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Bridging Perspectives: Innovative Finance Insights from India

Indian School of Development Management, supported by Citi India's CSR efforts, launched the Centre for Innovative Finance and Social Impact (CIFSI) to mainstream innovative finance for social impact.

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List of Abbreviations

AIF	Alternative Investment Fund
AVPN	Asian Venture Philanthropy Network
BF	Blended Finance
CSR	Corporate Social Responsibility
DFIs	Development Finance Institutions
DIB	Development Impact Bond
EU	European Union
FLDG	First Loss Default Guarantee
HNIs	High-Net-Worth Individuals
IB Agreement	Impact Bond Agreement
IIC	Impact Investors Council
IF	Innovative finance
ISDM	Indian School of Development Management
KII	Key Informant Interviews
MEL	Monitoring, Evaluation, and Learning
MSDF	Michael and Susan Dell Foundation
M&E	Monitoring and Evaluation
NBFC	Non-Banking Financial Company
NPO	Non-Profit Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-Operation and Development
PCG	Partial Credit Guarantee
RG	Returnable grants
SAMRIDH	Sustainable Access to Markets and Resources for Innovative Delivery of Healthcare
SDGs	Sustainable Development Goals
SIB	Social Impact Bond
SIINC	Social Impact Incentives
SMEs	Small and Medium Enterprises
SSN	Social Success Note

TA grant

UHNIs

UNDESA

UNESCAP

USAID

Technical Assistance grant

Ultra-High-Net-Worth Individuals

United Nations Department of Economic and Social Affairs

United Nations Economic and Social Commission for Asia and the Pacific

United States Agency for International Development

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Executive Summary

Need for Innovative Finance

Status quo

Social sector in India has witnessed substantial growth in financing



Problem

India faces a deficit in funding to achieve the SDG goals



Source of funds

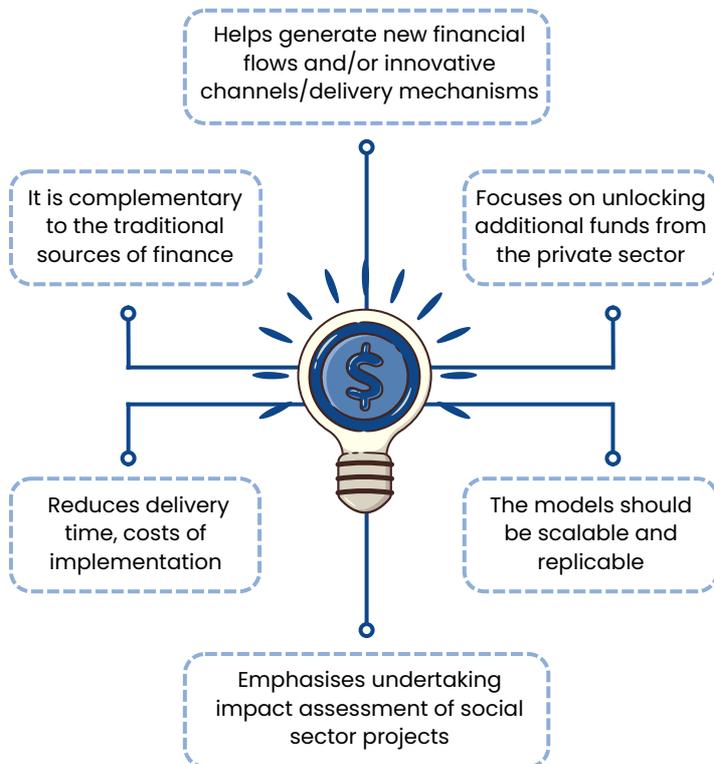


Solution

Explore innovative and alternative financing models and instruments, with focus on channelling funds from the private sector

Understanding Innovative Finance

These characteristics of innovative financing are from the perspective of the donor, and miss out on the perspective of the recipients, something we set out to do in this report.



Objectives of the report



Innovative Finance Instruments

Note: Legends complement colours

Outcomes-based

Impact bond

Social impact guarantee

Social success note



Value Proposition

- Private capital allows them to scale their project, while financial risk is shared by investor
- Private capital allows them to scale their project, while the risk is borne by the performance guarantor
- Possibility of receiving more payment if the outcomes are overachieved
- Access to debt at an interest rate which is below the market rate



Recipients

- Not-for-profits
- Not-for-profits enterprises
- For-profit social enterprises



Anticipated Risk

- Outcome performance risk
- Data and evaluation risk
- Administrative burden
- High cost of structuring

Risk-based

Partial credit guarantee

Pari-passu guarantee

First loss default guarantee



Value Proposition

- Social enterprises that have a sound business model and track record can use it to enhance their creditworthiness
- Applicable in scenarios where multiple investors collaborate to fund a social project. Provides for diversification of funding streams
- Derisk investments for private investors. Social enterprises that are in the early stages of development and have limited track



Recipients

- For-profit social enterprises



Anticipated Risk

- Reduces credit-worthiness for securing traditional debt
- In case of default, borrowers face the risk of multiple lenders seeking repayment simultaneously
- Complexity in negotiation since multiple guarantors
- Increased monitoring and reporting
- Losses are covered only up to the specified amount

Debt-based

Subordinated debt

Concessional debt

Interest subvention



Value Proposition

- Ranks lower in priority for repayment as compared to other creditors and investors. Other creditors and investors are repaid first in case of financial distress
- Favourable terms and conditions as compared to the standard market loans including lower interest rates, longer repayment periods, or grace periods before repayment begins
- Subsidises interest cost on loans and reduces cost of borrowing



Recipients

- Not-for-profit enterprises
- For-profit social enterprises



Anticipated Risk

- Higher interest costs since there is more risk to the lender
- Limited financial flexibility in taking additional debt
- Increased compliance, and monitoring and reporting burden
- Difficulty in finding new sources of funding once concessional capital is over

Hybrid

Returnable grant (RG)

Mezzanine finance

Quasi equity



Value Proposition

- Allows money to be directly credited into the participant's accounts or given out as cash equivalents such as vouchers
- Moral and not legal obligation to repay
- Potential ability of selected participants to repay as a cohort
- Access to financial literacy training and a pre-credit score that can put them on a path to access formal credit
- Once RGs are reimbursed, the funds can be reused and reinvested, establishing an enduring funding cycle that sustains the impact in the long run
- Useful to scale social enterprises
- Ranks below claims of other investors and lenders
- If the enterprise meets milestones, debt can be converted to an equity instrument
- Returns are tied to the performance of the borrowers
- Useful for startups and early-stage enterprises



Recipients

- Individuals (social entrepreneurs)
- Not-for-profit enterprises
- For-profit social enterprises



Anticipated Risk

- May increase compliance, and monitoring and reporting burden
- Typically comes with higher interest rates than traditional debt
- The equity component could result in dilution of ownership and control of the borrower
- Investors may have governance rights or board representation
- Investors have the right to exit after a certain period. Social enterprises will need to provide liquidity in that case

Topline Trends of Innovative Finance Landscape

Reasons for growth

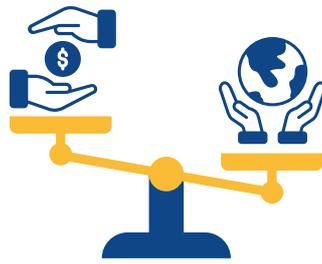


Increased interest from donors to make their investments more effective



Evolving markets which demonstrate opportunities for creating social impact

Financial vs social returns



Greater emphasis on achieving favourable financial returns raises questions about the balance between financial returns and social returns

Ease of use



The preference for specific instruments is guided by the simplicity of the instrument and familiarity of the investors with it

Challenges of Innovative Finance

Supply-side challenges



Lack of data, information and clarity



Inability to pool different forms of capital



Complex structuring of financial instruments



Impact and attribution



Mindset challenges



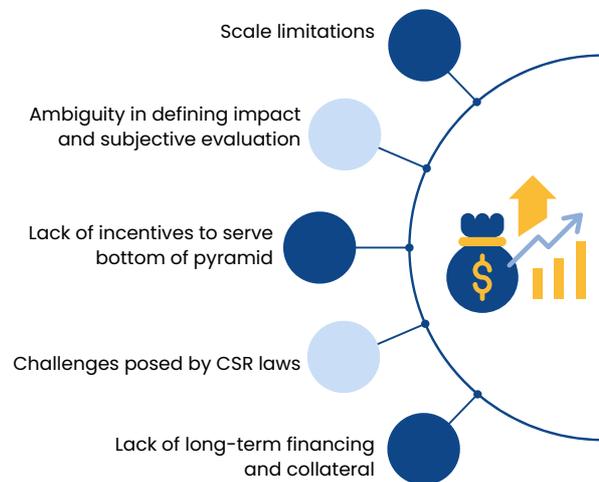
Trust deficit between recipients and donors

Demand-side challenges

Not-for-profits



For-profits



Rethinking Innovative Finance Practices from the Perspective of the Social Sector

For Not-for-profits

- Long-term partnership
- Need to innovate to unlock more private capital
- Balanced trade-offs between social returns and financial returns
- Collaboration and knowledge sharing
- Focus on institutional outcomes along with programmatic outcomes
- Measuring impact from the perspective of recipient organisations



For For-profit social enterprises

- Long-term partnership
- Need to innovate to unlock more private capital
- Balanced trade-offs between social returns and financial returns
- Collaboration and knowledge sharing
- Urgency for defined categories, ratings and certifications to establish credibility
- Need to innovate to fund for-profits that serve the bottom of the pyramid

Roadmap to Future



1



Background

In 2015, the international community adopted the 2030 Agenda for Sustainable Development and set an ambitious target of achieving the 17 Sustainable Development Goals (SDGs). One of the key drivers to achieve the SDGs is mobilisation of financial resources. In India's social sector financing, key trends have emerged as per the data from the India Philanthropy Report 2023¹ as given below:

- **Significant growth in social sector financing:** The social sector in India has witnessed substantial growth in financing with a 15% annual increase in total funding from \$135 billion (₹11.1 lakh crore) in 2017 to \$276 billion (₹22.6 lakh crore) in 2022.
- **Government dominance in funding:** The Government is the primary contributor to the social sector funding, accounting for 95% of the total funding in 2022. Public funding increased by 35% from 2021 to 2022.
- **Stagnant private sector funding:** Private sector funding remained stagnant in 2022 at ₹1.05 lakh crore. The two major sources of private funding include foreign and domestic philanthropists. Domestic philanthropists include corporations (CSR and corporate trusts) and individuals (Ultra-High-Net-Worth individuals (UHNIs), High-Net-Worth individuals (HNIs), and affluent individuals; and retail donors).
- **Decrease in foreign giving:** There has been a decline of about 3% in private foreign giving in 2022, compared to 2021.
- **Mixed performance of domestic philanthropy:** While HNIs, affluent individual donors, and retail donors demonstrated growth of 11% in 2022 over 2021, UHNIs and international funding experienced a decline in philanthropic giving from ₹11,811 crore in 2021 to ₹4,230 crore in 2022.
- **Growth in Corporate Social Responsibility (CSR) spending:** CSR spending continued its growth trajectory, and showed an increase of 5% in 2022 from 2021, largely driven by the government's 2% mandate.

These trends highlight that the social sector funding in general, and most of its key components, have shown positive growth over the past year. Despite this, India is facing a significant gap of \$94 billion to achieve its SDG goals in 2022², which is expected to increase to \$152 billion by 2027. This shows that philanthropy and public funding alone cannot drive the financing of SDGs. It creates the need to explore innovative and alternative financing models and instruments to finance the social sector, with focus on channelling funds from the private sector and creating social impact.

¹ Dasra and Bain (2023):

https://www.bain.com/globalassets/noindex/2023/bain_dasra_report_india-philanthropy_2023.pdf

² https://www.bain.com/globalassets/noindex/2023/bain_dasra_report_india-philanthropy_2023.pdf

1.1. Constraints of Traditional Financing in the Social Sector

While traditional funding sources such as philanthropy, CSR and government spending dominate the social sector funding landscape, they come with certain constraints that limit their effectiveness.

Philanthropic funding relies on the benevolence of individuals, foundations or corporations, and their resources are finite. As donors allocate their resources across various causes, the availability of funding for specific social sector projects can be one-time/short-term and not sustainable in the long run³ Philanthropic donations thus provide immediate support but may lack the continuity required for sustainable long-term impact.⁴ Moreover, the funding is influenced by a variety of factors, including personal interests, values, and preferences, as well as economic fluctuations. Consequently, during economic downturns or crises, philanthropic funding might reduce, leaving social sector projects vulnerable to financial instability.

In the case of **government funding**, limited budgets often lead to multiple sectors vying for funds, which may result in social sector initiatives not receiving sufficient financial support. This constraint further strains the government's fiscal capacity as it tries to balance competing demands with limited resources⁵ Moreover, government spending decisions may be influenced by political considerations, leading to fluctuations in funding allocation based on shifting priorities. As a consequence, the government may have to allocate funds on short-term political objectives, potentially hindering the long-term sustainability of social sector initiatives.

In the case of **CSR funding**, it operates under regulatory mandates that obligate eligible companies to allocate 2% of their net profits towards social initiatives. While this fosters corporate involvement in social causes, it sometimes leads to compliance driven spending that lacks strategic alignment. Corporates often prioritise projects that yield immediate visible results, leading to short-term focus that may neglect initiatives requiring sustained efforts⁶ Companies might align CSR initiatives with their business objectives and geographical presence, potentially overlooking broader issues in remote areas.⁷

3 https://www.oecd.org/development/philanthropy-centre/researchprojects/OECD_India_Private_Giving_2019.pdf

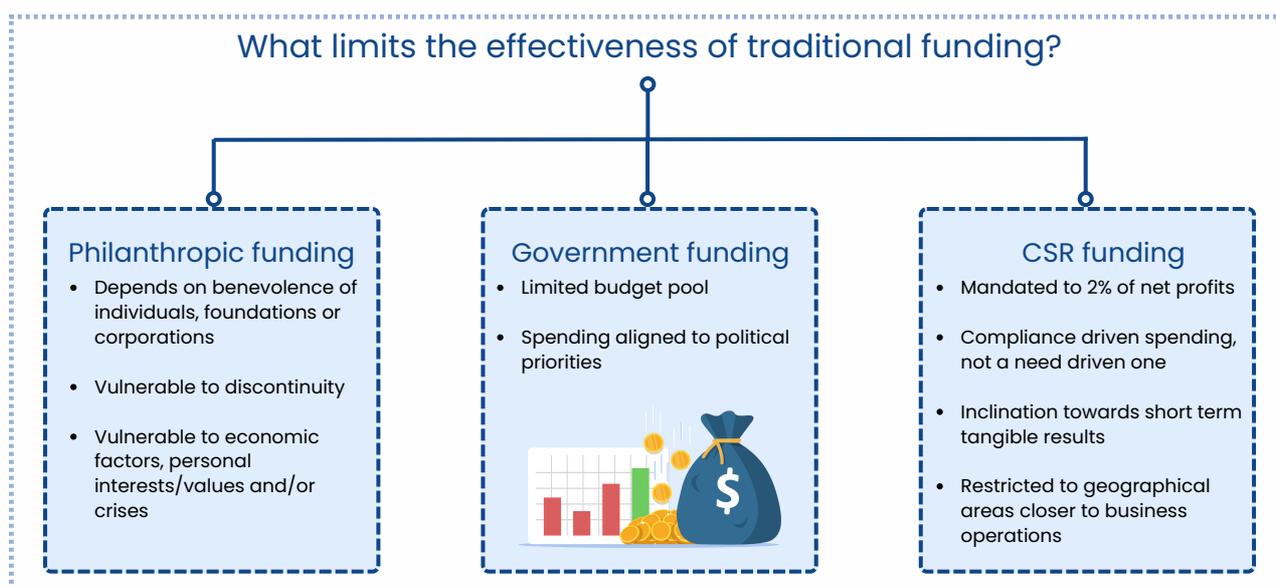
4 https://www.ubs.com/content/dam/ubs/global/wealth_management/philanthropy_valuesbased_investments/indian-philanthropy.pdf

5 <https://iic.in/research-publication/>

6 https://devinit.org/documents/706/Multi-year_humanitarian_funding_Global_baselines_and_trends.pdf

7 https://www.sattva.co.in/wp-content/uploads/2020/09/Sattva_GatesFoundation_Research_Domestic-Institutional-Philanthropy-in-India-Full-report.pdf

Figure 1: Constraints of Traditional Financing in the Social Sector



Source: Secondary literature and Key Informant Interviews

The challenges posed by traditional funding sources in the social sector underscore the need to explore innovative financing solutions. Innovative finance can attract private capital, bringing in new sources of funding that are complementary to the traditional sources. By engaging the private sector, the social sector stands to gain access to a more diverse pool of funding. In addition, innovative finance can make government spending and philanthropic giving more efficient. With a focus on impact measurement, innovative finance also creates an opportunity to build evidence of efficacy for its intervention. This enables evidence-based learning and decision-making, creating a feedback loop into the project planning and implementation while assessing the impact created through these interventions. This also provides evidence for investors, which leads to a crowding-in effect where more private investors are attracted to the social sector, and create a sustainable pool of funds for the sector. By using innovative finance instruments, there is an opportunity to facilitate sustained and scalable solutions for financing the social sector.

