UNLOCKING SDG FINANCING: FINDINGS FROM EARLY ADOPTERS

KENYA'S QUEST TO ACHIEVE HEALTH CARE FOR ALL

UNited Nations Development Operations Coordination Office

Dag Hammarskjöld Foundation
The Sustainable Development Goals (SDGs) and the Addis Ababa Action Agenda on Financing for Development (the 2030 Agenda) call on all countries to advance the welfare of societies, economies and the environment. Science, technology and innovation were identified as the primary means of implementing the 2030 Agenda. But while donor and philanthropic funds account for billions of dollars in support, the cost of solving the world’s most critical problems runs into the trillions— with an estimated $2.5 trillion US dollar annual funding gap to achieve the SDGs in developing countries. To close the gap, it is imperative to develop and implement innovations that can attract national resources and private capital that can be used to achieve development objectives.

Innovative financing refers to a range of non-traditional mechanisms to raise additional funds. In addition to debt and equity investment, innovative vehicles include diaspora funding platforms, crowd funding, blended finance, peer-to-peer lending, social impact investing, insurance products, credit for rural small and medium enterprises (SMEs), and more.

This country report is one of a series of case studies\(^1\) and joint comprehensive report based on findings from the case studies. The aim is to identify, document, analyse and share best practices from United Nations Country Teams (UNCTs) that are already making progress on new financing approaches and unlocking SDG financing. The expectation is that other countries hoping to follow the path of early adopters will be able to do so, building on best practices and avoiding potential pitfalls. In these reports challenges and bottlenecks in adopting new approaches are outlined so that, where possible, they can be addressed corporately.

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\(^1\) The other two countries are Armenia and Indonesia. These three countries were selected after an internal process administered by the United Nations Development Operations Coordination Office (UN DOCO). An independent consultant visited the three countries early 2018, meeting with and interviewing a large number of United Nations staff, government officials, private sector partners, and other development stakeholders.
COUNTRY CONTEXT AND RATIONALE FOR FINANCING APPROACHES

Every year one million people in Kenya fall into poverty and stay there because of catastrophic health-related shocks. Universal Health Care (UHC) has the potential to transform the lives of millions of Kenyans by guaranteeing access to lifesaving health services and helping individuals and families avoid crippling health expenses and the consequent poverty trap. As a result, UHC has been identified as an important development goal that covers the full spectrum of essential, quality health services: from health promotion to prevention, treatment, rehabilitation and palliative care.

His Excellency Uhuru Kenyatta, President of Kenya, prioritized UHC in the government’s “Big 4 Action Plan” launched in January 2018. Some major reforms in healthcare include revising the National Hospital Insurance Fund Act and aligning it to Universal Health Care, and reviewing the laws governing private insurance companies to encourage investment and bring down the cost of coverage so it is within reach of all Kenyans. The idea is to increase the number of people with health coverage from 16.5 million to 25.7 million by the end of 2018, and double the latter figure so it reaches 51.6 million of Kenya’s projected population by 2022. Strategic investments in UHC including service delivery to meet the expanded insurance coverage will be critical for harnessing the country’s demographic dividend and further support socio-economic progress in Kenya, as well as neighbouring countries.

TABLE 2: RESOURCE INFLOWS IN KENYA (USD MILLIONS)

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Sum of ODA</th>
<th>Sum of remittances</th>
<th>Sum of FDI</th>
<th>Sum of long term debt (official sources)</th>
<th>Sum of long term debt (commercial sources)</th>
<th>Sum of short term debt</th>
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<tbody>
<tr>
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<td>62.9</td>
<td>297.4</td>
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<td>43.1</td>
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<tr>
<td>2006</td>
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<td>894.8</td>
<td>79.5</td>
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<tr>
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<td>873.9</td>
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<tr>
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<tr>
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<tr>
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<td>1400</td>
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<td>12783.7</td>
<td>5785.3</td>
<td>2997</td>
<td>5516.9</td>
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Source: Development Initiatives calculations based on various sources
To achieve UHC, more resources need to be mobilized through new partnerships with the private sector, philanthropic organizations, and civil society partners. Opportunities for blended financing, like venture philanthropy and impact investing, need to be harnessed to optimize existing resources, bridge critical gaps, and support the county in realizing UHC.

