



# INTEGRATED SDG INSIGHTS PANAMA

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 that 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: PANAMA

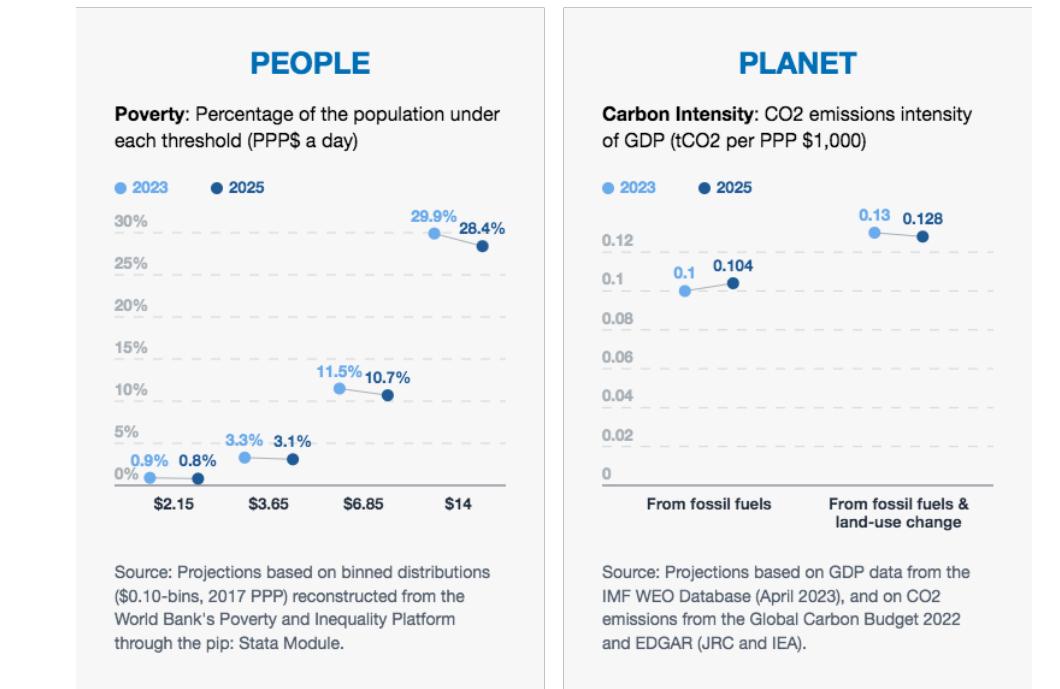
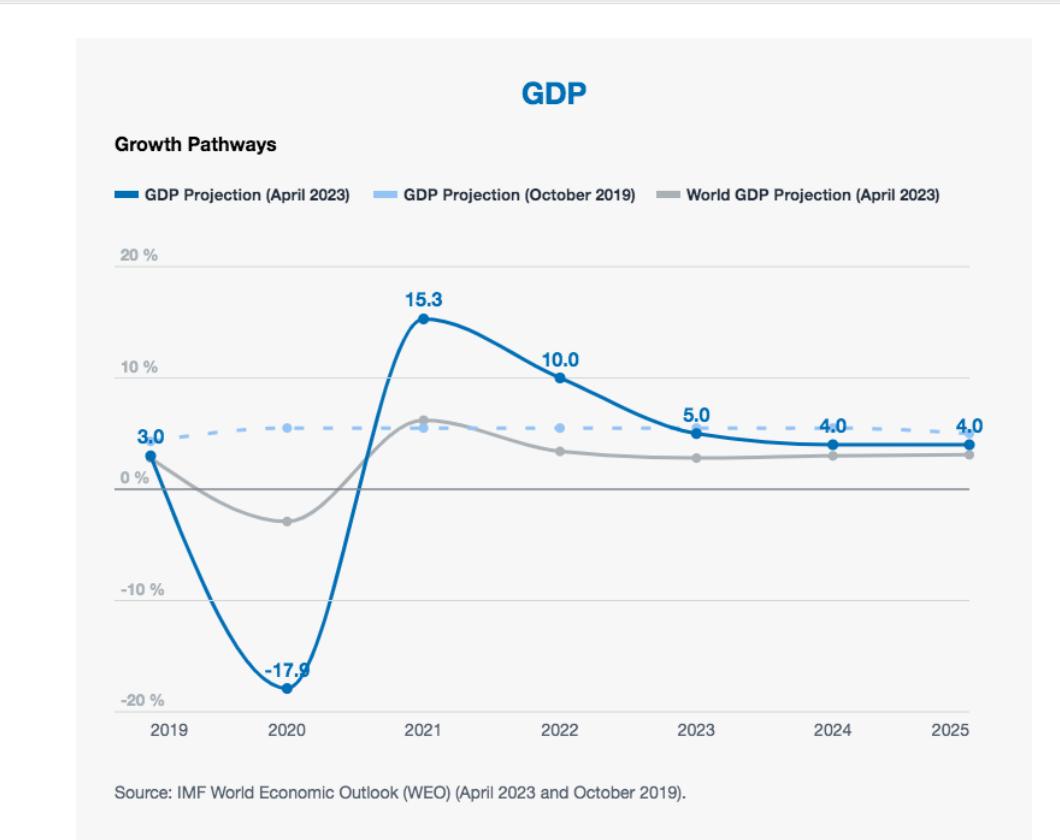
While economic growth is a key element in achieving the SDGs, many countries are intent on moving beyond growth as a yardstick for progress. In the short run, growth enables the SDGs; but in the long run, the SDGs aim to transform the pattern of growth itself.

