SCALING SDG FINANCE IN INDIA
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Scaling SDG Finance in India

The launch of the Sustainable Development Goals (SDGs) and the transition to a low carbon economy unleashed a series of challenges and opportunities, particularly for the Banking sector. United Nations estimates that SDGs require USD 90 trillion investment till 2030, with India alone requiring USD 2.5 trillion to achieve its committed climate targets by 2030. While changes associated with transition to a lower-carbon economy present unprecedented risks, they also create significant opportunities for sustainable finance, enabled by climate policy and new technologies.

The Government of India, realizing the importance of achieving these goals has streamlined collaborative efforts, engaging both the private and social sectors, to launch several projects and schemes. However, the country has a long way to go, with nearly 20% of its population living below the national poverty line and unremarkable rankings both on the Human Development Index and the Gender Inequality Index. This global positioning definitely is in need of a makeover and requires India to evolve with effective strategies to address its current developmental challenges.

Besides the strategic interventions, the most pressing concern remains the large financing gap that India currently faces - an annual SDG financing requirement of USD 960 billion. With only a third of it being currently available, the need to scale up financing is compelling, and commands the continuation of collaborative efforts. This can create meaningful, measureable and scalable impact through mobilizing funding for SDG related projects and schemes.

This report identifies the challenges and gaps in India’s current implementation frameworks and recommends evidence based interventions, which can be tailored to augment India’s economic and social positioning. The report focuses on bridging India’s financing gap to achieve SDGs, by leveraging the interlinked nature of the public, private and social sectors, which could stimulate investments and mobilize funding to meet SDG targets.

I truly believe that the SDGs present an unprecedented prospect for all actors to work collaboratively and undertake sustainable and responsible actions. With timely and adequate interventions we can truly seize the opportunity.

Thank You.
Sincerely,

Rana Kapoor
Managing Director & CEO
Chairman
EXECUTIVE SUMMARY

Finance and financial systems are the pillars of economic development – and all the revolutionary and path-breaking ideas require financial backing to bring about a quantum change in real life. The Sustainable Development Goals (SDGs) are one of the most transformative steps taken by the world polity, to ensure a sustainable legacy for future generations and are estimated to require USD 90 trillion by 2030. However, the financial architecture has yet to adapt and mainstream SDG financing.

India is essential for this global movement, as its success would mean reaching the global half-way mark to the final goalpost. However, India is faced with an annual financing gap of about USD 565 billion till 2030 to meet the SDGs that needs to be addressed immediately. This report, “Scaling SDG Finance in India” analyses the underlying reasons for the existing financial gap in India, and proposes interventions to bridge it.

The Global Goals need to be achieved while also fulfilling the aspirations of the country to be among developed nations. This would need the SDG approach to be in tandem with the growth strategy of the country and requires the public, private and the third sectors to work together. Since India’s independence, developmental aspects have been addressed by - the Government through a variety of national and regional schemes; the private sector through active investments in healthcare, education and more recently in renewable energy, and corporate social responsibility; and the third sector comprising of NGOs, social enterprises and philanthropists, through focused interventions at community level.

The active participation of these sectors has supported an increase in financial flows for development, with an annual healthy rise of 9% between 2011 and 2016. However, there is still a financial gap which could be bridged through addressing sector specific challenges. These barriers include inefficiencies in the existing systems, lack of reliable data mechanisms, outdated financial practices spanning all the pivotal players in the public sector. Nascence in capital markets, insufficient incentives and lack of sustainable business models deter private sector from investing heavily in SDGs. Lack of capable and reliable intermediaries as well as the information asymmetry, especially in the third sector, also have a deterrent impact in dissuading most players from financing development activities.

Through addressing these barriers, the report suggests measures to reduce the financing gap primarily in two ways- strengthening the existing channels of financing and augmenting new financial flows in each of the three sectors. It recommends establishing effective budgetary allocation mechanisms to direct capital towards SDGs, and a robust framework for monitoring and measuring impact, for driving efficiency in deployment of public funds for optimum impact. Financing instruments such as sovereign sustainability bonds and municipal bonds may prove crucial in augmenting new sources of finances in the public sector.

For the private sector to increase SDG financing, in addition to an enabling environment, new business models based on payment for performance, and innovative financing facilities such as risk sharing mechanisms provide opportunities for increased investments. CSR has emerged as an important source of financing, and the report highlights the enhancement of its efficacy. In order to leverage the untapped potential of Indian capital markets through financial instruments such as green bonds, SDG bonds and securitization, the report includes global examples that have accelerated sustainable SDG financing. Promoting sustainable practices, specifically holistic risk assessment and non-financial reporting and disclosures are also indicated as means to orient the private finance towards sustainability.
The third sector, with an elaborate reach at community level, forms an important transformative agent in addressing many social and environmental related issues. However, to execute large scale projects and to handle higher quantum of finances, the sector needs to specifically upgrade its control, compliance and governance mechanisms, and risk and performance management measures. This coupled with adequate donor education, impact measurement, promotion of transparency, and multi-stakeholder platforms would not just increase the volume of the financing but also increase the impact on ground.

Overall, ensuring that SDGs are fulfilled and achieved by 2030 requires realigning the economy towards sustainability, which calls for extensive collaborative efforts. All the stakeholders including regulators, policymakers, corporates, financial institutions along with the third sector would have to work together - to enable effective translation of the national policies and targets to local implementation, and to adopt sustainable business models and innovative financing mechanisms to meet the SDG financing requirement.

Namita Vikas,
Group President & Global Head, Climate Strategy & Responsible Banking, YES Bank
Distinguished Fellow, YES Global Institute

The private sector serves as the custodian of the largest pools of the world’s resources, and the main engine driving entrepreneurship and innovation around the world. It is therefore vital that the private sector is brought in as a key partner when mobilizing the investments that are needed to achieve the SDGs. We must create incentives to embed sustainability into financial decision-making, to stimulate investment in the sectors most crucial to driving sustainable development, and to re-orient financial flows into clean, long-term, socially-conscious and economically viable investments. Financial institutions such as YES BANK have a critical role to play in promoting this transformation and in helping to move the needle on financing for sustainable development.
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Introduction
In September of 2015, 193 member states came together to adopt the United Nations’ Sustainable Development Goals (SDGs). This initiative was a part of the 2030 Agenda for Sustainable Development and its purpose is to end all forms of poverty, fight against injustice and inequality and tackle climate change. The SDGs constitute a total of 17 goals with specific targets for each goal making a total 169 targets that countries aim to achieve by the year 2030 through collaborative efforts of UN agencies, governments, private institutions and civil society around the world.
The SDGs build on the Millennium Development Goals (MDGs) - a set of 8 goals, with 21 specific targets that aimed to end poverty and inequality between the years of 2000 to 2015. The MDGs addressed poverty, education, gender equality, health of women and children, and environmental sustainability. In this tenure, the MDGs made considerable progress – about a billion people lifted out of extreme poverty, a 91% enrolment in primary schools, about 50% decrease in both infant mortality rate and maternal mortality ratio, a 40% fall in new HIV infections and 15% more people with access to drinking water.