In addition, just as mobile payments transformed Kenyan markets and tech-innovations changed the health sector (e.g. artificial intelligence algorithms that predict disease outbreaks and accelerate disease diagnosis or technology that optimizes interoperability between health information systems to create dashboards for informed health policy decision making), new methods of financing have the potential to strengthen the efficiency, effectiveness and accountability of the health sector, whilst also contributing to the improved health status of people and quality of life in the country.

In response to these challenges and opportunities, the UNCT, led by the United Nations Resident Coordinator, has taken steps to address these issues innovatively. The collective health related work of the United Nations (UN) is incorporated in the social pillar of the currently running 2014-2018 United Nations Development Assistance Framework (UNDAF) for Kenya and includes e.g. result areas for water, sanitation and hygiene (WASH), multi-sectoral HIV and AIDS response, and social protection. In January 2018, during a meeting between Dr. Tedros Adhanom Ghebreyesus, Director-General of the World Health Organization (WHO) and President Kenyatta, the UN reiterated its support for delivering Universal Health Care within the next five years.

From September 2015 – March 2017, PSHP Kenya received in-kind technical support from the EWEC Secretariat and World Economic Forum’s health team. Because of this support PSHP Kenya was able to build a strong platform to engage with public and private stakeholders, generate political support for the initiative, and source expertise for the design of RMNCAH. PSHP Kenya was showcased at the World Economic Forum (WEF) in Davos in February 2016 and January 2017, and at WEF Africa (May 2016 and 2017), where it was presented as a highly promising public-private partnership (PPP) health initiative.

Total commitments from PSHP Kenya private partners to date are approximately $3 million US dollars. As a result, a number of PPP initiatives have taken off, and promising new models that offer the best of the public and private sectors are being tested.

MSD announced at WEF Africa 2016 a $1.5 million US dollar grant, through its MSD for Mothers initiative, for a new project that will engage Jhpiego in Migori and the Kenya Red Cross in Mandera to document innovative approaches to implementing the national Adolescent and Youth Sexual and Reproductive Health Policy. The project will forge innovative partnerships with the private sector, including the Community Life Centre in Mandera.

A Community Life Center was established in Dandu in collaboration with the Mandera County Government and Philips International. Inaugurated in July 2017, the utilization of RMNCAH services at the facility has already improved, which demonstrates that RMNCAH can be improved through public private partnerships and innovation—even in the most difficult conditions and where there has been little success to date. MSD will continue to support the center in designing and testing innovative approaches for the empowerment of young people in the community.

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Philips International is implementing a Mobile Obstetric Monitoring research project in Wajir in partnership with the Ministry of Health, county government, the African Medical and Research Foundation (AMREF) and UNFPA. This will help strengthen community health structures by testing a mobile obstetric monitoring solution and providing outreach kits to community health workers for the early detection of high-risk pregnancies and to enable timely referrals to appropriate levels of care.

Safaricom and Huawei have pooled their unique expertise and services in technology and mobile connectivity to design and pilot transformational digital health solutions. One is currently being tested with the Lamu County Government and Mombasa Referral Hospital. Telemedicine is being tested between Lamu district and primary referral hospitals, and the Mombasa Referral Hospital to improve diagnostics, consultations and doctor training.

Additionally, Huawei introduced a comprehensive Electronic Management System for health facilities to improve patient tracking, availability of medical commodities, data gathering and reporting, and facility management. The system is being tested at all 52 health facilities in Lamu and 37,000 patients have been registered through the electronic medical records system.

Unilever, UNFPA and AMREF are spreading the message on which high-impact RMNCAH interventions (e.g. hygiene, family planning, access to skilled care during delivery) can lower mother and infant mortality rates, and instill the importance of handwashing for pregnant and new mothers. The maternal, newborn and child health and hygiene program first started in Migori as it is one of the counties with the highest maternal mortality ratios and prevalence of diarrhea among young children in Kenya. Community Health Extension Workers and Community Health Volunteers are important partners of this programme.