Panama's economy is in acceleration mode in 2023, though it is projected to transition to a more moderate growth phase during 2024-2025.<sup>1</sup> This pace of growth is characterized by being 47% higher, on average, than the global figure, but still below the country's growth trajectory projected before the pandemic. Accordingly, the SDG policy space is somewhat restricted, and the focus is on mitigating the effects of the slowdown, especially on the most vulnerable households.

This economic expansion is projected to exert only a moderate impact on poverty reduction and brings to the fore the urgency to address key distributional challenges to accelerate progress. Moreover, Panama's economic cycle comes at the expense of the environment as the country's carbon emissions intensity of GDP is expected to increase at an annual rate of 1.8% due to fossil fuel usage.<sup>2</sup>

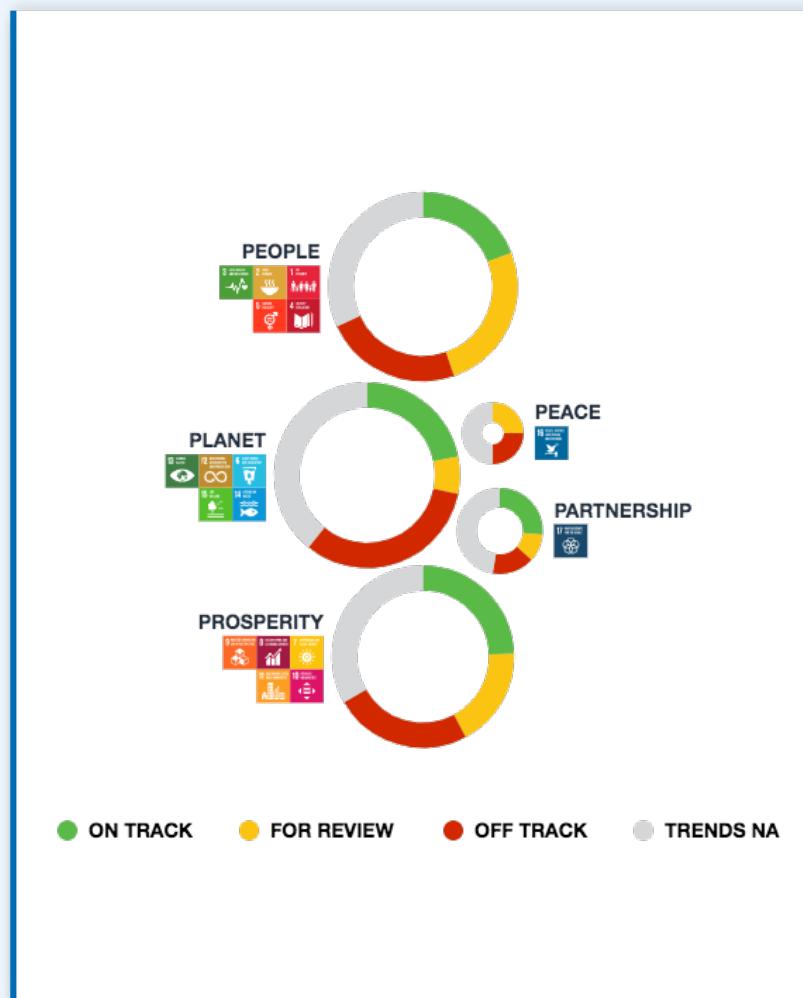
<sup>1</sup> The economic cycle is determined by adjusting the country's current GDP growth forecasts (April 2023) by their gap relative to the forecasts made before the pandemic and subsequent crises (October 2019). If the adjusted rates (not shown) are below 2%, the economy is considered in mitigation; it is coping if the adjusted rates range between 2%-4%, and it is in acceleration if they are above 4%.