The Millennium Development Goals played a critical role in influencing policy formulation and planning on development related issues globally. Along with bringing critical development challenges to the forefront, they also provided countries with a strong target-oriented agenda. One of the most significant achievements of MDGs was mobilizing financing for development efforts, resulting in a stark increase in official development assistance by 66% to developing nations, where the most evident positive impact was witnessed.

The SDGs, which are also called the Global Goals are an evolved version of the MDGs with clearly charted 17 goals and 169 targets which are granular and quantifiable. Incorporating the lessons learned from the MDGs, the SDG have built upon the unfinished MDG agenda, and boast of a broader scope, and include issues such as economic growth, unemployment, urban development and energy, and place equal emphasis on climate change, sustainability, the environment, and peace and justice – addressing development holistically and comprehensively. Improving on the MDGs, they also insist on a greater focus on methods of universal implementation and mobilization of financial resources in order to build a better world.

The implementation framework of the SDGs (Addis Ababa Action Agenda) rightfully recognizes the pivotal role that the Government, the private sector and the international community would play, and charts out policy ideas and actions that need to be undertaken to aid a country in meeting targets set out by the Goals. This was a highly lauded move, as successful implementation is reliant on the alignment of each country’s sustainable development policies and schemes with the targets of the Goals. International collaboration is also encouraged in the SDG framework for the mobilization of resources and their effective deployment, making this a concerted approach towards achieving the Goals.
The pivotal role of India in ensuring the success of SDGs

India’s progress on the MDGs has two sides to it, with some significant achievements on one hand and inconsistent performance on the other. For instance, while India has achieved the target for reducing poverty by half, it fell short of achieving the target for reducing hunger. The country has been moving in the right direction, however it becomes highly relevant for India to scale up its performance on the SDGs, being one of the fastest growing economies in the world today.

India holds the key to achieving the SDGs, as its success would mean reaching the global half-way mark to the final goalpost. With its GDP growth rate forecasted at 7% for the next year India would need to significantly augment its growth with sustainable development. The 2017 budget placed emphasis on a lot of developmental aspects including education and healthcare for the poor and underprivileged, economic upliftment of the rural population through rural infrastructure and agriculture, and ease of doing business and the digital economy. Out of the total Union Budget of INR 21.47 lakh crores (~USD 317 billion), an approximate INR 80,000 crores - a rise of 10% from FY16 (The Hindu, 2017) was directed to education alone, a 25.4% increase in capital spending (live mint, 2017) with a focus on infrastructure in the agriculture sector and the rural economy.

These positive moves along with the consistent economic performance promises a bright future for India. Specifically, the Government, private sector and the civil society have been playing a key role in the implementation of the Global Goals, by aligning their own goals to the SDG agenda.

**Government – The harbinger of sustainable development:**

The Government has been ensuring an enabling environment for achieving development in India since its inception as an independent nation, having driven various developmental efforts. The five year plans which were the strategic blueprint of the country, focused deeply on improving developmental parameters each term. Indian Government has played a pivotal role in the formation of SDGs and has expressed its full commitment towards achieving them through concerted efforts to scale progress by way of policy reforms and incentives. Some of the current policies and schemes that align with the SDG targets are briefly covered.

**National Food Security Mission** to increase the production of crops through area expansion and productivity enhancement, restoring soil fertility and productivity, creating employment opportunities and enhancing farm level economy.

**Mahatama Gandhi National Rural Employment Guarantee Scheme** to enhance the livelihood security of people in rural areas by guaranteeing hundred days of wage employment in a financial year to rural households.

**Sarva Shiksha Abhiyan** to achieve universal enrolment of all children in the age group 6-14 years in elementary education through building school infrastructure, provisioning for teachers, periodic teacher training, academic resource support and making available learning resources for children.

**Beti Bachao Beti Padhao** to celebrate the girl child and enable her education by preventing gender biased sex selective elimination and ensuring survival and protection of the girl child, and education of the girl child.

**National Health Mission** to expand the focus of health services beyond reproductive and child health and also to improve infrastructure facilities at district and sub-district levels.
The Government has also created a national think tank, the National Institution for Transforming India, aka. NITI Aayog in 2015 which serves as an opportunity in driving the SDG agenda under a single umbrella. As the responsibility of achieving the SDGs in India lie with various ministries and agencies both at the federal and state level, the NITI Aayog with its extensive multi-disciplinary reach, would be instrumental in strategizing, monitoring and tracking the progress of the SDGs.

NITI Aayog published a three year action agenda in April 2017 which rethinks the tools and approaches in the development process of India. This draft charts out policy changes and methods required to achieve sustainable development, and proposes measures on the economic transformation of major sectors, rural development, social sectors and sustainability, with emphasis on financing (medium-term revenue and expenditure frameworks). The report stresses on the importance of financial strategy through prudent allocation of budgetary expenditure and revenue models for its successful implementation.

**Private Sector – The catalyst for sustainable development:**

Private sector has been an important contributor for sustainable development in India. With the liberalization of Indian economy, we have seen an increasing role of private enterprises in economic and social growth, including significant contribution in SDG-linked sectors such as education, healthcare, access to energy and affordable housing. With an enabling environment being created through favourable policies like Make in India, Smart Cities Mission among others, there are more opportunities for the private sector to make its mark on developmental aspects of the nation.

Recently, private participation in sustainable development is being witnessed at an unprecedented scale in the form of Corporate Social Responsibility (CSR). The revision to the Companies Act in 2013 has mainstreamed corporate social responsibility in India through advocating a prescribed portion of company profits towards delivering impact. Firms above a certain threshold are advised to sponsor projects in identified areas - eradicating hunger and poverty, promoting healthcare and education, gender equality and women empowerment, generating employment and skill development, and environmental sustainability among others. This move has definitely improved private sector contribution to the SDG targets, as witnessed by the increase in India’s CSR spending by 22% in the FY 15-16, estimated to have touched INR 8,300 crores (~USD 1.27 billion) with major investment going into education, healthcare and sanitation and skill development.
The Third Sector – The workforce for sustainable development:

The third sector comprises of the non-profit, not-for-profit, NGOs, philanthropists, social enterprises and impact investors which have been actively involved in the social and economic activities for social welfare. These have been playing a huge role as catalysts for social change, raising and highlighting the social issues and as implementers, working for social justice and equity. However, for the purpose of succinctness, the report will only look at NGOs and philanthropists.