Another Unilever contribution is #Heroes4Change: a social mobilization volunteer programme that teaches and empowers college students to contribute to society and create a better future for all Kenyans. The #Heroes4Change initiative plans to make a difference in the lives of 10 million Kenyans by 2020 and, so far, 180,000 Kenyans have been reached, including 18,000 mothers-to-be. The initiative highlights the importance of basic hygiene (e.g. using soap for hand washing to prevent trachoma and diarrheal disease or brushing teeth to improve oral health, or for pregnant mothers to seek maternal and newborn care).

PSHP has also supported UNFPA’s IAM innovation accelerator, which helps young people access sexual and reproductive health information in Kenya. This initiative has reached 830,000 young people through social media, and almost 230,000 young people reached have used innovative solutions provided by the 4 start-ups that were selected, trained and coached through the IAM Innovation Accelerator programme (www.i-am.co.ke).

### BOX 1: THE H6 PARTNERSHIP

The H6 partnership\(^1\) (formerly H4+) pulls together the collective strengths and capacities of six UN organizations to improve the health and wellbeing of women and children.

Since 2008, UNAIDS, UNFPA, UNICEF, WHO, UN Women and the World Bank have collaborated to help countries strengthen their health systems and improve health services for women, children and newborns, particularly in places with high mortality rates linked to preventable causes. In 2016, H6 intensified its efforts in response to a call to action from the UN Secretary-General to accelerate progress on health-related SDGs. The Secretary General’s Global Strategy for Women’s and Children’s Health mapped out investments, financing, policies and services needed to spur progress. As a result, “Every Woman, Every Child”\(^1\) was created and is an unprecedented global movement aimed to put the Global Strategy into action.

#### THE SDG PHILANTHROPY PLATFORM IN KENYA\(^1\)

The SDG Philanthropy Platform in Kenya is housed in the Office of the UN Resident Coordinator. Launched in November 2014 as the first in a series of global platforms (pioneered by UNDP, the Conrad N. Hilton Foundation, Ford Foundation, and MasterCard Foundation) the Platform supports coordination in Kenya’s philanthropy sector and helps create common pathways for philanthropy to engage with mainstream development through the United Nations Development Assistance Framework (UNDAF).\(^1\) This Platform is a welcome innovation for the UN in Kenya since it acts as a gateway for positioning and engaging the UN and government more effectively with philanthropic organizations, the private sector and civil society.

The SDG Philanthropy Platform supported multiple data training workshops for the philanthropy sector, advocated the creation of a joint working group and thematic roundtables between philanthropic partners and the Ministry of Education,\(^1\)

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10. See: https://goo.gl/i7x617
brokered partnerships between UNDP global and OECD for a report on Guidelines for Effective Philanthropic Engagement with the Government of Kenya, and fostered collaborations in the Early Childhood Development and Technical & Vocational Training (TVET) sectors in Kenya. The Platform is now helping to drive cross-sectoral opportunities around Early Childhood Development (ECD) and nutrition security across the UHC and food security goals of Kenya’s “Big-4 Agenda.” This is being done in partnership with the global ECD Action network (ECDAN).

The Platform has continued to provide advice and support to the UNCT on engaging more effectively with philanthropy, private sector and civil society, and ways to facilitate collaborations. Some include technology innovations that bring the latest TVET training on mobile phones to youth in remote and impoverished settings (e.g. Marsabit County), innovation grants for ECD training on mobile platforms for Community Health Workers and ECD caregivers, and creating value chains for local manufacture and the distribution of fortified school feeding for ECD centres in rural contexts.

NEXT STEPS

Achieving the Sustainable Development Goals (SDGs) will be as much about the effectiveness of development co-operation as it will be about the scale and form such co-operation takes. There is a lot of talk about partnership, but not enough practical, on-the-ground support to make partnerships effective in practice.