<sup>2</sup> CO2 emissions intensity of GDP is computed as tonnes of CO2 per \$1,000 (2017 PPP).



# SDG TRENDS

Understanding how Panama 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.



# SDG PRIORITIES

Panama'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 classification. It considers 100k+ terms, including phrases and expressions.



## Key documents for analysis:

1. National Strategic Plan with State Vision Panama 2030
2. National Commitment for Education
3. Contribution Determined at the National Level of Panama
4. Development Plan Integral of Villages Indigenous People of Panama
5. National Plan Water Security 2015-2050 Water for All
6. Route of comprehensive care for early childhood in Panama
7. National Hydrogen Strategy Green and Derivatives Panama
8. Agri-Food Policy Law
9. National Climate Change Policy
10. National Strategy Beehive Plan

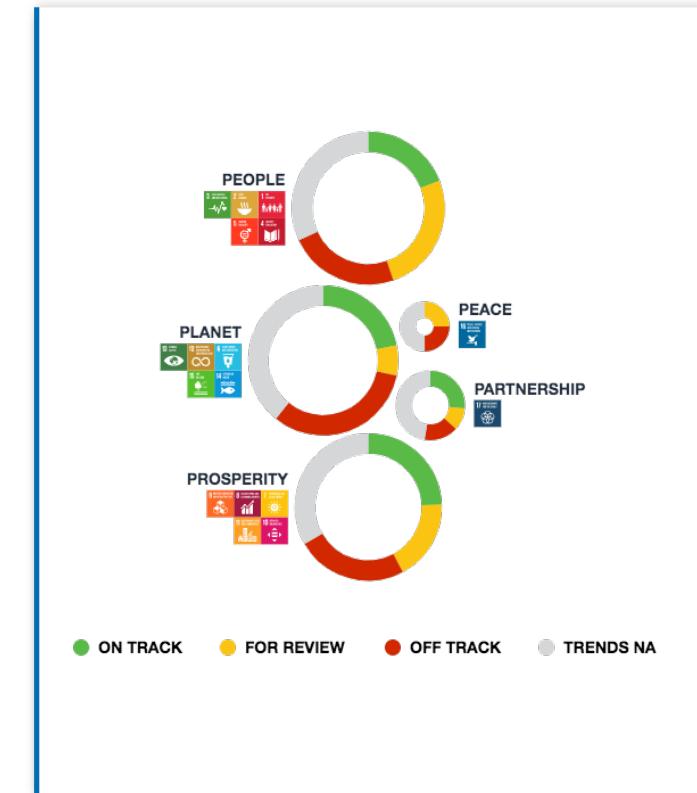
# SDG INTERLINKAGES

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

Based on a global framework for interlinkages, Panama'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 Panama:

- Target 1.2: Reduce poverty by at least 50%
- Target 2.3: Double the productivity and income of small-scale food producers
- Target 3.3: Fight communicable diseases
- Target 4.4: Increase the number of people with relevant skills for financial success
- Target 11.1 Safe and affordable housing
- Target 16.6: Develop effective, accountable and transparent institutions



## ACCELERATION PATHWAYS



# SDG INTERLINKAGES

**1.2: By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions**

Although Panama's economy has recuperated fast and growth projections look promising, not everyone is able to gain from that prosperity. Poverty and inequality remain as important challenges, and about 25% of the population live under the national poverty line, disproportionately impacting women, Indigenous people and Afro-descendants.