1.2. Understanding Innovative Finance

While there is a general acceptance that innovative finance refers to financial mechanisms, instruments and approaches that are designed to achieve the development goals, there is no widely agreed-upon definition for the same. As the concept of innovative financing is fast-evolving, its meaning, scope, and definition varies. Different stakeholders may have different interpretations of the concept based on their interests, thus making it difficult to develop a shared understanding of what innovative financing entails. Refer to Annexure 1 for an overview of existing definitions of innovative finance as given by various organisations.

Based on existing definitions, a common objective of innovative finance is to close the funding gap to achieve the developmental goals and social impact, and incentivise

funderson to invest in organisations that are aligned to the social goals. Some common characteristics of innovative finance are as follows:

- It is complementary to the traditional sources of finance including public sector funding, philanthropic and charitable contributions, and official development assistance (ODA).
- It emphasises unlocking additional funds from the private sector that currently lie outside of the social sector space, and thus creates a need to incentivise private sector participation.
- It includes innovative sources that help generate new financial flows and/or innovative channels or delivery mechanisms.
- It enhances the efficiency of financial flows by reducing delivery time, costs of implementation etc.
- Innovative financing models should be scalable and replicable across various sectors and projects.
- It also prioritises undertaking impact assessment of the social sector projects.

The above mentioned characteristics of innovative financing are derived from existing definitions and incorporate elements that are useful for investors and the government’s perspective on how to drive development in the social space. However, a demand-led perspective of the recipients of innovative finance, who drive and implement project interventions at the grassroots level is not emphasised in the existing discourse. This, therefore, remains one of the focus areas of the report and is explored in subsequent sections. Accordingly, newer ways of financing that emerge as a response to the demands of the social sector and address the challenges of traditional financing, constitute “innovation” in financing. These innovations encompass advancements in models, instruments, processes, partnerships, regulations, and strategies, among others, all aimed at facilitating increased private capital infusion into the social sector.

1.3. Objectives

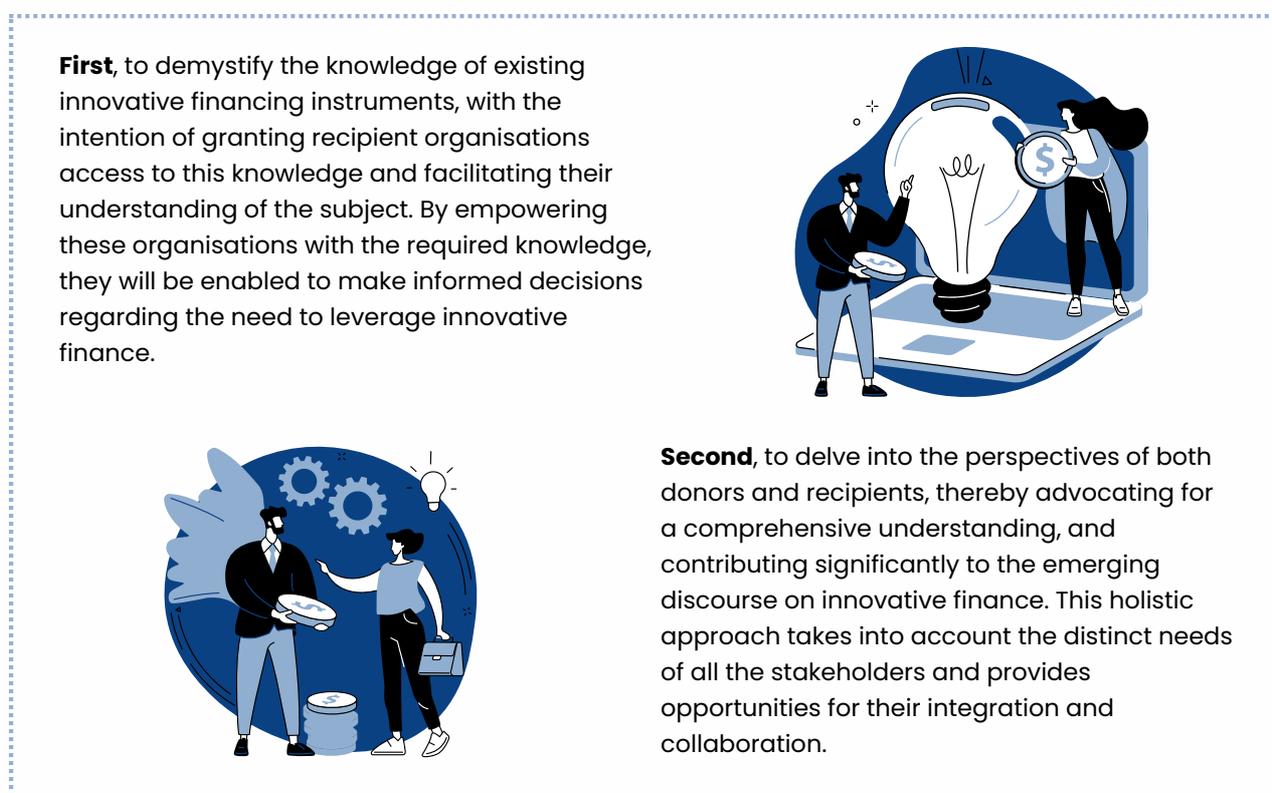
The objectives of the study are as follows:

- **Exploring innovative finance instruments implemented in India:** Understanding the structures, stakeholders involved, underlying processes, value proposition, applicability, and associated risks of these instruments, including examples that demonstrate the application of an innovative finance instrument in the social sector.

- **Assessing trends in the innovative finance landscape in India:** Assessing the trends in the market size of innovative finance instruments, types of capital including capital seeking financial returns and/or social returns, instruments, and sectoral distribution of innovative finance.
- **Understanding supply-side and demand-side challenges and perspectives on innovative finance:** Examining the challenges faced by both donors and recipient organisations, and shedding light on their perspectives on how this market should evolve.

Overall, the research serves two purposes.

Figure 2: Purpose of the research

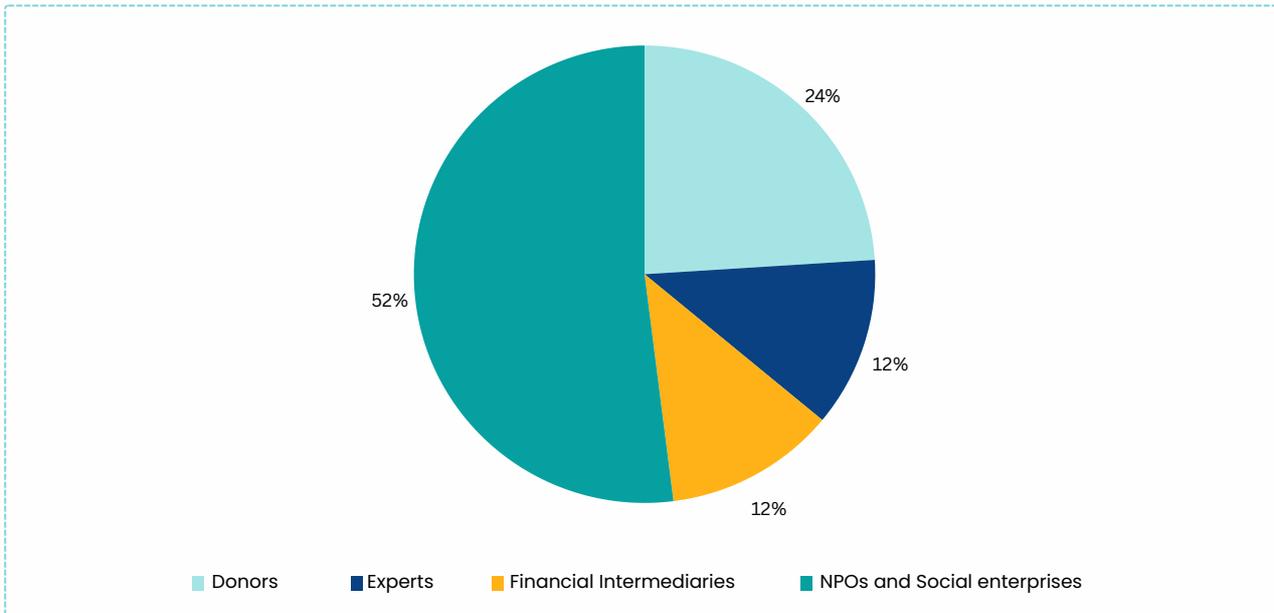


Source: Secondary literature and Key Informant Interviews

1.4. Methodology

This dipstick study is based on a qualitative assessment conducted through primary and secondary sources of information. The primary sources of information include Key Informant Interviews (KIIs) conducted with a representative sample of 25 participants as shown in Figure 3. The details of the sample and sampling methodology are provided in Annexure 2. Additionally, insights have also been included from the roundtable discussion organised by CIFSI on June 1, 2023 with 40 experts to strengthen our understanding of the demand and supply-side challenges in the innovative finance landscape. The secondary sources of information include journals, articles, academic papers, reports, case studies, policy briefs, existing frameworks, and blogs.

Figure 3: Representation of Participants in the KIIs



Source: KIIs

1.5. Recipients of Innovative Finance

A defining feature for organisations in the social sector, to be considered recipients of funding, is based on the objective of the organisation to make a positive social return through their work. While the recipient of innovative finance may or may not be profit making, its primary objective is to create positive social impact. Accordingly, the recipients of innovative finance, based on the functionality of their work, include the following:

- **Not-for-profits:** These are organisations set up solely to achieve the social objective with no activity that generates revenue. Traditionally, such organisations rely on donations and grants for their organisational activities and project interventions.
- **Not-for-profit social enterprises:** These organisations are dedicated to a social cause, but simultaneously generate revenue by selling goods and/or services. It is possible that they are able to break even and are profit making. However, all surplus is reinvested in the organisation itself.
- **For-profit social enterprises:** They are set up in a manner similar to a traditional business, but are driven by a social objective. They have shareholders and distribute profits, but see business growth as a means to create their intended social impact.

They are collectively referred to as the social sector organisations, and/or the implementing organisations for the purpose of this report.

2

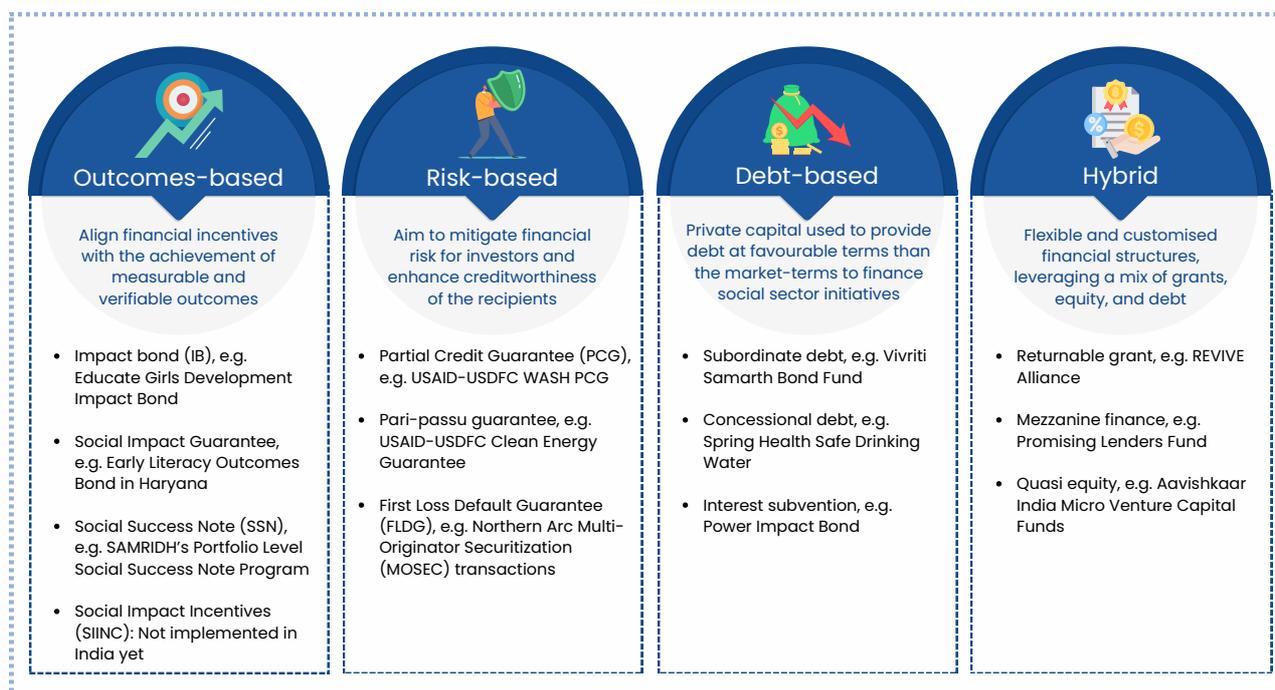


Innovative Finance Instruments

The innovative financing landscape in the social sector is constantly evolving, offering a diverse array of options for all stakeholders when it comes to strategy and investment decisions. A variety of instruments are available in the market, serving as pathways through which private capital alone or a combination of public and private can be directed towards the social sector.

Innovative financing instruments have been categorised as outcomes-based instruments, risk-based instruments, debt-based instruments, and hybrid instruments. Figure 4 gives an overview of each of these categories, along with the instruments, which are discussed below.