Over the past five years, the philanthropic ecosystem in India has seen unprecedented growth. Philanthropic funding from private individuals has increased six folds to INR 36,000 crores (~USD 5.5 billion) in the period (Bain, 2017), overtaking funds originating from foreign philanthropists and domestic private sector CSR investment. The funds raised are being channeled to several NGOs which are working towards improving social welfare in the country, given their vast outreach.

Multilateral institutions such as UNDP, UNEP, UNICEF and UNFAQ, in collaboration with public and private sectors, also have undertaken several projects and action across the country including initiatives for alleviating poverty, empowerment of women and girls from poorer and marginalized communities, clean water and sanitation facilities, especially in rural areas.
The need for India to scale-up SDG implementation
The need for India to scale-up SDG implementation

Given that India is a developing nation at the cusp of balancing its growth with its developmental needs, it needs to beef up its developmental efforts, with the support of the favorable policies and schemes and greater involvement of the Government, private and social sectors.

The country is faced with increasing inequality which needs to be addressed through balancing growth with sustainable development. The Credit Suisse Research Institute published a report in 2016 on global wealth which ranked India 2nd in the list of the most unequal countries in the world. Statistics suggest that on some developmental parameters, there is very little possibility of improvement in the short-term, if the country continues in the same vein. For example, the rate of unemployment is expected to rise in the next few years, with increased population to feed and clothe (UN International Labour Organisation, 2017).

Figure 1 – Overview of global rankings on BRICS countries in developmental parameters

Sources: sdgindex.org; UNDP; thelancet.com
Estimates show that access to healthcare is inadequate in rural areas, housing 67% of the Indian population and the current healthcare expenditure standing at 2.5% of the GDP. The country also features lower than the top 100, both on the Human Development Index (HDI) and the Gender Inequality Index (GII) (United Nations Development Programme, 2017), which requires India to evolve effective strategies to address its various challenges.

The statistics (indicated in Figure 1) highlight the immediate need to effectively implement the current policies and schemes, with an emphasis on identifying holistic innovative solutions towards achieving the SDGs. As a first step, the Indian Government has identified 8 priority areas that need to be focused in collaboration with the United Nations (United Nations in India), which include poverty and urbanization; nutrition and food security; education and employability; skill development, entrepreneurship and job creation; health, water and sanitation; management of natural resources, community resilience and energy efficiency; gender equality and youth development; infrastructure development, utilization of mineral resources, hydropower and biodiversity in the North Eastern region. It becomes all the more relevant that robust financial backing of the policies, schemes and programs is secured, to both safeguard the progress made so far and propel the SDG agenda in India.

India faces a financing gap to achieve SDGs

It is estimated that there is a global financing requirement of USD 90 trillion to achieve the Global Goals, of which India’s contribution boils down to USD 960 billion annually. Conservative estimates indicate that India will face a financial shortfall of approximately INR 533 lakh crore (~USD 8.5 trillion) if it is to achieve the SDGs by 2030 (Bain & Co., 2017), translating to an annual shortfall of INR 35.5 lakh crore (~USD 565 billion) from 2016 until 2030.

This is in sharp contrast to the Government’s entire budgetary expenditure itself, standing at INR 21.47 lakh crore (~USD 336 billion), about a third of the annual requirement of USD 960 billion. The current economic situation with the recent slump in investment may also impact the available financing for development efforts. However, total funds for the development sector have grown at a healthy 9%, increasing from about INR 1.5 lakh crore to INR 2.2 lakh crore over the past five years (Bain & Co., 2017). While the Government remains the largest contributor (INR 1.5 lakh crore ~USD 22 billion in 2016), its share in total funding has been declining steadily. Private donations made up 32% of total contributions to the development sector in 2016, up from a mere 15% in 2011 (see Figure 2).

Despite the increasing financial contribution for development, India faces an urgent need to further augment and mobilize financial resources, given the pressing need. The financing needs to be raised through both domestic and foreign sources, and through the public, private and the third sectors to strengthen the implementation of the SDGs and meet its developmental needs.

Figure 2 – Funds raised for the development sector in India

Sources: Ministry of Corporate Affairs; MacArthur Foundation and Intellecop; Economist Intelligence Unit; Proceeding in the Parliament of India, Lok Sabha; articles and editorials from India’s leading Newspapers (The Hindi, Time of India, Economis time, Mint, Business Standard and other); Bain analysis
It is imperative to look at the barriers that hinder investment in order to increase the much needed financial flows for achieving SDGs. These barriers include inefficiencies in the existing systems, lack of reliable data mechanisms, outdated financial practices, spanning all the pivotal players – the Government, private sector and the third sector.

**Inefficacy of tax systems:** Tax remains one of the largest and most stable sources of revenue for developing economies, and has been a mammoth contributor to the Indian Government. However, the tax system in India is still riddled with tax evasion limiting the revenues being earned by the Government. This in turn diminishes SDG-aligned budget considerations, as the Government tends to prioritize growth-oriented economic strategies.

**Lack of reliable processes for measuring impact:** Given that central policies and schemes are implemented by various states through involving more local bodies like the corporations and panchayats - the complexity of implementation makes it difficult for a reliable mechanism for comprehensive tracking and monitoring impact of the policies and schemes. This becomes especially challenging as data needs to be collected, tracked and monitored at state, district, city and civic-level. Both policymakers and investors are left with little information to make completely informed calls in deploying their resources to the right policies and schemes. This may leave many deserving and impactful schemes to remain under-funded.

**Nascent capital markets:** While capital markets provide opportunities to pique investor interest in emerging sectors, India’s incipient market raises questions of its effectiveness in mobilizing funds towards achieving the SDGs. The advent of green bonds brought in a stream of investments initially, however, the potential of the green bond market is yet to be realized in India, to be able to make a substantial impact on achieving the country’s development goals.

**Externalities remain unaccounted for:** One of the prime deterrents to financial flows towards sustainable development in India has been its perceived unattractiveness when compared to other contemporary investment opportunities. Mitigating the negative environmental and social impacts, while maximizing the positive impacts of projects, requires effective mechanisms to recognize, evaluate, monitor and take in to account all the environmental and social interactions. Incorporating this might be costlier compared to the current investment methods that don’t account for social and environmental impacts. However, when the external impacts are taken into account, sustainable investment methods have been known to outperform other investment methods.