Investing in targeted poverty reduction programmes like Red de Oportunidades and the Plan Colmena could lead to a decrease in poverty (Target 1.2), while at the same time reducing inequality (Target 10.1).

Spending efficiently in poverty reduction could also lead to closing the gap on several targets (3.5, 5.3, 5.5 and 16.6), which are priorities and where Panama is lagging in their achievement.



***Explore the interlinkages at:***

<https://data.undp.org/sdq-push-diagnostic/PAN/synergies-and-tradeoffs>

# SDG INTERLINKAGES

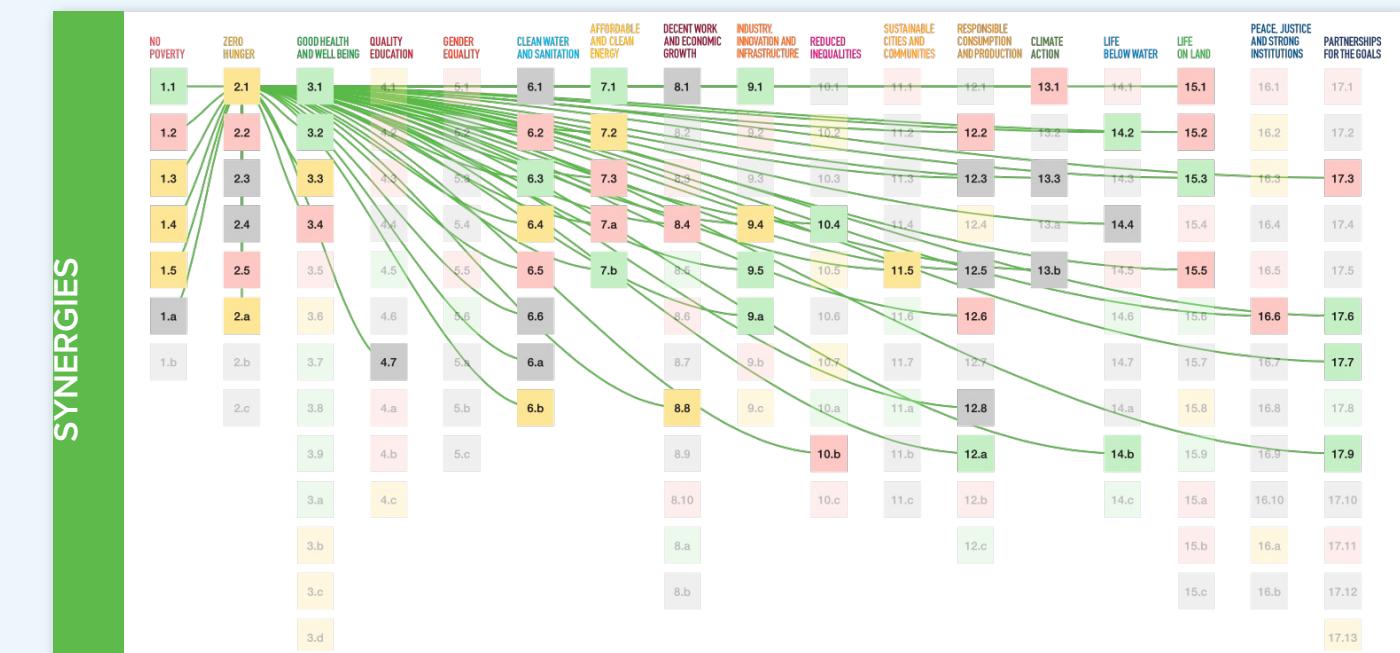
2.3: By 2030 “double the agricultural productivity and incomes of small-scale food producers, in particular those of women, indigenous peoples, family farmers, pastoralists and fishers, including through secure and equal access to land, other productive resources and inputs, knowledge, financial services, markets and opportunities for value addition and non-farm employment.”