Figure 4: Innovative Financing—Instruments Categorisation



Source: Secondary literature and Key Informant Interviews

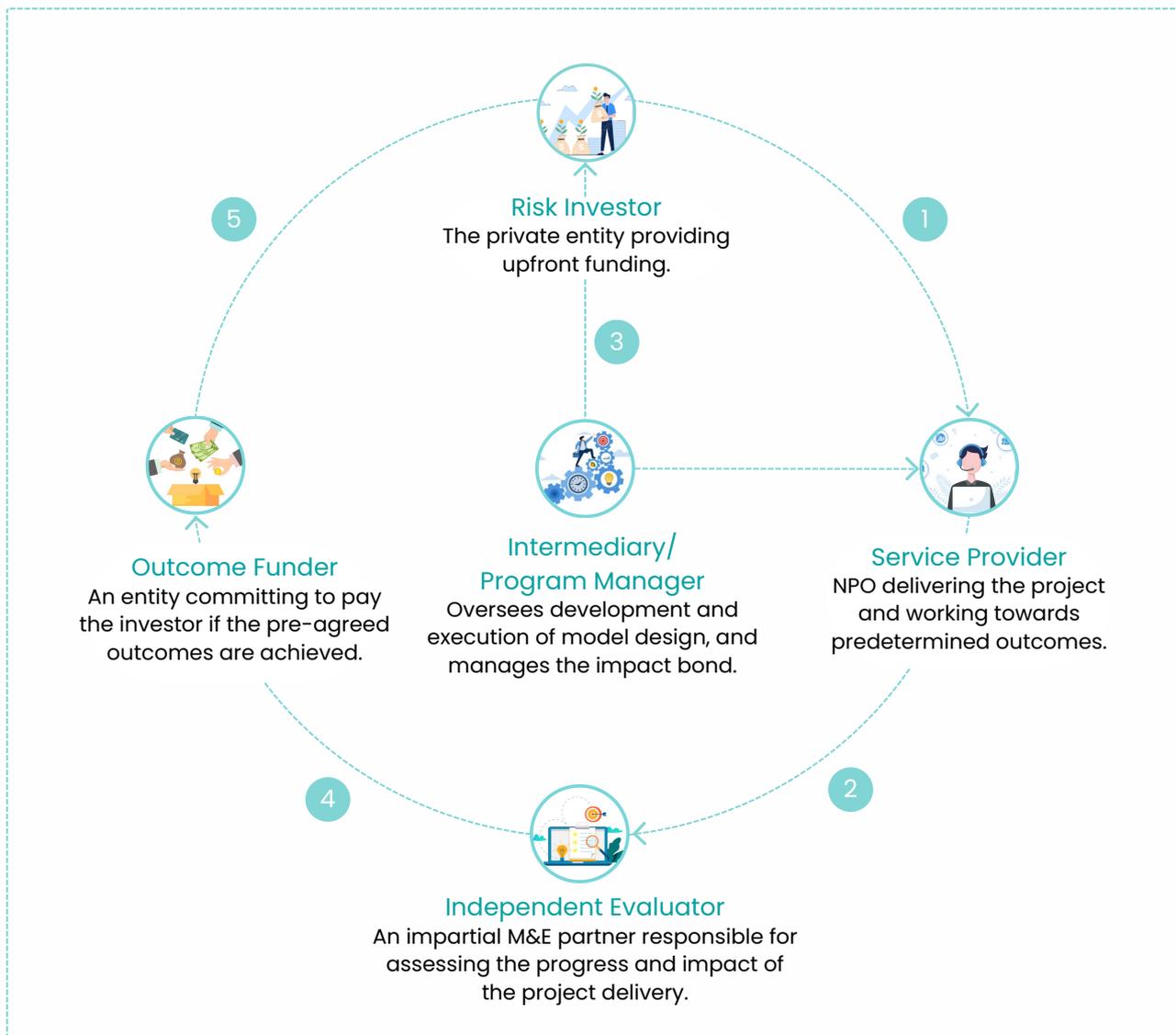
2.1. Outcomes-based Instruments

Outcomes-based instruments of finance are the financial mechanisms that link the disbursement of funds or returns on investment to the achievement of specific social outcomes. These instruments are designed to align financial incentives with the achievement of measurable and verifiable outcomes. Instead of solely focusing on inputs or activities, outcomes-based instruments stress on the actual results and change produced by the funded projects. Examples of outcomes-based instruments include Impact Bonds, Social Impact Guarantees, and Social Success Notes (SSNs).

2.1.1. Impact Bond

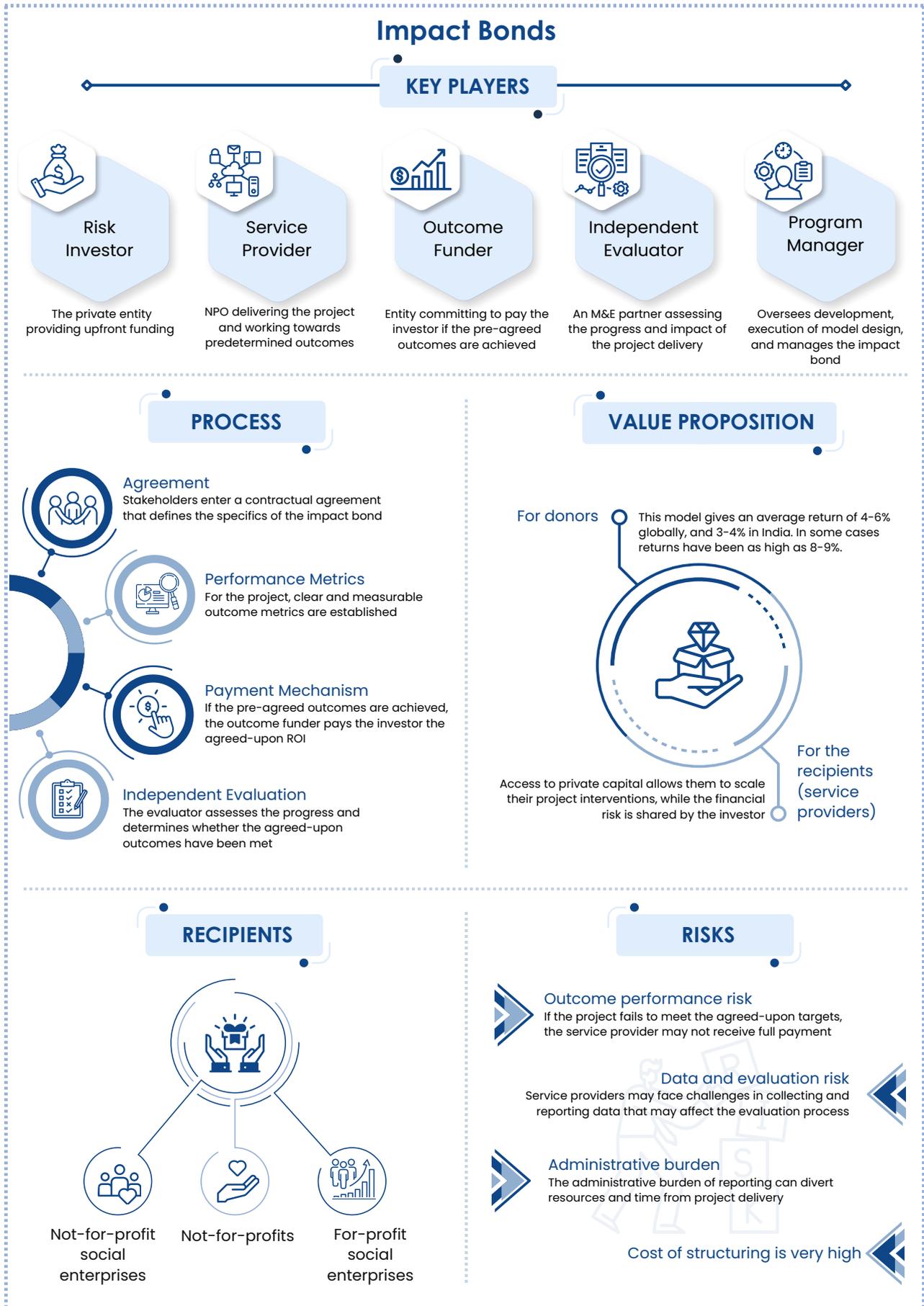
An Impact bond (IB) involves multiple stakeholders, including investors, service providers, outcome funders, an independent evaluator, and an intermediary as shown in Figure 5. Private investors provide upfront funding to a social program, and the returns on their investment are tied to the successful achievement of predetermined outcomes. The structure encourages results-oriented interventions, risk-sharing, and collaboration between the public, private, and social sectors. The details are given in Figure 6.

Figure 5: Understanding an Impact Bond



Source: Secondary literature and Key Informant Interviews

Figure 6: Impact Bonds—an Overview



Source: Secondary literature and Key Informant Interviews

Use Case: Educate Girls DIB

This was the world's first DIB in education. The primary aim of the DIB was to scale Educate Girls' impact with a target to enrol and improve the quality of education for 15,000 girls in Rajasthan. It had two target outcomes: (i) to improve learning outcomes in literacy and numeracy for all children in Grades 3–5, (ii) to increase enrollment of out-of-school girls in Grades 2–8. Educate Girls surpassed both its target outcomes to achieve 160% of the final learning target and 116% of the final enrolment target. Its participants included:

- **Investor:** UBS Optimus
- **Outcome Funder:** Children's Investment Fund Foundation (CIFF)
- **Independent Evaluator:** IDInsight
- **Service Provider/Implementing Organisation:** Educate Girls

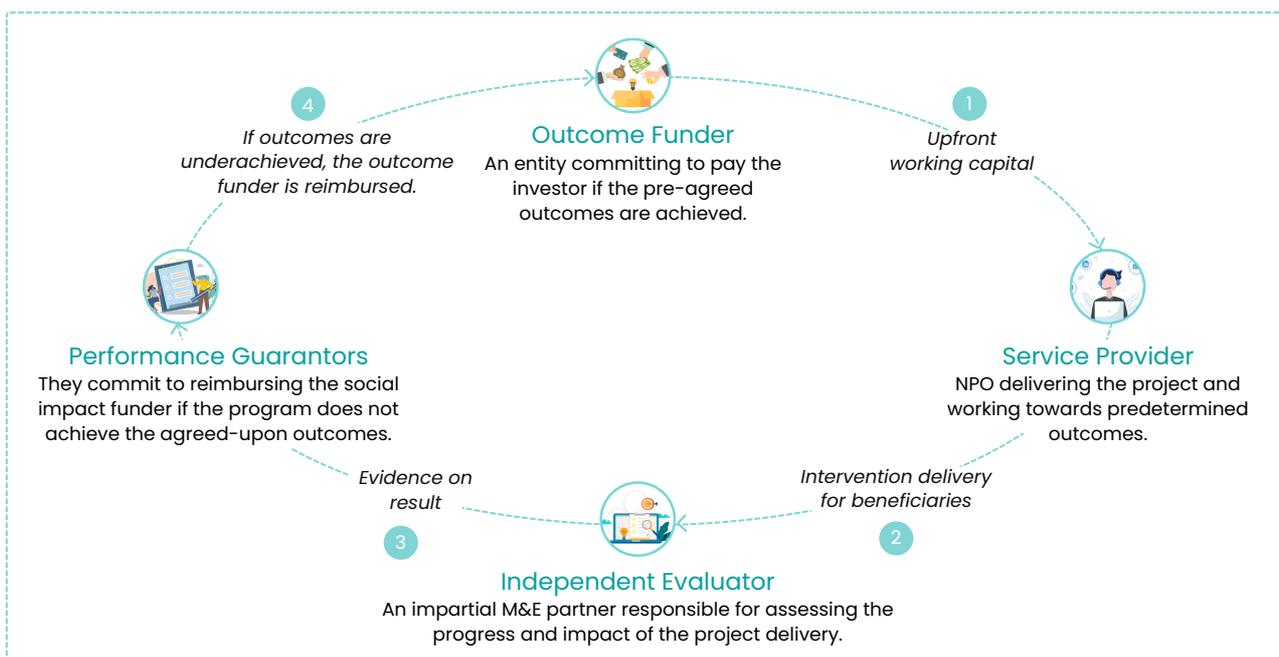
SDG Alignment: SDG 4 (Quality Education)

Source: <https://www.educategirls.ngo/pdf/Lessons%20from%20the%20Education%20Girls%20DIB.pdf>

2.1.2. Social Impact Guarantee

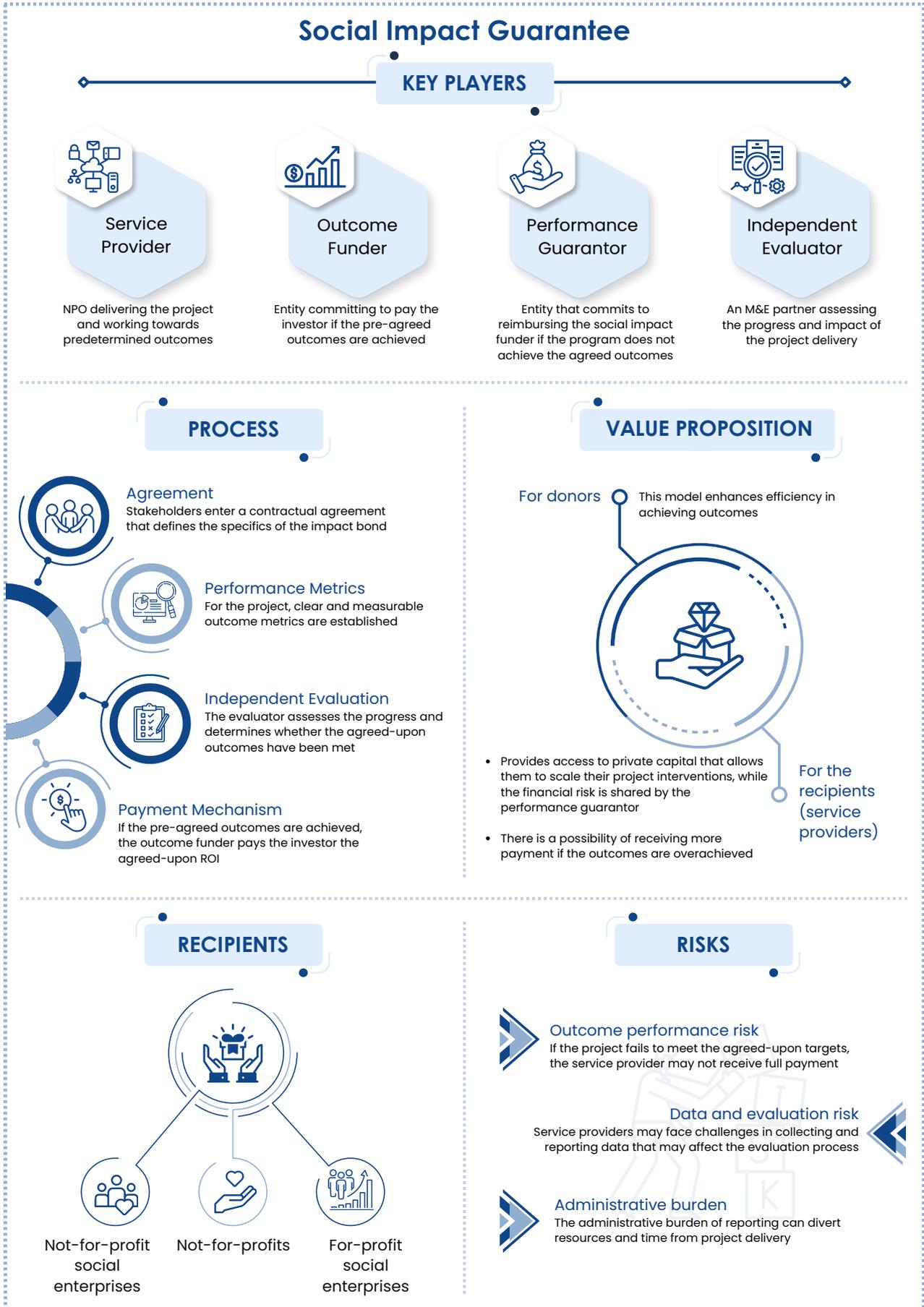
A social impact guarantee is an arrangement in which a third-party entity, often referred to as a guarantor, commits to reimbursing a social impact funder if a specific set of predetermined outcomes are not achieved by a funded initiative as shown in Figure 7. This mechanism is designed to mitigate the financial risk for the funder, and ties funding of a social initiative to the achievement of outcomes. The details are given in Figure 8.