**Inadequate expertise in public entities:** The financial autonomy of public entities coupled with the ability to affect a positive change in achieving SDGs make them inimitable agents for India to deliver on its commitment towards the Global Goals. Especially, the urban local bodies can drastically affect the SDG outcome given their local jurisdiction and access to mainstream finance. However, they have not been able to deliver proportionate performance in line with the budgetary outlays owing to the dearth of financial expertise. This has also limited their access to leverage mainstream capital markets for raising funds.

**Lack of incentives driving private sector participation:** The private sector has been a strong voluntary participant in driving sustainable development in India and has now been mandated to play a further critical role through the introduction of the CSR clause in the Companies Act, 2013. However, the mandate restricts alignment of CSR interventions of companies to further its business activities, marking a clear dichotomy for the industry.

**Lack of business models supporting SDGs:** The delivery of the SDGs positively contributes to environmental, social and economic progress, however, the absence of clear translation of this success to revenues may prevent the private sector from approaching SDGs as a business opportunity. Business models such as payment for ecosystem services or pay for performance schemes are not very widely
recognized, resulting in the inability to mobilize investment supporting the SDGs. This perception of SDGs being interpreted as cost bearing interventions, rather than revenue generating mechanisms limit the financing available.

**Information asymmetry:** The current disclosure and reporting mechanisms within the development framework in India, barely capture the impacts of existing schemes and projects, providing an incomplete and incomprehensive view of their success or failure. This information asymmetry leads to uninformed decisions which might underestimate the need for funding in some areas, resulting in inadequate financing.

**Lack of capacities in intermediaries:** As the sources of financing keep increasing for social development and equity, the intermediaries that are directly responsible for delivering impact need to be equipped to absorb and deploy the incoming funds efficiently. However, the implementation sector mainly comprising NGOs is unable to match the requirements of the new sources of financing, resulting in inefficiencies in resource allocation in the social sector.

It is of utmost importance to address the barriers to SDG financing, in order to ensure the completion of the mammoth task of achieving SDGs. It would require extensive efforts from each of the key stakeholders – Government, private sector and the third sector. It is critical to ensure that finance is directed at the most impactful initiatives to ensure maximum utilization of funds.
Scaling public finance for SDGs in India
Public finance has been one of the prime drivers for sustainable development in the world. In India, public finances constituted around 70% of the entire funding mobilized to development sector during FY 15-16 (Bain & Co., 2017). This percentage is expected to reduce, owing to the projected increase in private sector contribution propelled by the CSR mandate. However, public finance would still remain critical to achieving SDGs, as there is no straightforward commercialization associated with SDGs yet.

Public finance has been crucial in not only supporting sustainable initiatives, but also in creation of an enabling environment to increase private investments. In the wake of the huge financial gap of USD 8.5 trillion to finance SDGs till 2030, it is of utmost important to leverage public finance for the transformative agenda of SDGs. This is possible through further strengthening the sources of public finance, adopting approaches to drive efficiencies and resource management, and improving tracking and impact measurement mechanisms.

**Improve tax system**

**Remove inefficiencies:** Tax revenue is the one of the key sources of financing the Government, and is critical to building the economy, including sustainable development initiatives. Currently, India earns 16% of Gross Domestic Product (GDP) in tax revenue when compared to its peers such as China (19%) and Brazil (21.4%) (Rediff, 2017). What sets India apart from these nations is the high potential and the extreme need for further revenues through tax, in its journey to becoming a developed nation. In this direction, the introduction of the Goods and Services Tax (GST) is a welcome move in creating a more robust and inclusive tax system. However, in order to address the abysmally low tax-to-GDP ratio, India, which is now a two trillion dollar economy, needs more concerted efforts to remove the inefficiencies and leakages in the current tax mechanisms. An autonomous and empowered tax authority could improve enforceability of taxes which would prove highly crucial in increasing Government revenues that can be directed towards SDGs.

**Allocation of tax to implementing SDGs:** With the introduction of GST, many SDG-aligned cesses such as education cess, clean energy cess (levied on coal since 2010 and has been able to meet almost half the budget of the Ministry of New and Renewable Energy), water cess (levied on water consumption since 1977 and has augmented resources towards prevention and control of water pollution), Krishi
Kalyan cess and Swachch Bharat cess (levied on taxable services since 2015 and raised INR 12,500 crores (~USD 1.9 billion) towards making India open-defecation free) have been subsumed by it. These cesses had played an instrumental role in augmenting finances and bringing more autonomy to the underlying implementing agencies.

With GST being implemented now, the implementing agencies face a lack of funding sources. In addition to this, there is a possibility of SGST (the state component of GST) not being directed to SDG-aligned projects and schemes, as most of them are centre-led, resulting in a further reduction of available financing. To address this deficit and to ensure the autonomy and financing of the implementing agencies, a pre-decided allotment of the tax revenue collected from both the centre and state components of the GST, could be allocated to financing SDGs.

**Track, monitor and measure**

**Adopt a robust framework within the budget for SDGs:** Achieving SDGs is a shared responsibility within the Government, with many developmental aspects like agriculture, access to energy and clean drinking water etc., driven by the federal government through direction and impetus by way of policies, schemes and budgetary support. The implementation is mainly led by states with responsibilities strewn across various central and state ministries and bodies. This central-state system of policy making and implementation forms a complex network of budgetary sources and expenditures directed to sustainable development, which remains untracked and unmeasured, and hence unmonitored. This calls for a framework within which the complexities involving SDG related financial flows are simplified and maintained in one ‘sustainable development account’ for the country through SDG indicators in the budget, similar to the OECD’s ‘Rio markers’ framework and the ‘World Bank’s Public Expenditure and Institutional review’ methodology. This would include the integration of financial response to developmental challenges and climate change across different ministries, and other peripheral activities that have strong impact on sustainable development.

These SDG indicators would not only track the financial flows but also establish financing trends i.e. allocations for various tasks and subtasks under each SDGs. A robust SDG marker framework will enable effective tracking of financial flows as well as progress at local, regional and national level, serving as report card that can help in ensuring the accountability of all the involved stakeholders. It is also important to note that many of the developmental issues such as food, energy and water cut across goals and targets forming inter-linkages making the SDGs interdependent. As a result, many of the SDG indicators can contribute to more than one target, which needs to be taken into account by the SDG marker methodology. Such a framework would need to map all the government funding that contribute to SDGs, and would rightly identify the SDG financing gaps in each ministry and agency, making them easy to address.