The country has made significant progress towards strengthening institutional and local capacities for the management of agricultural production systems, including through placing an important emphasis on family farming with a focus on gender, ethnicity and territory.

Investment in the provision of distribution channels and strengthening the value chain of agri-food products has the potential to contribute to poverty reduction, improve educational performance and expand livelihood generation networks for rural populations.

The adoption of measures linked to the agricultural sector makes it possible to promote, protect and develop productive schemes, such as those proposed in the State Agri-Food Policy to transform the economy of the agricultural sector and to incorporate it as an engine of territorial development.

● ON TRACK      ● FOR REVIEW      ● OFF TRACK      ● TRENDS NA



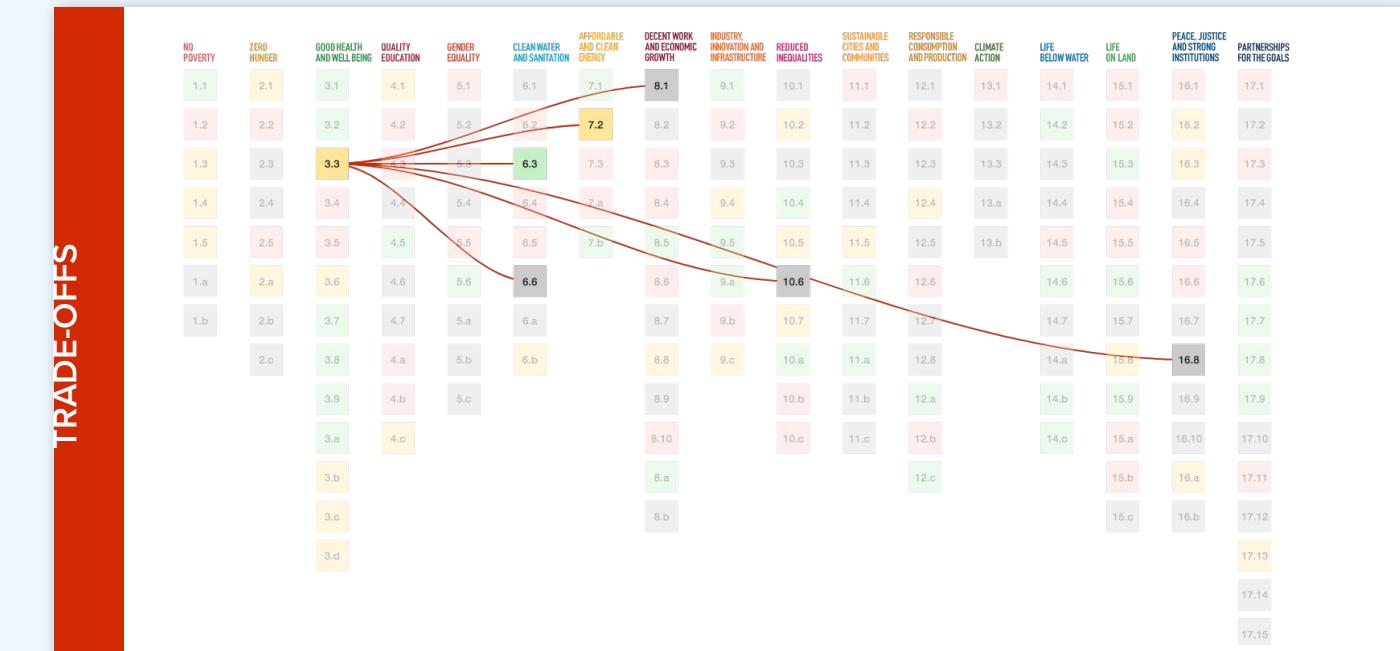
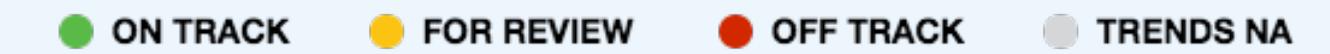
# SDG INTERLINKAGES

**3.3: By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases**

After the COVID-19 pandemic, Panama has resumed institutional and financial strengthening of the instances related to the provision of universal quality basic services, incorporating a socio-cultural diversity approach and linking information systems for decision-making on the response.