Figure 7: Understanding Social Impact Guarantee



Source: Secondary literature and Key Informant Interviews

Figure 8: Social Impact Guarantee—an Overview



Source: Secondary literature and Key Informant Interviews

Use Case: Early Literacy Outcomes Development Impact Bond in Haryana

Innovation in structuring: This was India's first ever CSR funded Development Impact Bond. Though it was called a Development Impact Bond, its framework diverged as it adopted the structure of a social impact guarantee. The Central Square Foundation took on the role of Performance Guarantor, assuming responsibility for securing Year 3 results on behalf of the implementation partner LLF, drawing upon its track record of accomplishments. Notably, the structure was such that, on overachieving outcomes, implementing partners received 10% of total funding as incentive. In case the implementing partner failed to attain the outcomes, the performance guarantor would pay towards another education project for the outcome funders.

Objective: The key objectives included improving literacy outcomes for Grade 1, 2 and 3 students, and ensuring large scale systematic changes in literacy by building the capacity of government officials in early literacy across 7 districts of Haryana. The outcome funders were IndusInd Bank and SBI Capital Markets Limited, who committed ₹14 crore and ₹2.8 crore respectively. The participants are:

- **Performance Guarantor:** Central Square Foundation
- **Outcome Funder:** IndusInd Bank, SBI Capital Markets Limited
- **Outcome Evaluator:** Ei
- **Service Provider/Implementing Organisation:** Language and Learning Foundation

Outcome objectives: Outcomes to be achieved on the indicators, including letter fluency, word fluency, oral reading, reading comprehension and word writing. Outcome goals were met for all the pay-out tasks. LLF delivered 3.5x learning gains compared to the targets.

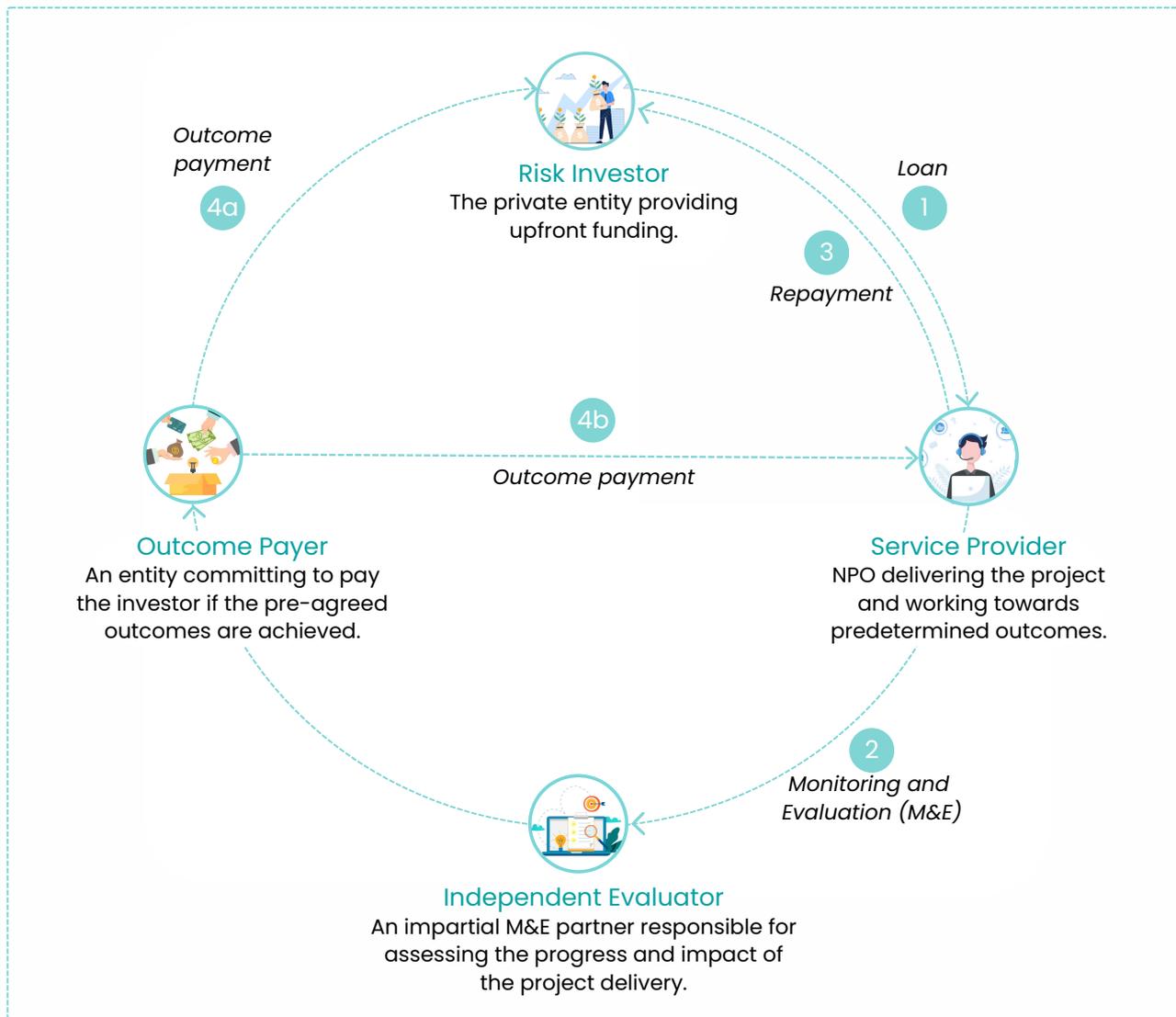
SDG Alignment: SDG 4 (Quality Education)

Source: <https://languageandlearningfoundation.org/haryana-development-impact-bond/>

2.1.3. Social Success Note

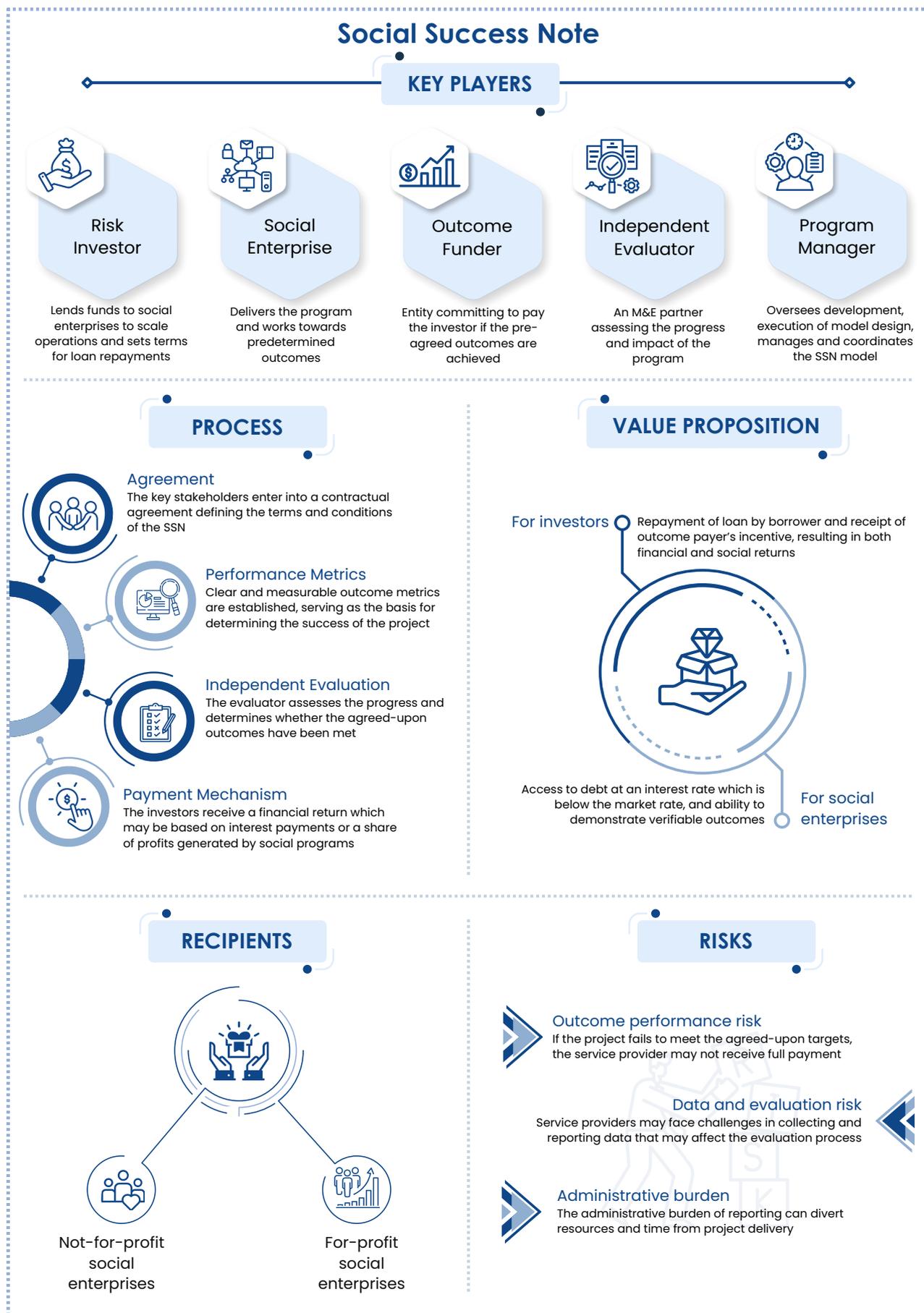
A Social Success Note (SSN) is an outcome-linked interest subvention that provides affordable financing options for for-profit social enterprises. In the SSN model, an investor provides a concessional loan to a for-profit social enterprise, capable of managing a low-cost debt and a proven impact and business model as shown in Figure 9. If the pre-agreed outcomes are achieved, an outcome payer offers the risk investor a premium based on the achieved results. The details are given in Figure 10.

Figure 9: Understanding a Social Success Note



Source: Secondary literature and Key Informant Interviews

Figure 10: Social Success Note—an Overview



Source: Secondary literature and Key Informant Interviews

Use Case: SAMRIDH's Portfolio Level Social Success Note Program

The Sustainable Access to Markets and Resources for Innovative Delivery of Healthcare (SAMRIDH) implemented a portfolio level Social Success Note (SSN) in 2021 in India. Portfolio level SSN was a version of a Social Success Note, wherein multiple social enterprises with a proven business model, were covered under an umbrella of low-cost loans offered by the same financial institution.

Under the SAMRIDH portfolio level SSN, Caspian Debt acted as risk investor and IPE Global was an investment manager. The risk investor, after due diligence, provided loans to identified healthcare enterprises, which used this financial support and worked to achieve pre-agreed social impact outcomes. Based on the outcomes achieved, healthcare enterprises received an outcome payment equivalent to 5% p.a. of the interest payment (from SAMRIDH) via Caspian Debt, which reduced the overall interest cost for the enterprises. The size of this program was \$5 million.

The program's intent was to support solutions focusing on providing healthcare and facilities to the underserved in rural/semi-rural areas, urban poor, or Tier 2 and 3 cities. Through this pooled project, multiple healthcare entities were able to mobilise commercial capital for scaling up and expanding their businesses.

SDG Alignment: SDG 3 (Good Health and Well Being)

Source: <https://samridhhealth.org/program-portfolio/>

2.2. Risk-based Instruments

Risk-based instruments aim to mitigate financial risks for investors and lenders, thereby encouraging them to invest in social sector projects. These instruments provide a level of financial security or assurance against potential losses, making the projects more attractive to investors and facilitating the flow of capital to socially impactful initiatives. Examples of risk-based instruments include partial credit guarantees, pari-passu guarantee and first loss default guarantees. Details are presented in Figure 14.

2.2.1. Partial Credit Guarantees (PCG)

It is a financial arrangement in which a guarantor provides a partial guarantee on a loan or debt instrument. A third-party guarantor agrees to cover a portion of the losses incurred by the lender or investor in case of default by the borrower, as shown in Figure 11. By providing this guarantee, the guarantor enhances the credit-worthiness of the borrower, reducing the lender's risk and encouraging them to provide finance to projects or organisations that might otherwise be deemed too risky or lack sufficient collateral.

Figure 11: Understanding Partial Credit Guarantees



Source: Secondary literature and Key Informant Interviews

2.2.2. Pari-passu Guarantees

Pari-passu guarantees are utilised to attract multiple investors or lenders to support a social initiative. These are often employed in cases where a social project requires funding from various sources, such as impact investors, philanthropic organisations, development agencies, and commercial lenders.

With a pari-passu guarantee, all the investors or lenders are treated equally in terms of their right to claim repayment, in case of default by the borrower. Each lender has an equal claim on the borrower's assets, ensuring fair distribution of proceeds in the event of any financial distress as shown in Figure 12. A pari-passu guarantee thus facilitates larger funding pools, enabling social enterprises to access capital for scaling up their project interventions. It, therefore, diversifies the sources of funding, which enhances the stability of the financing structure and reduces dependency on a single funding stream.

Figure 12: Understanding Pari-passu Guarantees



Source: Secondary literature and Key Informant Interviews

2.2.3. First Loss Default Guarantees (FLDG)

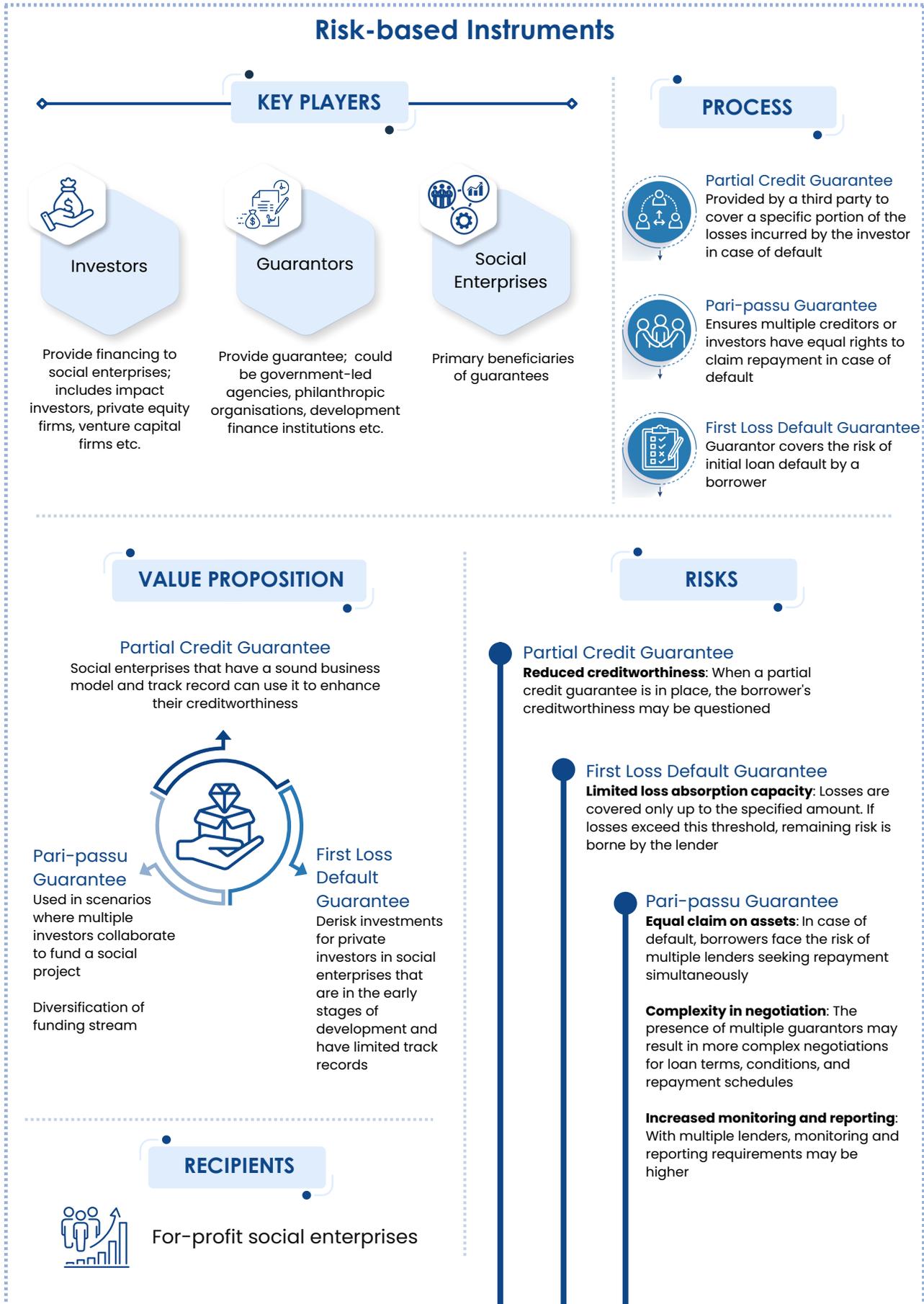
It is a financial arrangement in which a guarantor covers the risk of initial loan default by a borrower. The guarantor agrees to reimburse the lender for losses incurred as a result of the borrower's first default on the loan, as shown in Figure 13. Startups or early-stage social enterprises often face challenges in securing funding due to their limited track record or unproven business models. The FLDG helps these social enterprises access financing by covering their initial losses.