**Standardize data collection and promote open access:** The world acknowledges the value of statistical evidence for guiding progress toward the SDGs, and developing statistical systems would need deliberate action from governments collaborating with the private sector, NGOs and academic institutions. The budgetary framework of one ‘sustainable development account’ would need to be supported by reliable data, which may require upgrading current statistical competence. To help developing countries measure and monitor the SDGs, around USD 5.1 billion for the period until 2030 is needed in extra funding, translating to some USD 340 million per year which is less than 0.5% of Official Development Assistance, as per a Huffington Post article. This needs to be compared with the global economic value that can be unlocked through the availability and open access of data, about USD 3-5 trillion annually, as per a report by McKinsey Global Institute. Considering the role of India to be highly critical in achieving SDGs, India can be estimated to require about half the global requirement and is poised to unlock half the economic value.
Under the Digital India initiative, the country has partnered with the US Government to create an open government data platform, which intends to increase transparency in the functioning of Government and also open avenues for many more innovative uses of Government Data. However, the infrastructure to support efficient data collection, processing and management needs to be strengthened along with ensuring data anonymisation and privacy. There is also a lack of standardization of data collection formats and a lack of consistency in the various terminologies and methodologies employed by different authorities - making it difficult to aggregate and make sense of data. The added challenge of digitizing the old paper-based data bank of records and reports also needs to be overcome to appropriately identify trends and take corrective measures to address them. Towards this, an enhanced data collection and management system is the need of the hour to effectively scale SDG financing in India. As a first step, India could explore ideas such as crowd sourcing data from citizens, using data from the private sector and producing low cost and real time data from technology innovations such as Call Detail Records (CDRs) and satellite images.

**Focus to shift from quantum of financial flows to impact measurement:** Given the huge financing gap India faces for sustainable development, it is imperative to promote and strengthen policies, schemes and initiatives with the most social and environmental returns, through diverting available financial flows from lesser effective initiatives. This would in turn require a methodology to calculate and compare the environmental and social returns, which in most cases may not be possible, owing to the intangible nature of the returns. Towards this, an Environmental and Social Return on Investment framework which calculates the “blended value” of environmental and social gains generated, needs to be incorporated.

This could include four steps - first estimating impact by conducting due diligence to assess the potential return before committing to a project, then comes planning impact by choosing the metrics and data collection methods that would be used to monitor a program’s effects, next would be monitoring impact (once the program is underway) by measuring and analyzing impact throughout the life of the project to track the intervention’s effects, and finally, evaluating impact by measuring the consequences after the program concludes to assess performance and next steps including reinvestment. Such an elaborate framework would go a long way in justifying the budget aligned to SDGs and would prove effective in creating a ‘sustainable development account’ in the country’s financial system.

**Drive nexus based efficiencies**

**Capture opportunities arising out of inter-linkage of SDGs:** In many ways, the 17 SGDs are highly inter-linked with complex and dynamic interactions. As a result of this complex network, vulnerability in achieving one of the goals generally translates into vulnerabilities of other goals. Also, actions for one goal taken in silo may sometime hinder achievement of other goals. On the other hand, these inter-linkages provide for extensive opportunities to build synergies and increase overall resource use efficiency, providing additional benefits of improved outcomes. Given the financing challenges of India to achieve its climate change commitments and SDGs in a stipulated timeframe, the effective and optimized allocation of finances is of utmost importance.

For example, sectors such as Food, Energy and Water feed into achieving several of the SDGs such as SDG 2: Zero Hunger, SDG 6: Clean water and sanitation, SDG 7: Affordable and Clean Energy, SDG 13: Climate Action. Using public finance for power subsidies for agriculture as a tool to augment food production to achieve ‘SDG 2: Zero Hunger’ has promoted the overuse of ground water, leading to drastic declines in the water table and thus threatening ‘SDG 6: Clean water and sanitation’. The rising water stress is now raising serious questions of agricultural sustainability itself in India. Excessive use of fertilizers being promoted by subsidies has also increased instances of water body pollution, and is expected to limit the availability of water (vulnerability specific to ‘SDG 6: Clean water and sanitation’) and affect the aquatic ecosystem (vulnerability specific to ‘SDG 14: Life below Water’).
Acknowledging and addressing these inter-linkages would open up common intervention points that can drive efficiency in achieving the SDGs. Mobilizing finances to practices that drive nexus based efficiencies can directly feed into achievement of a plethora of SDG targets and hence, goals. For example, ‘Climate Smart Agriculture’ in several states in India has demonstrated the ability to save water and energy while raising yields in a cost-effective manner, positively impacting ‘SDG2: Zero Hunger’ while also supporting ‘SDG 6: Clean water and sanitation’, ‘SDG 7: Affordable and clean energy’ and ‘SDG 13: Climate action’. This provides for a compelling argument to adopting nexus approach for SDG financing to capture opportunities arising from positive externalities.

Augment new sources of finance

Sovereign bonds for sustainable development: In the recent past, the world has seen innovative utilization of sovereign bonds to raise funds for sustainable development - Poland became the first nation recently, to come out with world’s first Green Sovereign Bond worth EUR 750 million (approximate USD 885 million) in 2016, which would be utilized to finance projects in renewable energy, clean transportation, sustainable agricultural operations, afforestation, national parks and reclamation of heaps. France also issued its first green sovereign bond worth EUR 7 billion in January 2017. There is definitely a strong case for India to employ such sovereign mechanisms towards achieving the SDGs, given that the country faces a huge financial shortfall of infusing capital into the development sector.

Revitalize the municipal bond market: On a sub-sovereign level, urban local bodies have both the autonomy and the operational reach to address SDGs in a local context. However, what these bodies lack is the financial expertise to leverage innovative means to achieve these results - which could be addressed by municipal bonds for sustainable infrastructure development. Developed nations such as the USA and other European nations have been using the municipal bond market to raise capital for local bodies, however India has a largely untapped market with a mere total of USD 250 million issuances till now. Though municipal bonds have remained under-developed in India, the instrument has seen some application recently, with the Pune Municipal Corporation raising INR 200 crore (~USD 30 million) for the smart city project through municipal bonds in June 2017 – the first local body in India to issue such bonds in nearly one and a half decade. Enabling the expansion of this market through formation of a national body that can act as financial intermediary for issuing municipal bonds on behalf of local bodies, and easing the norms on coupon rates would allow bonds to be issued at market rates, and revitalize the Indian municipal bond market.
Private sector for mainstreaming financing to sustainable development
Private sector for mainstreaming financing to sustainable development

Private finance is increasingly playing an important role in supporting the developmental efforts in India and has the potential to address the financing gap in achieving SDGs. While governments have created an enabling environment for enhancing private sector participation in contributing to the SDGs, private investment efforts can be further ramped up through innovative approaches. With innovation as a central narrative, private sector has the wherewithal and the propensity to transform the global economic landscape to a far more sustainable and inclusive future. Private sector, hence, can become the driver of sustainable development and can mobilize finance to support the global goals.