To optimize synergies, build on existing partnership platform initiatives, and drive scale and impact, the UN Resident Coordinator’s Office (UNRCO) in Kenya in partnership with the Government of Kenya launched the SDG Partnership Platform in April 2017. The main objective of the SDG Partnership Platform is to generate greater SDG outcomes. The Platform initially focused on the SDG 3 “health and wellbeing” window but will eventually be extended to tackle other government priorities and development challenges within the SDG framework and Kenya’s “Big-4” plan.

Partners committed to working through the Platform and its first UHC window include the national government, nine county governments, the Frontier Counties Development Council, UNDP, UNFPA, UN Women, UNICEF, WHO, UNAIDS, World Bank, and other UN organizations and stakeholders such as private sector companies, civil society organisations, and development partners. Other counties across Kenya will follow.

Since April 2017, early progress has been made in mobilizing funding and technical in-kind support for the platform’s operations. A Multi-Partner Trust Fund (MPTF) was launched in September 2017 to support the initiative and similar, parallel funding mechanisms will be used for donors and partners, like the United States of America, that prefer alternative channels of support such as direct funding and/or outsourced contracts. The Platform mobilized $1.5 million US dollars in blended financing from the public and private sectors, which has been pooled into the MPTF mechanism. Another $3 million US dollars has been raised as in-kind support.

“We can catalyze SDG impact by harnessing global tech innovations and intellectual firepower to serve the continent’s populations with public-private investments to achieve Universal Health Care for basic human dignity and as a springboard for greater economic growth.”

– Siddharth Chatterjee, UN Resident Coordinator for Kenya

In 2018, the Platform will organize a series of workshops in all 47 counties across Kenya by engaging major stakeholders (national and county governments, UN organizations, donors, private sector, philanthropic partners and civil society). Business and financial modelling workshops with public-private stakeholders, as well as a systematic review of PPP policies and regulations are underway to complement these efforts. Future PPPs will be supported on pre-feasibility preparation and linked to deal flow platforms with a range of blended finance partners. Amongst them, is the UNDP facilitated Impact@50 group of impact investors and the recently launched African Venture Philanthropy Alliance with the SDG Partnership Platform.

The UNCT enjoys strong relationships with various government institutions at all levels of society and these are the UN’s main comparative advantage in Kenya. Private sector companies and philanthropic entities also partner with the United Nations because it has a good reputation and relationship with the government and offers long term commitments and a gateway to future markets. Below are some of the main ways that the UNCT has established innovative partnerships and initiatives in Kenya.

**Championing national ownership and buy-in.** The UNCT, through the Resident Coordinator’s Office, drew early-on on national ownership and buy-in from the government to establish the SDG Partnership Platform.

**Building strategic links.** The Platform Secretariat is housed within the UN Resident Coordinator’s Office and in the coming months programmatic work will be anchored in UNDP and UNH6. The National Coordinator of the platform and other staff are carefully selected based on the extent of their experience and networks. This has built institutional memory by tapping into trusted networks and relationships, granting UNCT access to renowned global initiatives like the Every Woman Every Child Global Financing Facility, World Economic Forum, and wide networks of corporations, foundations, venture philanthropists and impact investors.

**Engaging with the “big fish” and raising international support.** Kenya is a regional hub and emerging powerhouse in Eastern Africa. Nairobi has a booming entrepreneurial sector, and major international companies and organizations have their headquarters or regional offices in Kenya. This has created a unique opportunity for the UN to engage with major companies - one that the UNCT has seized in the hope of increasing the scope and reach of national initiatives. Furthermore, the UNCT has been proactive in raising the profile of their programmes internationally. For example, the business case for launching Universal Health Care in Kenya through the SDG Partnership Platform was made at several UN, World Economic Forum, and partner events, as well as in Silicon Valley in January 2018 during the third African Diaspora Investment Symposium.17