Figure 13: Understanding First Loss Default Guarantees



Source: Secondary literature and Key Informant Interviews

Figure 14: Risk-based Instruments—an Overview



Source: Secondary literature and Key Informant Interviews

Use Case: USAID-USDFC Clean Energy Guarantee

In 2019, USAID and USDFC collaborated with an impact Non-Banking Financial Company (NBFC) to enable small and medium enterprises (SMEs) in the renewable energy sector, as well as those in manufacturing and non-manufacturing sectors that seek to install rooftop solar systems, to access credit. The partnership involved a partial pari-passu portfolio guarantee of \$20 million, with a 9 year duration and a 50% guarantee.

SDG Alignment: SDG 7 (Affordable and Clean Energy)

Source: <https://blendedfinanceindia.org/ibfc-deal-tracker/#USAID-USDFC-Bank1>

2.3. Debt-based Instruments

Debt-based instruments involve borrowing funds to support social sector initiatives. The basic idea is to use debt as a means to attract funding, and the borrowed money is then channelled into social initiatives. It attracts private investors as it allows them to generate financial returns through interest payments, while supporting projects addressing social change. It accords recipients access to private capital which is generally inaccessible to them. Examples include subordinated debt, concessional debt, and interest subvention, with details given in Figure 15.

2.3.1. Subordinated Debt

It is a form of debt that ranks lower in priority for repayment compared to other debts, in case of bankruptcy or default. This means that other creditors and investors are repaid first in case of financial distress. By accepting subordinate debt, a social sector organisation can attract additional funding because investors who provide subordinated debt are willing to take higher risks in exchange for potentially higher returns.

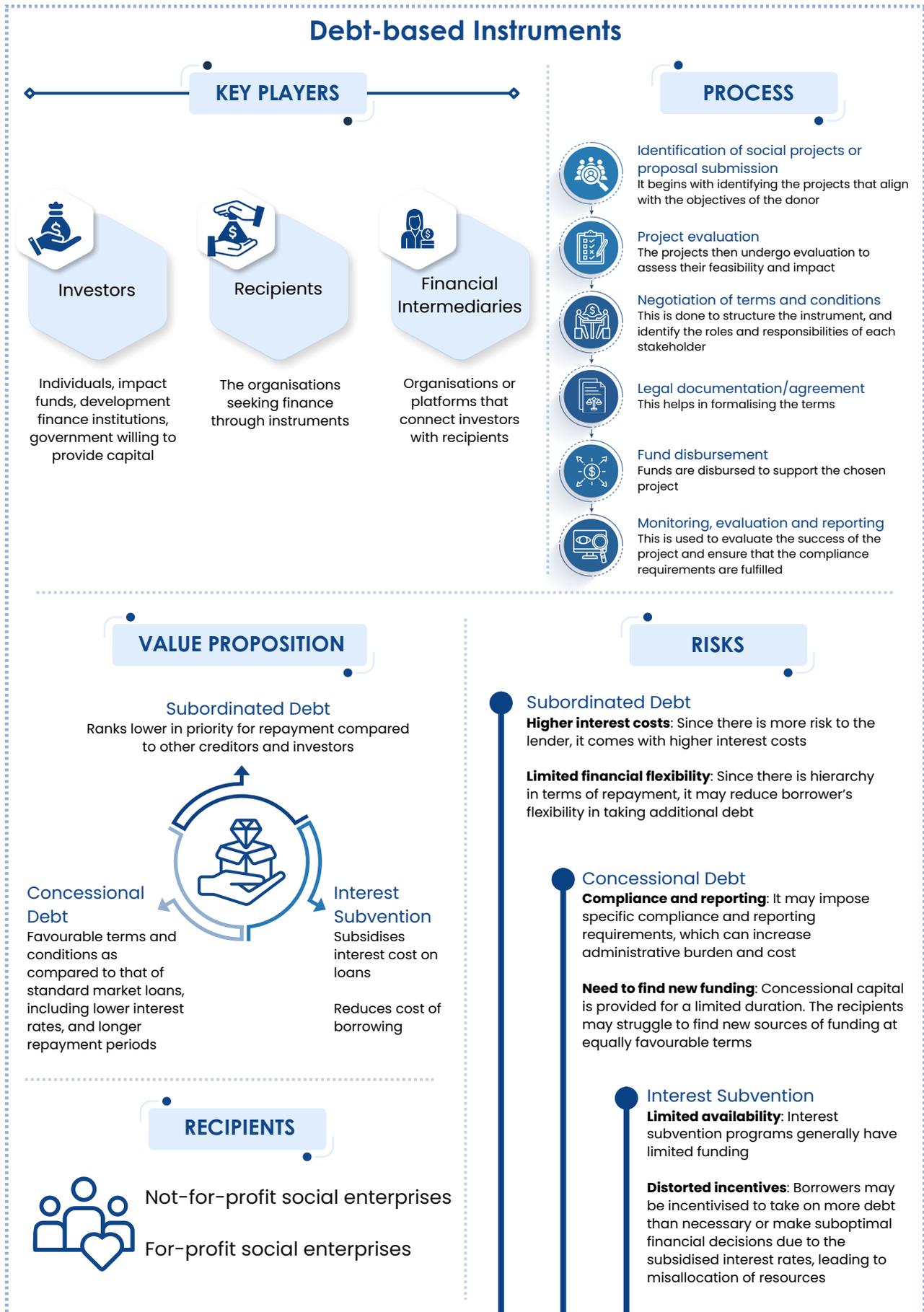
2.3.2. Concessional Debt

It refers to debt with favourable terms and conditions as compared to that of the standard market loans. These terms may include lower interest rates, longer repayment periods, or grace periods before repayment begins. The goal is to generate positive social returns, with lenders prioritising financial returns as well but willing to offer better rates to facilitate social impact.

2.3.3. Interest Subvention

Interest subvention involves providing financial assistance by subsidising the interest cost on loans. In the context of social sector financing, governments or development institutions may offer interest subvention to reduce the cost of borrowing for social projects. The subsidy reduces the burden of interest payments for borrowers, making it easier for them to access capital for social initiatives.

Figure 15: Debt-based Instruments—an Overview



Source: Secondary literature and Key Informant Interviews

Use Case: Vivriti Samarth Bond Fund

This is a 6-year financial mechanism structured as an Alternative Investment Fund (AIF), combining different sources of funding. The fund employs a tiered capital structure with approximately 20% of the committed capital provided as subordinate catalytic risk funding by impact foundations, HNIs, and the Vivriti Group. This funding is utilised to attract senior commercial investors and promote financial inclusion.

The fund invests between ₹15 to ₹25 crore per transaction in capital market instruments, such as NCDs issued by NBFCs and other lenders, to support micro-entrepreneurs and low-income households with last-mile finance. The instruments' tenures range from 2 to 6 years, thereby assisting NBFCs in establishing a presence in the capital market while directing capital to areas with the greatest need.

Notably, this fund stands as India's first AIF to have a senior tranche rated AA+ (SO) by CRISIL for capital protection. Additionally, the Dell Foundation has pledged \$3 million in commitments to this fund.

SDG Alignment: SDG 9 (Industry, Innovation and Infrastructure)

Source: <https://blendedfinanceindia.org/ibfc-deal-tracker/#Vivriti-Samarth>

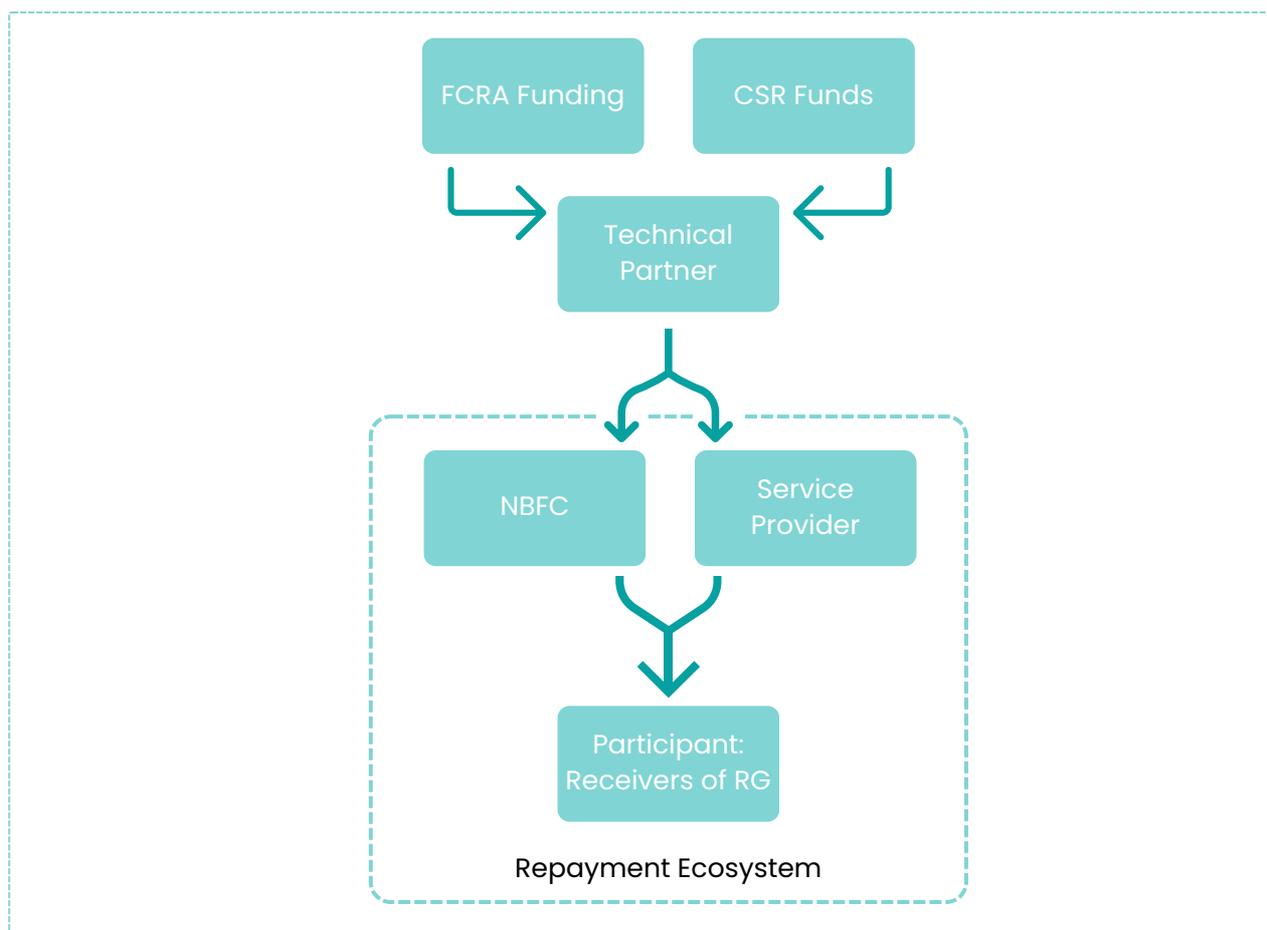
2.4. Hybrid Instruments

These are the instruments that allow for flexible and customised financial structures, leveraging a mix of grants, equity and debt to maximise both financial returns and social impact. Some examples include returnable grants, mezzanine financing and quasi equity, with details in Figure 17.

2.4.1. Returnable Grants

It is an instrument that provides short-term, affordable, and flexible capital (zero interest and zero collateral) to individuals and social enterprises. The returnable grant levies borrowers with a moral and not a legal obligation to repay. Figure 16 explains the structure of a returnable grant. According to some of the respondents, the leverage of funds channelised through returnable grants is very high as the returnable rates are extremely high, as much as 80%.

Figure 16: Understanding Returnable Grants



Source: Samhita (n.d.)

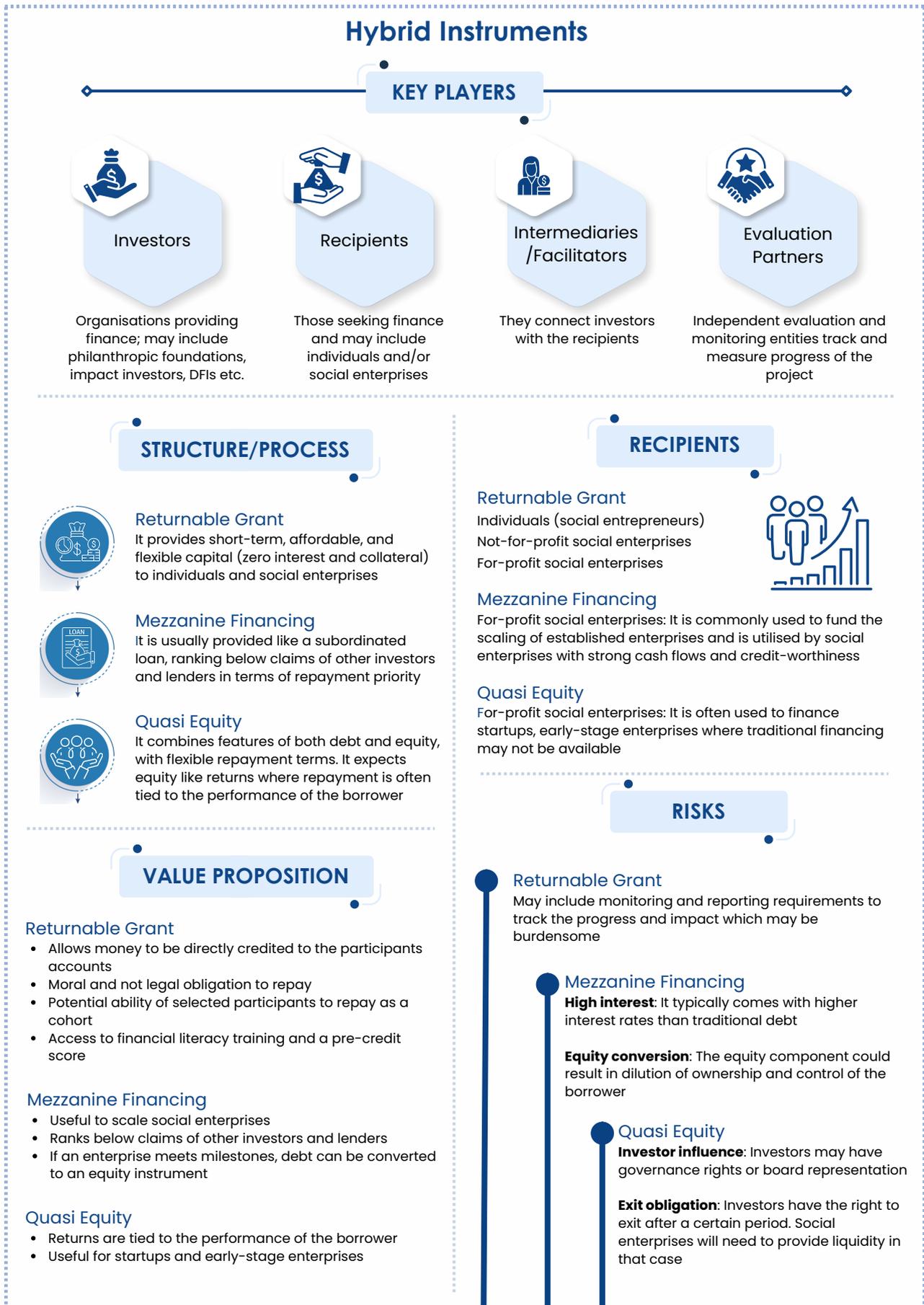
2.4.2. Mezzanine Financing

Mezzanine financing is a type of debt financing that includes equity-like features. It is usually provided like a subordinated loan, ranking below claims of other investors and lenders in terms of repayment priority, but also includes an equity component, such as warrants or options, which allows the lender to convert their debt into equity if certain conditions are met (like achieving specific operational or financial milestones).