**Incentivize private sector participation**

**Incentivize private sector investment:** The Government of India has been playing a pivotal role in creation of an enabling environment to attract private finances for development sector through favourable policies and schemes. In fact, initiatives such as Make in India, Startup India, Smart Cities Mission, National Solar Mission etc. are enabling the private sector realize its potential in contributing to the SDGs. For example, the recent boom in clean energy sector can be attributed to the ambitious targets taken by Indian Government for augmenting 175 GW of domestic renewable energy generation capacity. The support in the form of accelerated depreciation and tax benefits has addressed the perceived risks of the sector and accelerated investments in the sector, attracting private players during initial phases itself. More recently, with the commercialization of renewable energy, the accelerated depreciation and tax holidays could be phased out – establishing that enhanced participation from private players can enable such sectors reach their full commercial scale.

This clearly indicates the importance of the role of incentives to encourage private investment and calls for employing and sustaining such supportive schemes to other sectors linked to SDGs as well. These would include sectors beyond agriculture such as water, waste management, sewage treatment, until the targeted market itself matures, and can attract large scale private investment on its own.

**Sensitize the private sector of its unique positioning to lead the pathway to a sustainable economy:** The recent mandate on Indian companies above a certain threshold to divert profits to CSR has increased the funding available for sustainable development. While the bigger constituents of the private sector meaningfully contribute to SDGs through their projects, a larger share of the
private sector needs to be sensitized on the benefits of playing a meaningful role in the sustainable development agenda. Otherwise, this may often result in CSR interventions that are inadequate and less impactful, making it a cost-inefficient exercise. India Inc, if aligned to the sustainable development agenda would enable a paradigm shift through impactful CSR funding that would ensure more robust and market-ready programs which would be ripe for picking by mainstream investments.

**Leverage capital markets**

**Broaden the umbrella of Green bonds:** In the past decade, green bonds have emerged as key financing mechanisms for raising money from capital markets for environment friendly business activities and interventions. The green bond market has grown steadily in India, since the maiden issuance of INR 1000 crores (~USD 160 million) by YES BANK in 2015, and has crossed USD 5 billion mark this year. India is among the top ten nations in cumulative issuances of green bonds and is witnessing more participation. In May 2017, SEBI issued national-level regulatory reforms on the issuances and listing of green bonds, but the guidelines may be construed as falling short of defining the term “green” as comprehensively as the industry would prefer. This puts the market at a disadvantage as the unelaborate definition of the term causes the issuance of bonds to be largely focused on certain sectors, whilst neglecting the others. This is evident by the fact that the flow of finances raised through the green bonds has been primarily towards renewable energy while other avenues such as water, affordable housing, green transport, energy efficiency etc. remain under focused. According to the Climate Bonds Initiative report in 2016, 62% of green bonds proceed in India were dedicated to renewable energy projects, 17.5% to low carbon transport and 14% to low carbon buildings. However, only 2.2% of green bonds focused on water and waste management. Given this, it is imperative that regulatory bodies provide clearer and more definitive outlines so as to stimulate financial flows to other green sectors as well.

**Figure 3 – Green Bond issuance by region**

![Green Bond issuance by region](image)

*Sources: Climate Bonds Initiative*

**Innovate through SDG aligned bonds:** One of the limitations of green bonds as a financing mechanism for SDGs is that it covers a very small fraction of the overall goals. The green bonds are mostly aligned to environmental benefits with limited consideration of other social issues. In view of this, there is a need to consider financial instruments that are dedicated exclusively to the SDGs. For example, the issuance of an SDG bond whose proceeds will go to finance initiatives for SDGs alone, would allow private actors to become more involved in the development agenda.

Recently, the World Bank has launched a first-ever bond directly linked to SDGs in March 2017. BNP Paribas arranged this SDG-linked bond, proceeds of which will support projects that contribute to achieving the SDGs, including eradicating poverty, boosting shared prosperity and tackling climate change. Similar mechanisms need to be explored and employed in India to boost financing towards SDGs.
Aggregation and Securitization: Most initiatives linked to SDGs tend to be localized, small-scale and distributed across the geography of the Indian sub-continent. These interventions vary from water harvesting infrastructure and water purification, off-grid solar systems, waste management and are undertaken by small scale enterprises, local entrepreneurs and community bodies. Such projects, unfortunately, have limited access to mainstream financing, owing to their small scale and lack of credit history. Pooling such small scale projects and offering them access to mainstream capital through securitization would increase their attractiveness to investors. Aggregation and securitization would also enable banks to move the loans (extended for sustainable development through micro finance aimed at agriculture and farmers, education, off-grid renewable energy applications and water projects) off their books, thus freeing capital to plough back in more such projects to create fresher sustainable loan portfolios.

Though green bonds, SDG linked bonds and securitization showcase enormous potential in tapping into capital markets for sustainable financing, their efficacy will also depend on the reforms in the incipient Indian capital markets. The development and strengthening of bond markets in India is crucial to increase the financing of long term investment, and towards this, the Reserve Bank of India has proposed reforms to increase investor participation. Such continuous support mechanisms would be required to build and sustain momentum in the corporate bond market of India, which has huge potential for SDG financing.

Crowd in private investment through innovative facilities and business models

Explore Blended finance mechanisms: Blended finance solutions, as the name suggests, leverage development finance in the form of grants, concessional financing, credit guarantees, or other supporting mechanisms to mobilize private capital flows towards development related projects. Development finance (development assistance, public finance or philanthropic funding) has been an important tool to addresses the concerns in SDG-aligned sectors, where private finance perceives higher risks and uncertainties. Innovative blended finance models facilitate the participation of private finance and inherently support the progress of developing nations like India in achieving SDGs.

Blended finance mechanisms are gaining prominence through the World Bank’s Multilateral Investment Guarantee Agency (MIGA) which addresses political risks and allows foreign investments for development in emerging nations. The International Finance Corporation and International Development Association are also catalyzing private investment in the world’s poorest countries through various risk management mechanisms. Blended finance provides an opportunity to augment both the domestic and international private investments for the socio-economic development agenda for developing and emerging nations. A recent report by World Economic Forum, demonstrates the effectiveness of the product in stimulating commercial investments, especially in developing nations, through a survey of 74 blended finance facilities forming a USD 25.4 billion blended finance assets, impacting over 174 million lives (World Economic Forum & OECD, 2016). India can learn from global examples and leverage public finance to accelerate private investments for sustainable development.