Improving the management and allocation of financial resources dedicated to the prevention and care of the HIV and tuberculosis epidemic has the potential to accelerate the implementation of the country's commitments and to improve the quality of life of people living with these scourges. Integrated and culturally sensitive institutional management can strengthen strategies associated with health services, especially those linked to signal monitoring and early diagnosis.

Improvement in the results of this indicator is linked to the achievement of Targets 4.7, 6.1 and 8.6, areas where the country must strengthen its work.



***Explore the interlinkages at***

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# SDG INTERLINKAGES

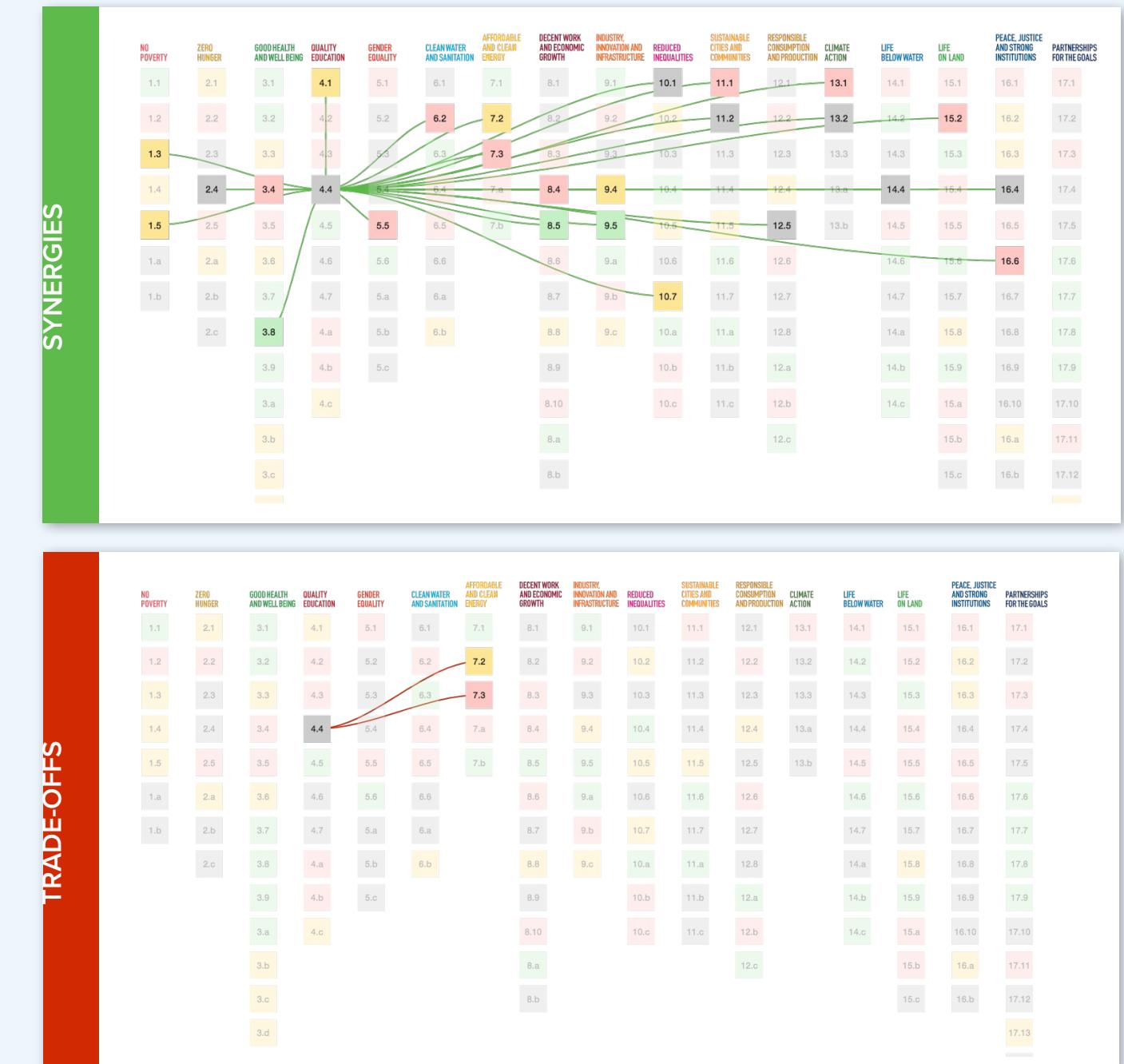
**4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship**

The increase in the use of technological tools, digitalization and innovation in education and employment, forces the private sector to actively participate in the construction of capacities in young people for incorporation into employment.