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17 The African Diaspora Investment Symposium ([http://www.africansbuildingafrica.com](http://www.africansbuildingafrica.com)) is an annual event that brings together entrepreneurs, technologists, educators, innovators, public and social leaders from around the world to build bridges between Africans on the continent and in the diaspora, as well as friends of Africa. The third year, “Building Africa’s Future: Magnifying What is Within,” focused on bold policies, innovative business models, and technologies shaping the continent. It featured an “African Women in Tech” component ([https://africanwomensintech.com](https://africanwomensintech.com)).
Getting anchored in the local market. Use of the Platform enables stakeholders to establish links with global alliances and organizations that are able to work in a context-specific manner with local stakeholders and Kenyan federations and associations. For example, the SDG Partnership Platform partnered with the Kenya Healthcare Federation (the health sector arm of the Kenya Private Sector Alliance), which has an extensive membership. The advantage of these types of partnerships is they open the door to a significant number of national, regional and global private healthcare providers, hospitals, pharmaceutical manufacturers and insurers operating in the Kenyan market.

Taking initiative and building in-house capacities. Leadership and strong commitment by the Resident Coordinator and the UNCT has been instrumental in developing initiatives. Yet, to guarantee success, the back-up from an experienced team is required. The Office of the Resident Coordinator in Kenya put together a diverse team with experience from the development, philanthropy, financing and private sectors. The UNCT needs to be able to create and maintain a strong platform to engage with public and private stakeholders, harness political support, and scale up expertise and innovations. These capacities come in handy because the UNCT plays the role of intermediary between the government (e.g. Ministry of Health), the private sector and philanthropic organizations.

### CHALLENGES

Clarification of UN role and its comparative advantage. The United Nations in Kenya brings together the private sector, philanthropy and government, and this convening power has been widely acknowledged as an important factor in unlocking collaborations and new avenues of financing. Despite the gains made, however, there are challenges that involve the UN’s level of intervention. Some United Nations organizations choose to focus on the macro level, engaging with policy makers and contributing to the establishment of an enabling environment, while others prefer to engage in policy making and implementation. The risk is that if the focus is too much on implementation, the UN may lose its competitive advantage and become another implementing partner competing for financing.

Assume a whole-of-country approach. Working with the private sector means that areas of intervention need to create business opportunities and generate profit, and therefore rural and remote parts of the country do not attract a lot of attention. It is the role of the government and development partners to steer focus towards these areas and present a business case that proves “the bottom of the pyramid” is worth investing in. The UNCT has been successful in managing risk by initiating PSHP Kenya to focus on the some of the most vulnerable areas within the country and build strong relationships to scale up innovations to other parts of the country. Other practical ways of assuming a whole-of-country approach is organizing visits to these regions for the management and leadership of international companies and organizations, as well as embrace “last-mile tech innovations” like e-health, m-health, mobile diagnosis kits, drones, and artificial intelligence that turn difficult-to-implement ideas into “bankable propositions.” Blended finance engineering and risk-lowering tools are ways to mitigate the risks of investing in these areas. Ultimately, Kenya requires a systems-based approach to developing transformative and scalable initiatives to move beyond its history of fragmented pilot projects.

Need for more robust data and evidence. The SDG Partnership Platform has a team working full time to ensure data collection and management, including monitoring and evaluation, which contributes towards attaining nationally prioritized SDG targets. The challenge is catering to the demand from the private sector to collect data relevant to their business practices, and disseminating this information in a way that it is easily understood by leadership and technical analysts in the sector. Businesses generally require that ideas pitched to them are based on hard evidence rather than “political talk.”

Balancing quick wins vs. due diligence. Establishing lasting partnerships with private sector and philanthropic individuals or organizations takes time and resources. It is challenging to strike the right balance between making quick progress and getting results while ensuring the needs of all. This is why it is important to choose partners carefully and perform due diligence to avoid ethical issues and conflicts of interest, particularly if a UN organization is dealing with dwindling core resources. An inter-organizational process for due diligence could be explored to avoid the current process of duplication and/or contradictions in approvals and rejections of the same company by various UN Agencies.