Payment for ecosystem services: One of the reasons for limited or lack of private sector interest in many of the SDG linked sectors has been their inability to be commercialized. This is more reflective in ecosystem conservation efforts that don’t provide any direct financial returns, but contribute through intangible social and environmental benefits. Payment for Eco-system Services (PES) incentivizes ecological services such as forest conservation and land management. This is an innovative business model that promotes partnership across communities, private players and the Government especially designed for conservation efforts.

Different forms of PES markets exist - compliance markets, where the payment for the use of ecosystem services is required by regulation (e.g. mandatory carbon emission trading for certain industries); mediated markets, where an intermediate party (usually government) collects payments from users
and distributes them to the service providers (e.g. payments on water services); and voluntary markets, where corporates voluntarily compensate their impact on ecosystem (e.g. purchase of compensatory credits). Many emerging sectors such as sustainable forestry, ecotourism, biodiversity conservation, coastal and wetlands management, sustainable agriculture, watershed management can be scaled using such PES market mechanisms. Also, such mechanisms can be further developed to find applicability in other non-environment linked SDGs leading to a transition from payment for ecological services to payment for socio-ecological services.

**Promote payment for performance models:** The financing challenges prevalent in SDG related sectors are usually addressed by governments, development banks and philanthropic foundations. However, adoption of payment for performance models would increase private finance flows similar to PES. These business models promote successful implementation of a program by providing revenues for scaling impact. Social Impact Bonds and Development Impact Bonds have emerged as successful mechanisms in which a commitment is made by the Government to the private player who works towards improving social outcomes that result in public sector savings. Impact investors or the private sector entities motivated by social and financial returns can support programs to deliver outcomes and receive payment from governments when outcomes have been achieved and verified by an independent verifier. The social sector, such as healthcare, education, hygiene and sanitation etc. can be the major beneficiaries of these models where mainstream financing has been shallow and sporadic.

**Mainstream holistic risk assessment**

**Mainstream environmental and social considerations in investment decisions:** Current decision making frameworks are highly reliant on financial returns and rarely include non-financial impacts and aspects as inputs. This has contributed to a larger share of investments being pumped into unsustainable and short-term return generating activities. Hence, it is important that institutions employ a panoptic view of risks and opportunities to effectively forecast and predict the environmental and social impacts. Also, as the finances towards unsustainable activities go down, more funds could be available for supporting sustainable activities, indirectly increasing SDG related investments. The SDGs can serve as a list of material extra-financial factors that can be considered as part of investor’s fiduciary duty, while simultaneously boosting their financial performance by energizing sustainable economies and markets.

**Promote transparency**

**Disclosure framework aligned to SDGs:** Addressing the information asymmetry between investors and companies on non-financial parameters is the need of the hour. Though there are clear guidelines for financial reporting, the non-financial aspects generally remain elusive, unless the organization voluntarily discloses. This information asymmetry is limiting the financial flows towards sustainable economic activity in spite of increasing investor interest for financing sustainable development. A disclosure framework mapping a company’s performance to SDGs could help foster more sustainable practices within organizations and promote greater transparency to stakeholders and investors. There are many guidelines on non-financial disclosures, however, integrating the SDG elements would provide an impetus to private finance flows for sustainable activities, as it can form a basis for demarcation and comparison.

**SDG aligned indices:** Akin to the SDG disclosure framework, a nationwide SDG index could also help in creation of a readily available digital platform where comparative information on company performances can be made available. Such mechanisms, with the potential to feed into the holistic risk assessment frameworks can further stimulate SDG financing.
Scaling SDG Finance in India
Improving financial flows to the third sector
India has over 31 lakh NGOs spread across the nation forming a vast dedicated network working at a community level for social and environmental causes. This third sector plays an important role in highlighting and addressing issues that states and markets are currently unable to prioritize, making it a crucial player in achieving SDGs. But the sector faces many structural barriers, including donor unfamiliarity, limited operational and financial capabilities and transparency that need to be resolved.

**Enhance capacities within the sector**

**Improve donor confidence through strengthening execution capabilities:** It is crucial that the attention of NGOs be drawn towards multiplying impact and amplifying the nation’s efforts to meet SDG requirements, by not only enhancing their relevance and influence in India’s social development space but also building their capacity. Though, in the last decade, we have seen exponential increase in the number of NGOs, the scale of operations and financing, and the capacity of individual NGOs remains limited. To handle larger flows of finances and large scale operations that the philanthropists and the private sector are bringing in, NGOs need to build capacities to meet the needs of the donors and investors.

**Promote targeted delivery of philanthropy through donor education:** Philanthropy holds significant potential in addressing the financing gap of the nation in meeting its social and development goals. Private philanthropists’ contribution has been increasing consistently over the past few years, as evident by the six fold rise in philanthropic funding from private individuals (up from INR 6,000 crore (~USD 1.3 billion) in 2011 to INR 36,000 crore (~USD 5.5 billion) in 2016 (Bain & Co., 2017)). Philanthropists need to adopt a targeted approach by directing funds to NGOs that address the root cause of the challenges rather than the manifested symptoms of these challenges. This is only possible through developing a better understanding among the third sector including individual philanthropists to make sure that financing is directed to right initiatives with crucial impacts on ground.
Address information asymmetry

Standardize disclosures and reporting: It is crucial to address the information asymmetry prevailing in the market that is inhibiting the access to available finances for NGOs. Both the financial and non-financial reporting are crucial in making the information available in the market, about the operational capabilities of NGOs. There is a need to establish a disclosure framework for NGOs, to make reporting and disclosures homogenous across the sector. Also, third party verification would even further boost the reliability of the disclosures.

Formalize rating of NGOs: A Bain & Co. study in 2015 found that philanthropists are developing a lack of trust in the NGO sector, owing to cases of misappropriation and corruption. While NGO collectives like Give India conduct due diligence, a formal rating agency for NGOs would prove crucial in restoring the philanthropists’ confidence. The agency could be established through collaboration between government agencies and philanthropic organizations which could assess the NGOs basis holistic risk assessment parameters. Such parameters could include potential for impact, executing capabilities, efficiency, and allocation of resources which would finally result in a score that can be used as a comparable measure for decision making. This body would not only reestablish trust of philanthropists and enable them to donate to the right organizations, but also reduce the misallocation of finances and improve the relationship between NGOs and donors, further facilitating giving and increasing the flow of funds to NGOs.