2.4.3. Quasi Equity

It is a financing instrument that combines features of both debt and equity, with flexible repayment terms. The returns are not fixed like traditional debt interest payment. Rather, it expects equity like returns where repayment is often tied to the performance of the borrower. It may include revenue-sharing, profit-sharing, or royalty arrangements, where the lender receives a portion of the borrower's profits over a specified period of time.

Figure 17: Hybrid Instruments—an Overview



Source: Secondary literature and Key Informant Interviews

Use Case: REVIVE Alliance: Returnable Grant

REVIVE Alliance is a \$20 million blended finance facility and livelihood accelerator for informal workers and micro-entrepreneurs to recover and thrive from the COVID-19 pandemic. It provides accessible and affordable capital in the form of grants, returnable grants and loans to previously employed or self-employed workers, and at-risk nano and micro enterprises to either restart and sustain their work, or find alternative business opportunities.

It is supported by USAID and collaborates with companies such as Omidyar Network India, Michael & Susan Dell Foundation, and social organisations. It provides holistic support to aid recovery, build resilience, and invest in long-term growth. It offers zero-interest grants and returnable loans for working capital and skilling to improve income levels. This finance model generates a beneficiary impact multiplier of 5-7 times compared to normal grants. With USAID support, the alliance links U.S. International Development Finance Corporation-backed credit guarantees to its platform. Mastercard recently joined the REVIVE Alliance to form a strategic partnership to bring 100,000 micro-merchants from the bottom of the pyramid into the digital economy.

REVIVE Interventions:

- **Access to Capital:** REVIVE offers affordable capital for salaried workers, self-employed individuals, and micro-enterprises affected by the pandemic and lockdown, enabling holistic revival through blended finance models.
- **Skilling:** REVIVE offers skilling support to unemployed and retrenched workers, securing alternate jobs through ethical sourcing and capacity building, enabling them to develop necessary skills and secure new income-generating roles.
- **Access to Social Security Schemes:** REVIVE focuses on enhancing recovery, resilience, and growth by creating an integrated recovery response and incorporating social protection to enhance resilience of the cohorts in the long term.
- **Digitisation:** REVIVE enhances business improvement through digital tools, solutions, finance, compliance, and better customer, supplier, and brand connections.

Source: <https://www.revivealliance.com/>

Use Case: Promising Lenders Fund

This is a 3-year financial mechanism known as AIF (Alternate Investment Fund) that combines various sources of funding. The fund employs a multi-tiered capital structure comprising 75% senior tranche, 17.5% mezzanine tranche, and 7.5% subordinate tranche. This arrangement allows investors with different risk and return preferences to participate in the same fund.

The senior tranche is secured by an Indian Development Finance Institution (DFI) that focuses on promoting India's MSME sector.

SDG Alignment: SDG 9 (Industry, Innovation and Infrastructure)

Source: <https://blendedfinanceindia.org/ibfc-deal-tracker/#Vivriti-Samarth>

3



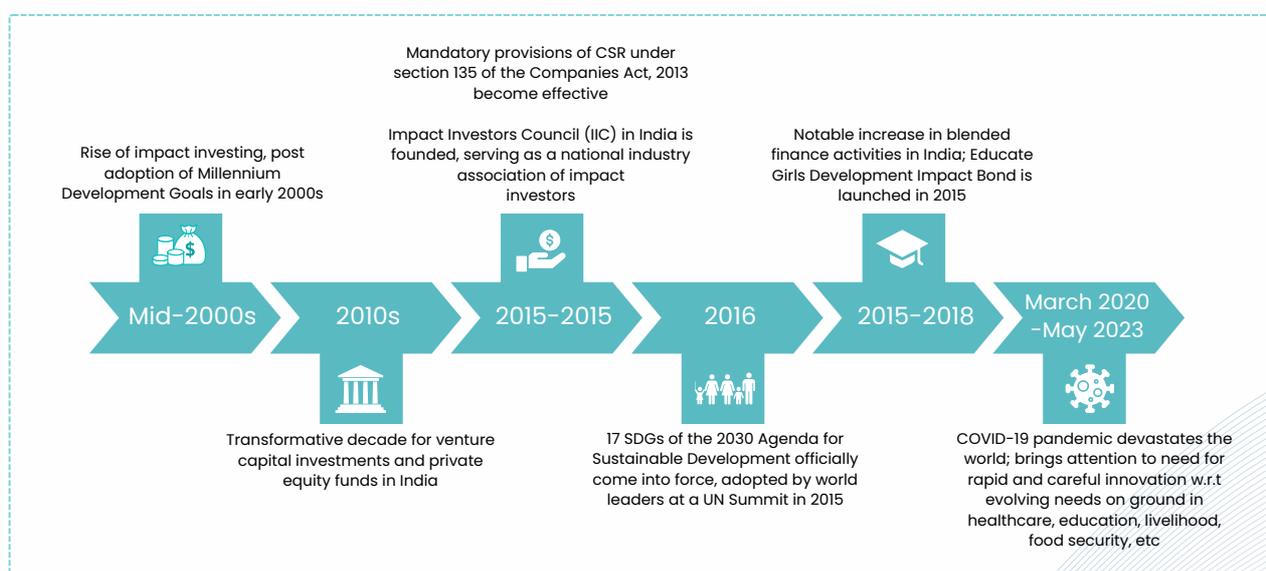
Trends in Innovative Finance

The history of this evolving landscape in India can be traced to different factors, ranging from the social entrepreneurship movement during the early 2000s to the introduction of the Companies Act in 2013 which requires mandatory allocation of 2% net profits towards CSR.

The early 2000s witnessed impact investing gaining traction as a means to combine financial returns and social impact. Some prominent private players included impact investment firms, family offices, and venture capital funds. Social sectors such as renewable energy, healthcare, education, agriculture, and microfinance received significant attention from impact investors.

The formation of the Impact Investors Council (IIC) in 2014 marked a crucial turning point for investing in the social sector in India. IIC is an industry association that has brought together organisations such as Aavishkar Capital, Caspian Debt, Lok Capital, Omidyar Network, Michael and Susan Dell Foundation (MSDF) among others under one umbrella. It focused on research and knowledge building, policy advocacy and served as a platform for collaboration among stakeholders. Alongside the IIC, several pioneering organisations have made notable contributions to the innovative financing landscape in India. Traditionally, funders have typically focussed either on financial returns, a priority for investors supporting businesses, or social impact, which is significant in philanthropy and grant making. However, with innovative finance, the paradigm is not dichotomous. Rather it exists as a spectrum. Funders, now have the flexibility to make tradeoffs between financial and social returns. Nevertheless, even within this framework, there is a distinction between finance first funders -who prioritise financial returns over social returns, and impact first funders -who prioritise social returns. Ocwen fund exemplified a focus on high impact, while Aavishkar, led by Vineet Rai, demonstrated the potential for achieving both financial returns and social impact. Figure 18 outlines the evolution of the innovative finance space in India.

Figure 18: Evolution of Innovative Finance



Source: Secondary literature and Key Informant Interviews

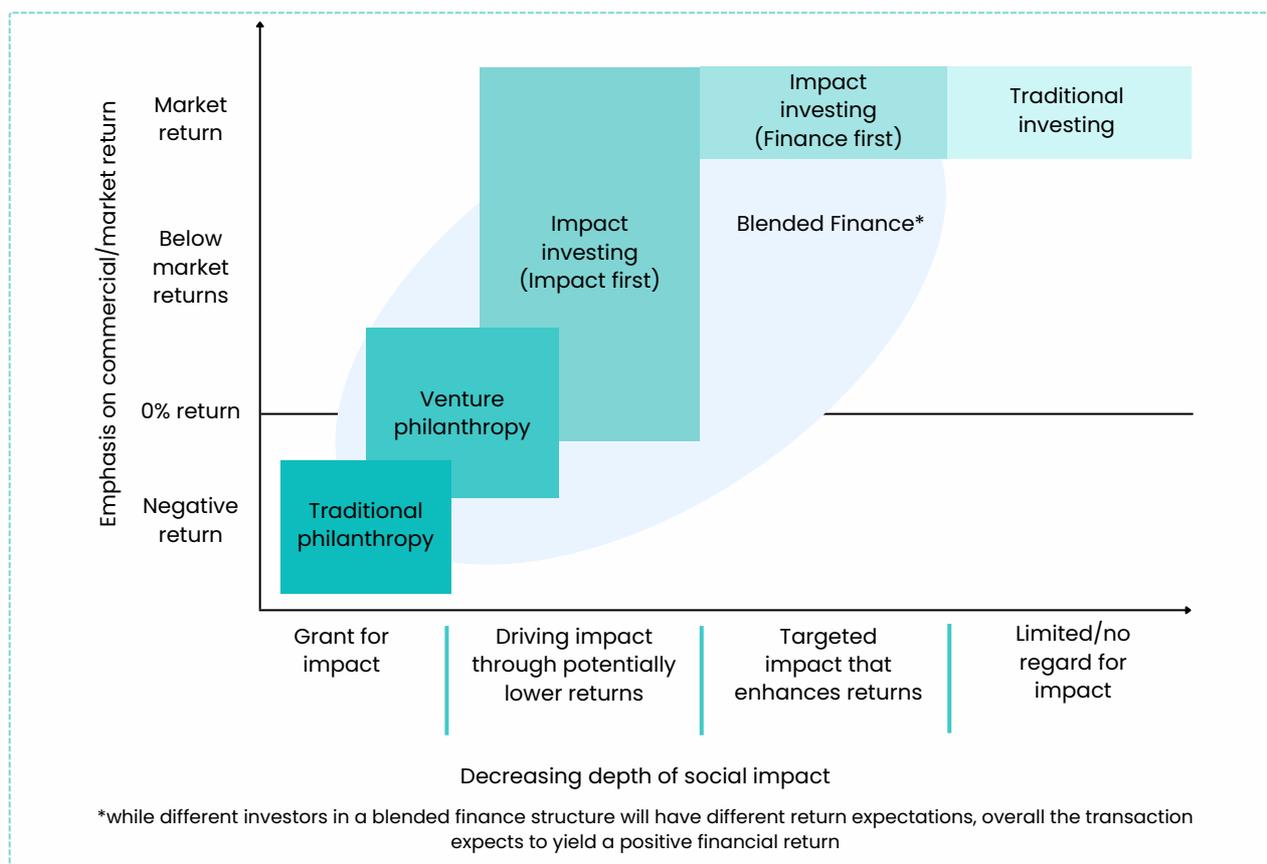
Simultaneously, blended finance (BF) also found its way into the Indian social sector in the early 2010s, focusing on combining and leveraging diverse funding sources to maximise social impact. Blended finance is a strategy for financing social initiatives where funding from public and philanthropic sources is leveraged to improve the risk-return ratio of social sector projects, and boost private players' confidence in financing the social sector.⁸ Initial key players included impact investors, development finance institutions, and philanthropic foundations. With limited public resources and increasing demand for sustainable development, blended finance offered a solution by combining concessional capital with commercial investment to mobilise larger and more sustainable funding streams. This approach allowed for risk mitigation which attracted private capital and provided a pathway for sustainable development investments. In the Budget Speech 2022, the Finance Minister, Nirmala Sitharaman announced the setting up of thematic funds for blended finance in the 'sunrise' sectors of Deep Tech, agri-tech, and climate action.

Over time, foundations, corporations, and impact investors began to recognise the power of these innovative financing strategies to drive positive social change. Domestic philanthropists started to explore innovative approaches to leverage their resources effectively, including program-related investments and collaborative funding models. Increasing recognition of the need for sustainable and scalable solutions to address social challenges contributed to the growth of innovative financing. The ecosystem today continues to evolve, with stakeholders experimenting with new models and approaches to mobilise resources, attract investments, and drive social impact effectively.

The primary objective of this section is to highlight emerging trends in the innovative finance market, with a specific focus on impact investing and blended finance. It needs to be emphasised that while impact investing is an investment strategy, blended finance is a structuring approach. These two have emerged as dominant methods for financing the social sector, representing significant growth in recent years, and therefore, merit our attention in the innovative finance landscape.

⁸ <https://www.niti.gov.in/sites/default/files/2022-02/AIM-NITI-IPE-whitepaper-on-Blended-Financing.pdf>

Figure 19: Spectrum of Financing the Social Sector



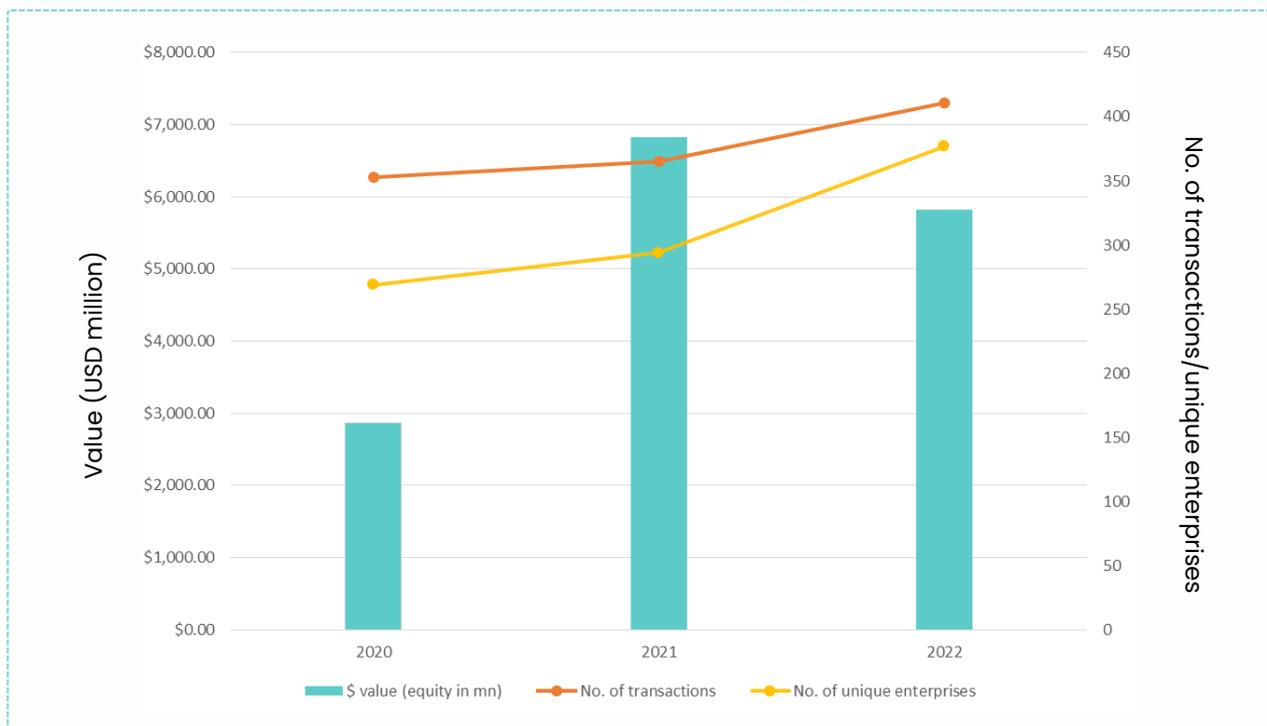
Source: Desai & Associates, and IIC (2022)

3.1. Market Size

In 2022, the impact investing landscape in India witnessed a total of 411 transactions across 377 impact enterprises, resulting in \$5.8 billion being invested in the social sector through equity investments. As shown in Figure 20, impact investment in India has shown remarkable growth, witnessing a 138% rise from 2020 to 2021. However, there was a notable decline in the total investment in 2022, with a decline of \$1 billion as compared to 2021. This can be attributed to COVID-19 and its impact on industries. For instance, the pandemic promoted significant changes in the dynamics of the education industry, where there was a transition to online mode, leading to greater investments in ed-tech industries in 2020-21. However, as individuals moved away from exclusive online learning methods towards offline or hybrid modes, the sector witnessed a decline in investments. In addition, transactions and the number of enterprises receiving impact investing has also witnessed a notable increase from 2020 to 2022. Average size of deals has tripled, from \$5 million in 2010 to \$17 million in 2019, a jump witnessed mainly in 2018 and 2019 followed by the entry of commercial capital and larger, follow-on rounds raised by companies initially funded by impact investors.⁹

⁹ IIC, Asha Impact. *The India Impact Investing Story: Assessing a decade of capital plus innovation for impact (2010-2019)*. June 2020.

