enhancing debt relief for vulnerable countries
- Expanding development financing by MDBs
- Aligning financial flows with the SDGs and the Paris Agreement, according to country-level priorities and needs, for example through the roll-out of the UN Integrated National Financing Framework (INFFs).

Given the projected fiscal and financial constraints faced by Kenya, possible funding options for the investments derived from the identified interlinkages are as follows:

- Tax and revenue reform spearheaded through enhancing domestic resource mobilization for renewed social contract project
- Climate finance implemented through Green and Resilient Debt Platform
- SDG-aligned business environment and investment that is anchored on Kenya's SDG Investor Maps
- Alignment of all sources of development finance, such as remittances, philanthropy and faith-based financing through a Kenya INFF/Development Finance Assistance Strategy


United Nations
Secretary-General's
SDG Stimulus
to Deliver
Agenda 2030

FEBRUARY 2023

United Nations

METHODOLOGY

Click here to view the Methodological Note for the Integrated SDG Insights

SDG MOMENT

Methodology
Assesses challenges and opportunities in national growth trajectories with insights on environmental sustainability and inclusiveness.

Data Sources
Future trajectories to 2025 are based on IMF-WEO GDP projections, distributions of per capita income or consumption from the World Bank, and CO_2 emissions from the Global Carbon Budget 2022 and EDGAR (JRC and IEA).

TRENDS & PRIORITIES

Methodology
SDG trends tracks progress from 2015 to date for the 231 indicators. National priorities are analysed
using machine learning to reveal the most prominent SDGs referenced in national policy documents.

Data Source
Trends utilizes official UN statistics to assess SDG progress, supplemented with national data when available. Priorities uses a custom-built model for SDG classification. The policy documents analyses are provided by Governments.

INTERLINKAGES

Methodology
Global target-level interlinkages are drawn from the KnowSDGs Platform by European Commission. SDG interlinkages were retrieved through a structured literature review in Scopus and Google Scholar to tap both grey literature and peer-reviewed publications as a source of information.

Data Source
The exercise globally considered a total of 454 documents published from 2015 to August 2022. (Miola et al., 2019 updated in 2021-2022)

FINANCE & STIMULUS

Methodology
Provides insight into indicators of fiscal and financial stress with options (INFF) for stimulus and other means to accelerate progress.

Data Source
Most recent resource data from UNU-WIDER GRD (between 2018 and 2021), debt and revenue from IMF WEO (between 2020 and forecasts for 2023), external debt from IDS (2023), yields from Haver Analytics (8 June 2023), credit ratings from S&P, Moodys and FITCH (2023), and DSA ratings from World Bank/IMF (31 May 2023).