Leverage digital technology: With digitization, newer opportunities have surfaced in the form of online platforms that enable investors, donors and connect them to impactful projects. The Global Opportunity Explorer, SDG Philanthropic Platform and Dasra are some of the online platforms that are acting as intermediaries helping business leaders, entrepreneurs and investors to establish connections with new partners and invest in projects of social value. Such initiatives aid in correcting information asymmetry, building a strong network between financiers and the third sector. However, currently, aside from Dasra, there are very few initiatives active in India, leaving this enormous opportunity of raising funds for SDGs, untapped. There is a clear opportunity for marketplace platforms to connect the unorganized NGO sector to impact investors, CSR arms of companies and development finance providers.
India is witnessing increasing participation, specifically from the public, private and the third sectors in the past few years, and is on the right path to achieving SDGs. However, the pace needs to be quickened; to mobilize the much needed resources to SDG linked sectors and activities for timely realization of the goals by 2030. This requires national scale efforts to realign finances and reorient the economy towards sustainable development. The Government needs to enable the participation of private players into infusing mainstream capital through strengthening the current policy framework, wherein private sector can contribute both through investments and direct initiatives in SDG aligned sectors with the third sector as an effective implementing force.

The way forward would require exponential performance enhancement in each of these sectors through addressing the barriers that are currently limiting effective mobilization of resources for achieving SDGs. Scaling SDG financing in India can be achieved through a collective vision, a cohesive approach and a coordinated execution strategy.

Augmenting SDG financing to address India’s unique climate and developmental challenges would rely heavily on effective translation and implementation of federally envisioned national policies at local levels. This report recommends intervention points that could be included in the national strategy towards achieving the SDGs.
Annexure

**National Food Security Mission:** National Food Security Mission was launched in 2007-08 to increase the production of rice, wheat and pulses by the end of XI Plan through area expansion and productivity enhancement, restoring soil fertility and productivity, creating employment opportunities and enhancing farm level economy. From the year 2015-16, the mission is being implemented on 60:40 sharing pattern between Centre and State Governments and on 90:10 sharing pattern between Centre and Northeastern & 3 Hill states. Total Allocation for the year 2017-18 is INR 1720 crores (NSFM, 2017) which includes both central and state government contribution.

**Mahatama Gandhi National Rural Employment Guarantee Scheme:** This scheme aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage employment in a financial year to a rural household. This includes unskilled work towards building durable assets like roads, canals, ponds and wells. The budget for FY 2017-18 announced an allocation of INR 48,000 Crores (Muthukumar 2017) for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) scheme.

**Sarva Shiksha Abhiyan:** Sarva Shiksha Abhiyan aims to achieve universal enrolment of all children in the age group 6-14 years in elementary education. The interventions under this scheme include building of school infrastructure, provisioning for teachers, periodic teacher training and academic resource support, making available learning resources for children like textbooks, computers and libraries. GOI allocations for FY 2017-18 are at INR 23,500 cr. From FY 2010-11 till FY 2014-15, GOI contributed 65% of the total funds. From October 2015, this has been revised to 60% with states contributing 40%.

**Beti Bachao Beti Padhao:** The overall goal of the scheme is to celebrate the girl child and enable her education. The objectives of the scheme are to prevent gender biased sex selective elimination, ensure survival and protection of the girl child, and also ensure education of the girl child. The scheme was launched with an initial funding of INR 100 cr. A total amount of INR 43 crore was set aside in FY 16-17.

**National Health Mission:** The National Health Mission represents India’s endeavor to expand the focus of health services beyond Reproductive and Child Health, so as to address the double burden of communicable and non-communicable diseases and also improve the infrastructure facilities at district and sub-district levels. The National Health Mission has an allocation of INR 26,690 cr for FY 17-18 (Srinivas, 2017) and is one of the largest centrally sponsored schemes of the Government of India.

**Deendayal Antyodaya Yojana - National Urban Livelihood Mission:** The aim of this scheme is to reduce poverty and vulnerability of the urban poor households by enabling them to access gainful self-employment and skilled wage employment opportunities, resulting in an appreciable improvement in their livelihoods on a sustainable basis, through building strong grassroots level institutions for the poor. The interventions include social mobilization, capacity building, generating self-employment opportunities, support schemes for urban street vendors and shelters for the homeless. Funding is shared between the centre and the states in the ratio of 75:25, except for North Eastern and Special Category States where this ratio is 90:10. The budget allocation for DAY-NULM for the FY 17-18 is 79,291.08 crores (Alleviation 2017).

**Skill India:** This scheme aims to train over 400 million people through programs such as the “National Skill Development Mission”, “National Policy for Skill Development and Entrepreneurship, 2015”, “Pradhan Mantri Kaushal Vikas Yojana (PMKVY)” and the “Skill loan scheme”. The objective of PMKVY is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing better livelihoods. Individuals with prior learning experience or skills are assessed and
certified under Recognition of Prior Learning (RPL). Under this Scheme, training and assessment fees are completely paid by the Government. Approved till 2020, PMKVY aims to benefit 1 Crore youths, using an allocated budget of INR 12,000 Crores (PMKYJ 2017).

**Make In India:** Make in India is an initiative that encourages foreign and domestic companies to scale up manufacturing in India thereby increasing FDI flows. The objective of this initiative is to focus on job creation and skill enhancement in 25 key sectors of the economy, including automobiles, aviation, biotechnology, defence manufacturing, electrical machinery, food processing, oil & gas, and pharmaceuticals, among others. This is done by policy initiatives in ease of doing business, getting away with archaic laws, 100 Smart Cities, disinvestment of public sector undertakings, skills and jobs for the youth, for making India a manufacturing hub.

**Startup India:** It is a campaign which aims to boost the startup ecosystem in the country and propel the nation to be an economy of job creators rather than of job seekers. The Government has set up an initial corpus of INR 2500 crore and a total corpus of INR 10,000 crores over four years (India Today 2016). So far, under the campaign, a four week free Learning and Development Program which covers 6 modules has been launched and the program has churned out 5800 graduates, and INR 600 Crores has been committed to 17 Alternative Investment Funds and 67 startups have been funded. (Ministry of Commerce and Industry 2017).

**Smart Cities Mission:** The Smart Cities Mission is an urban renewal and retrofitting program by the Government of India which aims to establish sustainable cities through the comprehensive development of 100 cities all over the country. The purpose of the mission is to drive economic growth and enabling the development of local areas and harnessing technology that leads to ‘smart’ outcomes in order to improve quality of life. The Mission targets to achieve its goals by FY19-20 (Ministry of Urban Development 2015). So far, an approximate total of 96 lakh urban population have been impacted and the total cost or projects has come up to an approximate total of INR 190,000 Crores (Ministry of Housing and Urban Affairs 2017).
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