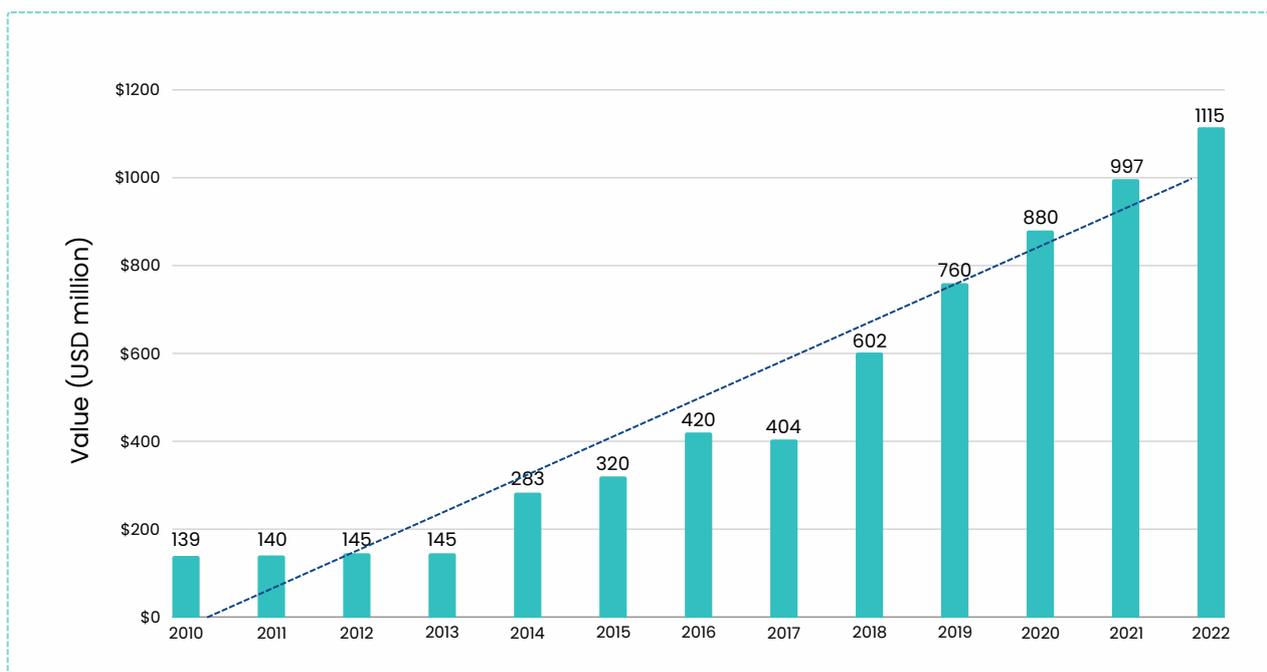
Figure 20: Impact Investing in India (2020-22)



Source: IIC (2023)

For blended finance, the market size stood at \$1.30 billion in 2022 and is projected to reach \$2.64 billion by 2027. This indicates a compound annual growth rate (CAGR) of 18.8%, surpassing the global BF market growth rate of approximately 11%. India also accounted for the largest number of BF transactions within Asia, constituting around 40% of the Asian blended finance market. Figure 21 shows the yearly market size of blended finance in India from 2010 to 2022.

Figure 21: Trajectory of the Market Size of Blended Finance in India

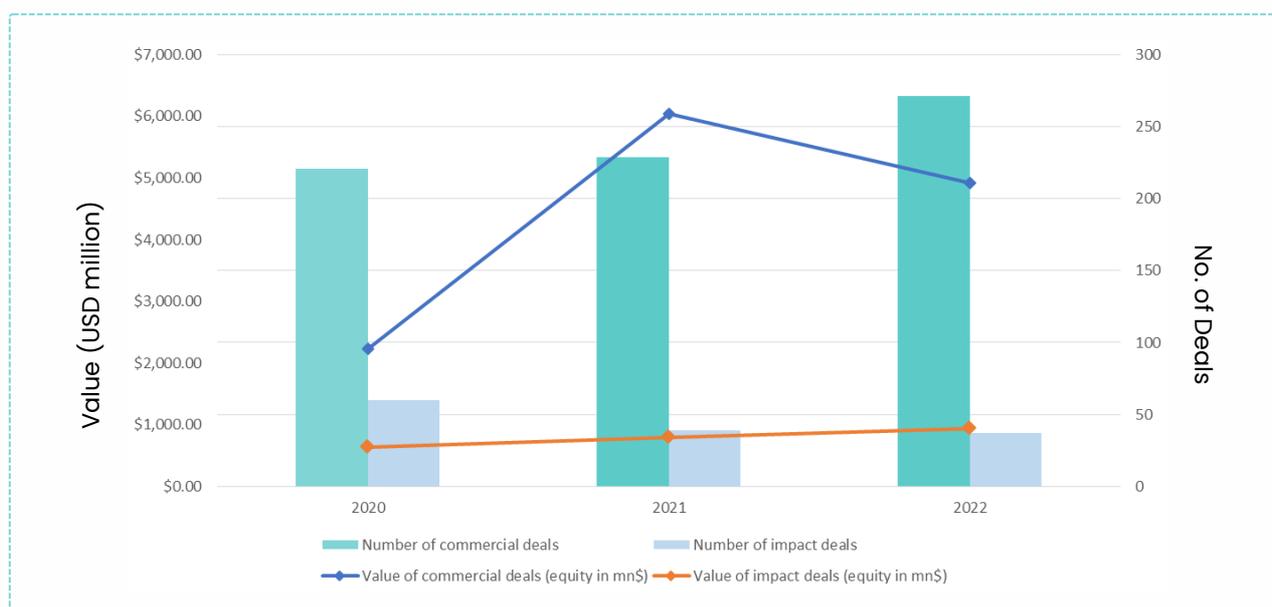


Source: ASHA Impact and IIC (2023)

3.2. Market by Type of Capital: Financial Returns vs. Social Returns

As can be seen in Figure 22, the number of deals made by commercial investors who are interested in financial returns first is significantly larger than deals made by impact investors and capital providers, who are primarily interested in creating social impact along with financial returns. Moreover, commercial deals slightly increased from 2020 to 2021 and further increased by 23% in 2022, whereas impact deals reduced by 35% from 2020 to 2021 and further dipped in 2022 by 5%.

Figure 22: Values and Numbers of Commercial and Impact Deals Towards Impact Investing in India (2020-22)



Source: IIC (2023)

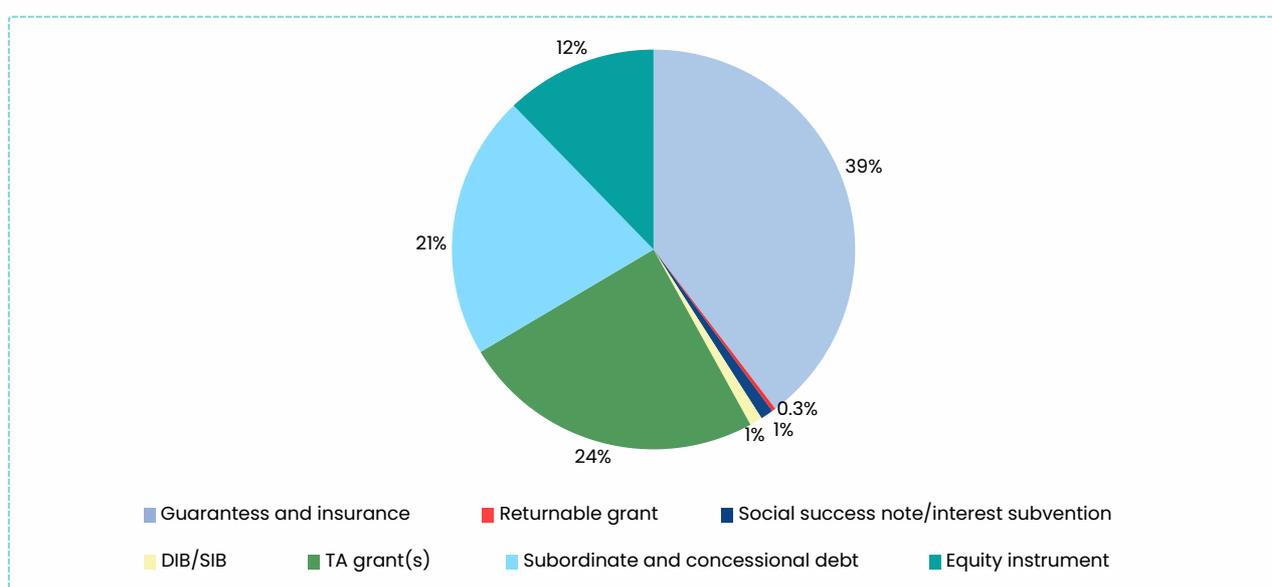
Despite the decrease in the number of impact deals, the amount of capital raised by impact-first investors increased year on year, by 25% in 2021 and 18% in 2022. On the other hand, the amount of capital raised by commercial deals has declined by 18% from 2021 to 2022, despite an increase in the number of commercial deals.

In the blended finance market that stands at \$5.6 billion for the period 2010-2022, about \$4.6 billion or 83% has been attributed to return-seeking investors. Among the return-seeking components, NBFCs hold the leading position, followed by banks and financial institutions. On the contrary, around \$0.9 billion or 16% of the cumulative blended investments in India were from concessional and catalytic capital. This type of capital is often provided by development agencies, Development Finance Institutions (DFIs), Multilateral Development Banks (MDBs), and international foundations. These trends are indicative of the prominence of seeking financial returns while also focusing on creating a social impact.

3.3. Instrument-wise Distribution

As can be seen in Figure 23, guarantees and insurance are the most preferred instruments of innovative finance and have captured about 39% of the total market. This is followed by Technical Assistance (TA) grant(s) at 24% and subordinate /concessional debt at 21%. Instruments such as DIB/SIB and social success note/interest subvention have low representation at only ~1% each!¹⁰ Higher uptake of risk-based instruments may be due to simpler operational structures, greater functional understanding amongst stakeholders and a keen interest in financial returns, with social returns. Impact investing is primarily done through equity-based and debt-based instruments, or hybrid instruments like mezzanine financing.

Figure 23: Market size of Blended Finance in India by Instrument (2010-22)



Source: ASHA Impact and IIC (2023)

Though the share of outcomes-based financing is low among the prevailing blended structures, impact bonds in particular have attracted significant interest from the donor community to fund the not-for-profits in India. This is because funding through impact bonds offers a transparent and efficient way to ensure that their contributions lead to efficient and verifiable outcomes in the social sector. Figure 24 presents the details of the impact bonds implemented in India. The Indian landscape has witnessed the deployment of impact bonds primarily within the education sector, followed by the health and livelihood sectors.

¹⁰ Note that concessional capital includes subordinate and concessional debt/equity instruments; result based financing instruments include DIBs, SIBs, SSN and interest subvention; and TA/grants includes TA grants and returnable grants.