The establishment of insertion pathways resulting from the transformation of the education system and the vocational training subsystem, which incorporates scientific and technological development, can favour the timely integration of the youth workforce into development opportunities.

Development investments in a vocational training system are linked to progress on Targets 5.5 and 8.4, where the country must try to fulfil the SDGs. .

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# SDG INTERLINKAGES

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

Panama must address the problem of timely access to decent housing from a multidimensional perspective and be sensitive to the diversity of variables identified in the housing deficit, especially those that allow the differentiated analysis between men and women.

The main constraints on access to housing are linked to insufficient income and the scarce supply of good quality housing at low cost, aspects in which Panama has, however, invested resources in recent years.

Investments in this target have the potential to contribute to those linked to poverty reduction, improved health conditions in vulnerable populations and access to water and sanitation for all.

● ON TRACK      ● FOR REVIEW      ● OFF TRACK      ● TRENDS NA



Explore the interlinkages at:

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# SDG INTERLINKAGES

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

Panama has promoted the modernization of Panamanian public institutions through the implementation of results-oriented and evidence-based management approaches that strengthen the efficiency of public spending and promote sustainable and inclusive development, through articulated and transparent public policies.

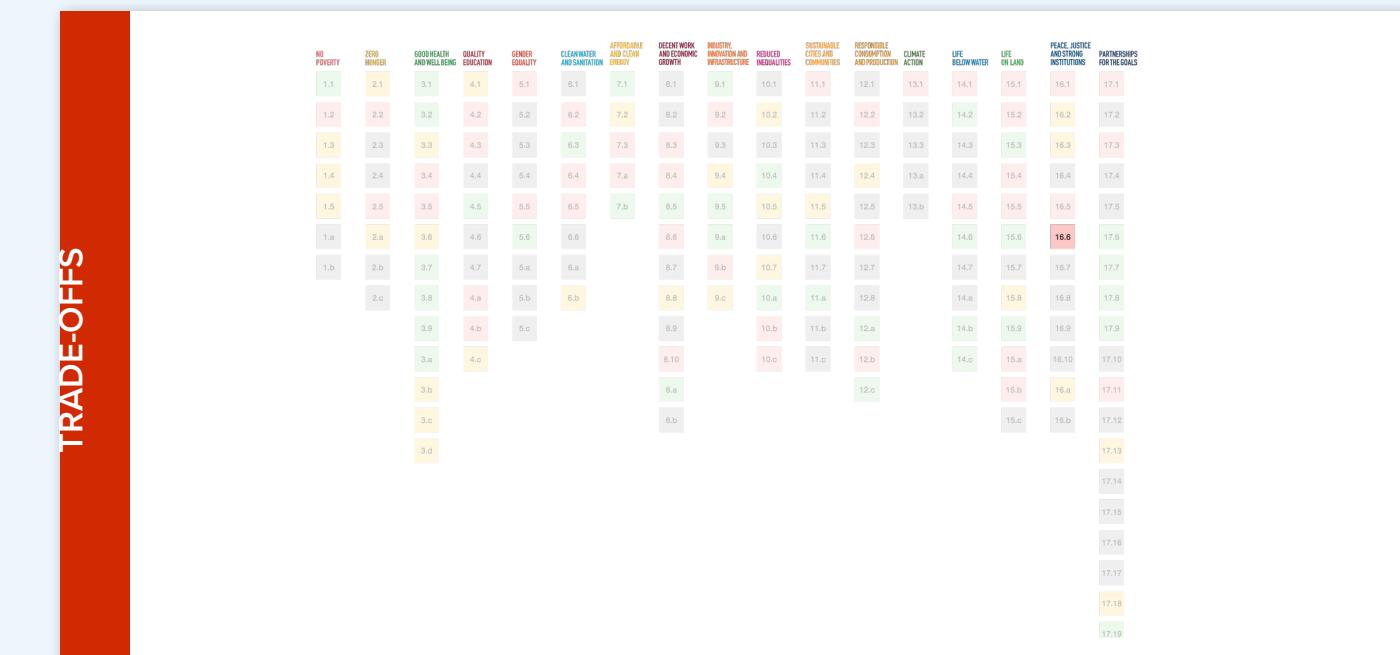
The country must concentrate efforts in adapting public management practices, based on the involvement of citizens in the public policy management cycle through open government mechanisms, participatory territorial planning, and the strengthening of political governance.