Restricting internal processes, practices and regulations. As in other countries, the UNCT in Kenya faces challenges in finding skilled staff and/or maintaining capacity, particularly when it comes to partnerships involving the private sector. To identify “bankable” initiatives the UNCT needs to invest to recruit staff with relevant experience in the private and philanthropic sectors. Another challenge is to secure enough internal resources and seed money so the UNCT can make contributions to the joint initiatives it plans to establish. This requires more flexibility within the United Nations system for risk-taking and innovation so the UNCT can balance the demand for concrete results with experimentation, trial and error. One main impediment is that legal and administrative restrictions and obstacles slow internal processes. This may stem from the fact that current operational and financial frameworks were set up at a time when overseas development assistance was the norm and they have not been fully adapted to newer financing models.
MAIN TAKEAWAYS

Think global, act local. The UNCT needs to have a long-term vision and agenda if it hopes to inspire and rally the government along with private sector partners. However, to inspire change in others the UNCT needs to review its own practices and lead by example. By contracting local companies and hiring local staff, for example, the UN can encourage the development of local capacities. Given that ODA is declining in Kenya, it would be useful for the UN to review its procurement practices with the aim to increase the number of local suppliers and senior staff.

Be crystal clear about the role of the United Nations vis-à-vis other actors. The UN needs to be clear on what it offers in the more non-traditional fields that it engages in. In such instances, the UN should refrain from assuming too many roles and instead focus on where it can add value—performing roles that others cannot do as well. These roles need to be defined across UN organizations through dynamic and open conversations, and the focus can be on more distinctive responsibilities (being a “trusted and neutral broker” without a supply driven agenda, or on convening and deepening relationships).

Think win-win-win. It is important to align shared value partnerships that unlock “enlightened self-interest and incentives for all.” Building lasting public-private partnerships requires a win-win-win approach. Each partner, from design to implementation stage, needs to have a common mindset that draws on varied expertise, know-how and resources. Sending requests for funding prematurely or making fundraising the main objective of any discussion will limit the chances of success. Practice shows that a successful approach rests on getting partners excited about an idea that builds on their comparative advantages. The money will follow a good idea. Another important aspect is building on the collective strength of partners and not try and teach them how to do their jobs. Private companies tend to have well established logistics and transportation networks, and are known for their ability to deliver goods and products to the most remote areas: “[If] you can find a bottle of Coke even in the most remote villages [it means] we know how to get it there.”

“Private sector companies and philanthropy are getting tired of being seen as ATMs.”
– Arif Neky - SDG Partnership Platform Coordinator

Internal reforms. A number of issues need to be addressed by the UN internally to improve progress. This includes making sufficient resources and seed money available, as well as supporting a corporate culture that values innovation and experimentation through risk-taking and trial and error. For that to happen some legal and administrative provisions and processes have to be reformed to allow the UNCT to react faster and with more credibility when engaging with the private sector, which would give heads of UN organizations more local flexibility on in-country collaborations. The SDG Partnership Platform has so far succeeded in getting established primarily with external non-UN resources.
The United Nations Sustainable Development Group (UNSDG) unites the 31 UN funds, programmes, specialized agencies, departments, and offices that play a role in development. Since 2008, the UNSDG has been one of the three pillars of the UN System Chief Executives Board for Coordination, the highest-level coordination forum of the United Nations system.

At the regional level, six Regional UNSDG Teams play a critical role in driving UNSDG priorities by supporting UN Country Teams with strategic priority setting, analysis and advice.

At the country level, 131 UN Country Teams serving 165 countries and territories work together to increase the synergies and joint impact of the UN system.

The Development Operations Coordination Office (DOCO) is the secretariat of the UNSDG, bringing together the UN development system to promote change and innovation to deliver together on sustainable development.

The Dag Hammarskjöld Foundation is a non-governmental organization established in the memory of the second Secretary-General of the United Nations. The Foundation spurs dialogue and action on global development and multilateral cooperation. The vision of the Foundation is a peaceful and just world where the fundamental values of the United Nations are universally upheld. Building on Dag Hammarskjöld’s legacy, our mission is to advance dialogue and policy for sustainable development and peace.

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