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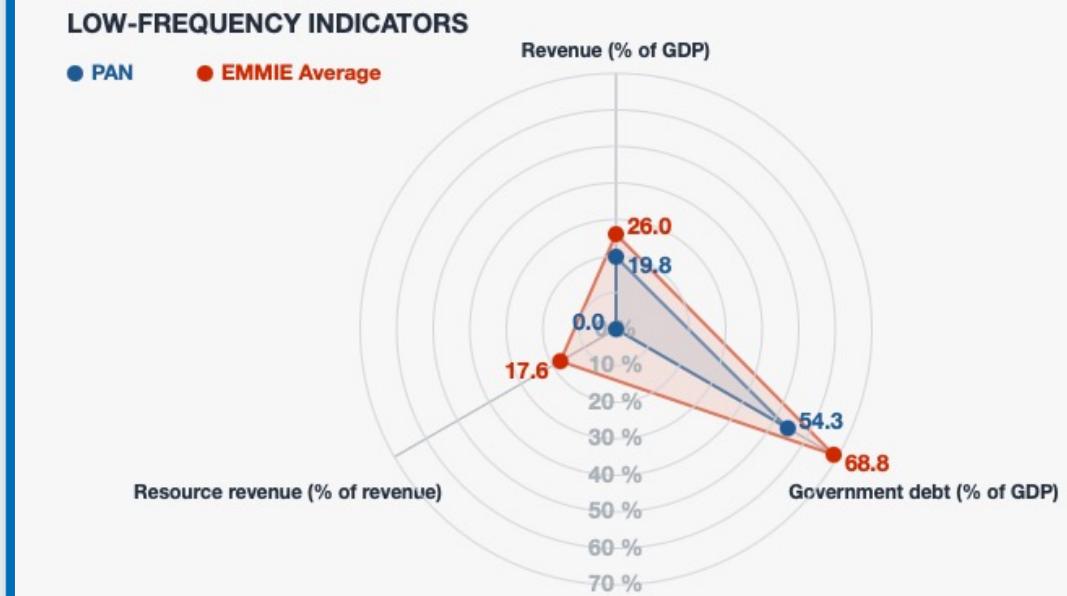
# FINANCE & STIMULUS

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 sovereign credit rating.

Panama's gross government debt is projected at 54.3% of GDP in 2023 and thus is 14.5 percentage points (pp) below the emerging market and middle-income economies (EMMIE) group's figure of 68.8%. With a projected 19.8% of GDP this year, Panama collects only about two thirds the average revenue of the EMMIE group at 26%.

Panama's public external debt servicing this year is projected to be as high as 17% of revenue compared to 12.3% for the EMMIE average. The country's credit rating is in the 'lower medium investment grade' category and thus significantly above the EMMIE average.



**Notes:** External debt covers public and publicly guaranteed debt. The EMMIE average of resource revenue (% of revenue) includes the 60 countries that reported data for that indicator. The credit rating shows the numerical average of S&P's, Moody's, 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), debtjustice.org.uk (external debt, data from 2023), S&P, Moody's 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 Panama, possible funding options for the investments derived from the identified interlinkages are as follows:

- SDG aligned public sector budgeting
- Debt for SDGs
- Climate finance
- Blended and public-private finance
- SDG-aligned business environment and investment
- Remittances, philanthropy and faith-based financing

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

FEBRUARY 2023



# 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<sub>2</sub> 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).