Figure 24: Details of Impact Bonds Implemented in India

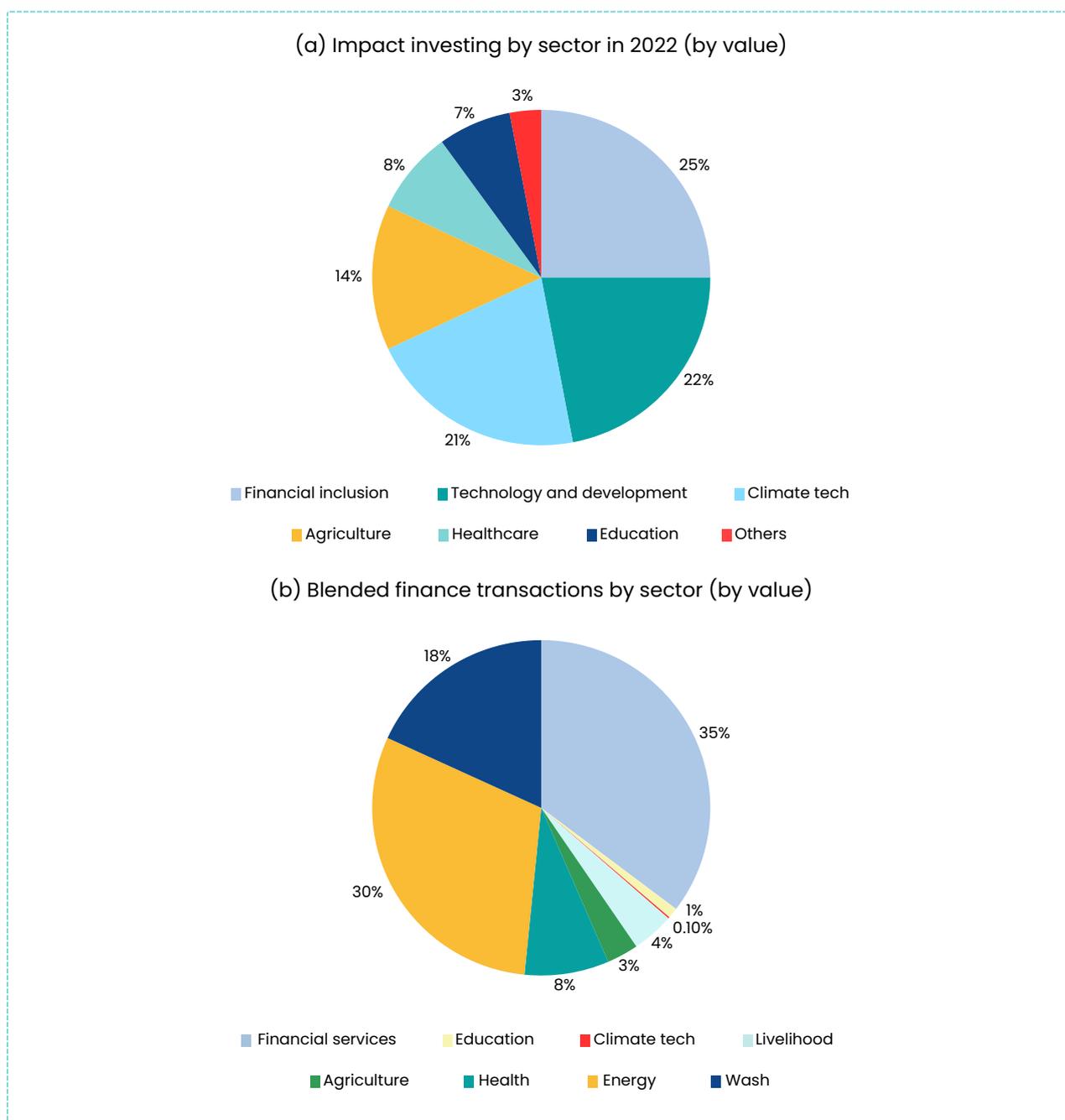
<p style="text-align: center;">Educate Girls DIB (2015-18)</p> <p>Sources of Capital: UBS Optimus Foundation, CIFF</p> <p>Other stakeholders: Educate Girls, Instiglio (performance manager), IDinsight (evaluator)</p> <p>Risk capital (USD mn) - 0.27</p> <p>Outcome funding (USD mn) - 0.42</p> <p>Sector - Education</p> <p>Status - Complete</p>	<p style="text-align: center;">Utkrisht Impact Bond (2017-20)</p> <p>Sources of Capital: UBS Optimus Foundation, MSD for Mothers, USAID</p> <p>Other stakeholders: HLFPPT (Hindustan Latex Family Planning Promotion Trust)/PSI (Population Services International), Palladium, Mathematica Policy Research (independent evaluator), Social Finance UK, Reed Smith, Phoenix Legal</p> <p>Risk capital (USD mn) - 2.9</p> <p>Outcome funding (USD mn) - 8</p> <p>Sector - Health</p> <p>Status - Complete</p>
<p style="text-align: center;">Skilling Impact Bond (2021-25)</p> <p>Sources of Capital: Dell Foundation, National Skill Development Corporation, CIFF, HSBC, JSW Foundation, Dubai Cares</p> <p>Other stakeholders: British Asian Trust (BAT), USAID, Dalberg Advisors, Oxford Policy Management</p> <p>Risk capital (USD mn) - 4</p> <p>Outcome funding (USD mn) - 17.7</p> <p>Sector - Livelihood</p> <p>Status - Ongoing</p>	<p style="text-align: center;">Haryana Early Literacy Bond (2019-22)</p> <p>Sources of Capital: Central Square Foundation (CSF), IndusInd Bank, State Bank of India</p> <p>Other stakeholders: Language Learning Foundation, HSSPP (Haryana School Shiksha Pariyojna Parishad), Social Finance India Education Outcomes (evaluator)</p> <p>Risk capital (USD mn) - 0.45</p> <p>Outcome funding (USD mn) - 2.2</p> <p>Sector - Education</p> <p>Status - Complete</p>
<p style="text-align: center;">Quality Education India (2018-22)</p> <p>Sources of Capital: UBS Optimus Foundation</p> <p>Other stakeholders: Gyan Shala, Kaivalya Education Foundation, Society for All Round Development, Pratham Infotech Foundation, Dalberg (performance manager), Grey Matters Capital (evaluator), Go Labs, Brooking (Research)</p> <p>Risk capital (USD mn) - 3</p> <p>Outcome funding (USD mn) - 9.2</p> <p>Sector - Education</p> <p>Status - Complete</p>	

Source: IBFC Deal Tracker (2023)

3.4. Sectoral Distribution

Equity investments through impact investing have served various social sectors, ranging from financial inclusion and climate tech to healthcare and education. Figure 25 highlights sectoral contribution, in percentage, of the total market size in the last year. As is evident, financial inclusion (\$1,456 million), technology for development (\$1,269 million) and climate tech (\$1,214 million) have been key receivers of this private capital, especially in comparison to more traditional choices such as investing in healthcare (\$449 million) and education (\$423 million).

Figure 25: Sector-wise Market Size



Source: ASHA Impact and IIC (2023)

When looking at blended finance transactions across social sectors over the last decade (2010-22), of the total market size, financial services and the energy sector have dominated the market at 35% and 30% respectively (of the total value), aligning with global trends. Agriculture and livelihood sectors remain emerging areas for consideration. Among all development sectors, the financial services sector is the most mature, regulated, and well-funded area and hence, attracts BF transactions. The energy sector, especially with respect to green and decentralised energy projects, is driven by global climate change mitigation efforts and national net-zero targets. In India, the announcement of the 2070 net zero target also places the energy sector as a focus sector, and this sector too is well understood and comprises mature business models with absorptive capacity to allow for blended capital to flow in.

Finally, the data on blended finance instrument usage across sectors from 2010-2022 shows that top sectors such as financial services and energy have largely been using guarantee/risk-based instruments, followed by simpler and mature instruments around concessional capital. Guarantee/risk-based instruments are also being used heavily by other sectors such as health and agriculture, and TA/grants are used consistently across all sectors. As sectors mature, they increasingly move from complex and bespoke instruments to guarantee-backed structures and ultimately to simpler and scalable subordinated or concessional debt structures.¹¹

The analysis of the trend has three significant takeaways. **First**, it is evident that the innovative finance market has experienced substantial growth in recent years. This growth can be attributed to various factors such as increased interest from donors to make their investments more effective, and evolving markets which demonstrate opportunities in creating social impact with success stories. The **second** key takeaway is the shift in focus towards financial returns over social returns. There is now a greater emphasis on achieving favourable financial returns, which raises important questions about the balance between financial returns and social returns by investing in the social sector. **Third**, the preference for specific instruments is guided by the simplicity and familiarity of the investors with the instrument. While complex instruments like impact bonds have been experimented with, their adoption remains low due to their time-consuming, complex nature, and high costs.

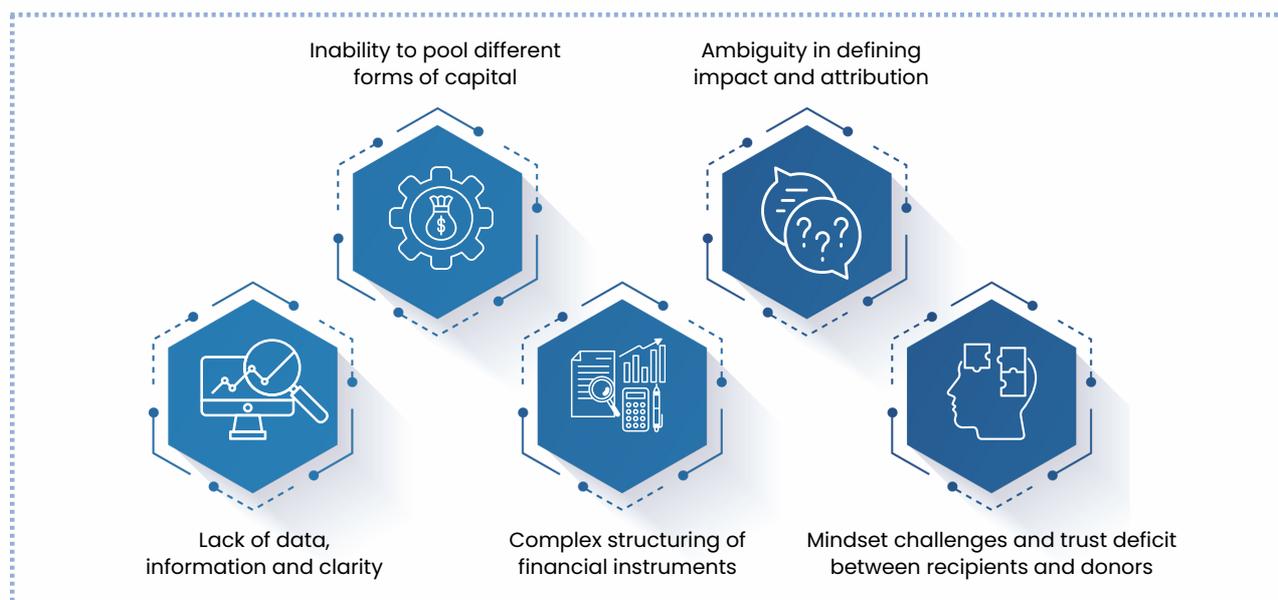
¹¹ Asha Impact, IIC. *The Blended Finance India Narrative*. 2023

4



Supply-side Challenges in Innovative Finance

Figure 26: Supply-side Challenges in Innovative Finance



Source: Secondary literature and Key Informant Interviews

4.1. Lack of Data, Information and Clarity

Donors often lack credible information concerning the structuring of instruments within the regulatory framework, leading to uncertainty and hesitance in their funding decisions. Moreover, there is lack of visibility into the specific utilisation of funds and the credibility of implementing partners, further complicating the donor's ability to ensure that their contributions are effectively utilised.

Thus, there is a pressing need for improving reporting, disclosing and tracking mechanisms that can exhibit both the social and financial outcomes. By enhancing transparency and data availability, investor confidence can be bolstered, learning opportunities can be maximised, and the overall growth and scalability of innovative finance endeavours can be facilitated. In this context, technology emerges as a promising solution to enhance transparency in innovative finance transactions.

"Someone from the sector has to become the expert, build confidence with the NGOs, and get the investors to believe in the credibility of those NGOs."

-Excerpt from Key Informant Interviews

4.2. Inability to Pool Different Forms of Capital

Usually funders operate independently to fund different interventions which may not necessarily target a similar outcome. This siloed approach often fails to leverage pooled capital. In addition, options for pooling capital are limited to organisational or intermediary levels, creating a challenge for donors who must first identify an appropriate pooling organisation before initiating transactions.

This increases costs and adds complexity to the process. To address this, it is crucial to establish institutionalised pooling vehicles that can facilitate blending of different forms of capital. Such dedicated platforms will streamline the pooling process, reduce transactional barriers, and provide more cost-effective mechanisms for mobilising capital across sources.

"From a financial markets perspective again, you would never or rarely see philanthropy, government, and financial markets sitting around the same table. Unless there are revenues to bring them together and talk about how philanthropic funding can catalyse a lot more resources from government and private sector and financial markets, how you will see the leverage or adoption of blended finance. Blended finance inherently assumes that you are going to have different streams of capital which means people who control that capital all have to sit together and agree on outcomes."

-Excerpt from Key Informant Interviews

4.3. Complex Structuring of Financial Instruments

The Indian social sector faces challenges in attracting private funders and market players owing to its complexity and value addition by investors. The lack of standardised innovative financing structures further adds to the problem of knowledge gaps, and makes the process of structuring more time consuming and costly. There is also a scarcity of specialised intermediaries who are capable of skillfully structuring and overseeing innovative finance transactions. Streamlining the structuring process and reducing transaction costs through standardised documentation and established practices can help overcome this barrier.

4.4. Ambiguity in Defining Impact and Attribution

The meaning of the word 'social impact' is ambiguous, and the concept is often used interchangeably with other words like 'output', 'outcome', 'evaluation', 'theory of change' etc. Additionally, when different forms of capital are pooled together, it is challenging to attribute success/impact to each form of capital.

4.5. Mindset Challenges and Trust Deficit Between Recipients and Donors

The mindset challenges among demand and supply-side stakeholders in this space pose limitations to potential partnerships. These challenges may arise from different perspectives and objectives, as well as a lack of understanding or awareness of the benefits and potential collaboration opportunities that innovative finance offers.

5



Demand-side Perspectives on Innovative Finance: Challenges of Not-For-Profits

Figure 27: Financing challenges of Not-For-Profits

Challenges in Traditional Finance

Challenges in Innovative Finance

Lack of long-term funding support to recipient organisations

CSR support is a short-term funding with very little possibility of going beyond 3 years, even in the best case scenarios. The lack of long-term funding hampers the progress and effectiveness of social sector initiatives. On the other hand, institutional grants are long-term, ranging from a minimum partnership of three years, and the potential to extend to five years or more. Some institutional funders have supported the organisations for as long as 9-10 years, providing financial stability.



Innovative finance for not-for-profits continues to be short-term with limited avenues for patient capital funding the social sector initiatives. E.g., A part of funding from outcomes-based financing is tied to the achievement of outcomes, and is done for 3-4 years during the life of the instrument.

Lack of support for organisational growth

CSR funds are often project-based, short-term, and output-focussed, limiting the organisation's ability to grow and fulfil its mission. On the other hand, institutional funders offer knowledge support and assist with technology upgradation, monitoring and evaluation, etc. that lead to systems strengthening at the organisational level. They value credibility, on-ground work, and the organisation's integrity, and therefore understand the value of building a sustainable organisation as a means to achieve better outcomes for the community).



The organisations need to build their capabilities to integrate technological solutions and improve measurement systems. This entails having strong financial controls, robust HR practices, effective reporting systems, and reliable measurement and monitoring systems. The current trends of innovative finance for not-for-profits do not allow for developing institutional capabilities, and focus only on driving outcomes.

Limited funds for training and capacity building of employees

CSR funds usually do not cover training expenses of recipient organisations vis-a-vis institutional funders, who may provide support for training costs to develop the necessary skills of the employees. However, negotiation and advocacy for specific training expenses may still be necessary



The not-for-profits struggle to find resources to train their employees who implement the innovative finance instruments on ground, which leads to poor execution of the deal.

Data and reporting requirements

CSR funders often require frequent data reporting, sometimes on a daily or weekly basis. However, they may not invest in the capacity building needed for accurate data collection, data checking, or providing the necessary hardware and tools.



The compliance requirements associated with DIBs can be more burdensome compared to traditional funding approaches. For example, in the B2S DIB, there were different funding sources, with one entity initially providing funding and then CSR money being added later. This resulted in the need for compliance with both the DIB performance manager's requirements and the typical reporting obligations associated with CSR funds. Such complexity, therefore adds to the compliance workload for social sector organisations.

Challenges in Traditional Finance

Challenges in Innovative Finance

Narrow thematic and geographic focus

- CSR policy is often guided by the government regulations and limited to specific geographic areas.
- CSR funders tend to align their support with their core business mission.
- There is a preference for nearby locations that provide ease and convenience for their employees to volunteer, leading to supporting initiatives in urban areas.



Based on the trends of innovative finance, the thematic focus continues to remain narrow.

Interest in proven programs vs. evolving programs

- Programs with a proven success appeal to CSR partners due to guaranteed outcomes. In such programs, there is also an ease of attribution of the impact to CSR funds which can be verified with data and impact measurement exercise.
- Early-stage programs or the ones that are still evolving and have only limited evidence of success to show for are less appealing to CSR funders. Such projects usually require funding from institutional funders who are more inclined to take risks and support innovation that contributes to the building of social sector innovation.



- Programs with a proven model appeal to donors due to guaranteed outcomes which can be verified by establishing reporting mechanisms.
- New social sector initiatives, therefore, face a challenge in experimenting with the innovative finance models focusing on outcomes.

Complexity in establishing credibility with donors

Not applicable



- The challenge for the social sector lies in establishing credibility with donors and evaluators who may not fully understand the complexities of working in the social sector space. Without informed stakeholders, there may be doubts about the organisation's ability to produce and demonstrate results in a manner that aligns with output measurement frameworks.
- The challenge is further exacerbated where the organisation is working in non-conventional spaces like migratory population (Mobile Creches), media (Abhivaykti), or rights-based issues (Umeed). This makes impact measurement and output measurement more complicated.

Challenges in Traditional Finance

Challenges in Innovative Finance

Concerns regarding public provisioning for welfare

Not applicable



- While recognising the benefits of social impact through private funding, there are concerns regarding the potential impact on public entitlements and provisions for education, health and livelihood. The increased involvement of private funders in providing infrastructure and resources may lead to a reduced focus or investment by the government.
- This poses a challenge as private sector funding is directed towards specific thematic and geographical areas, and as such may exclude critical areas from their ambit of funding.

The question of value addition

Not applicable



- The use of philanthropic funds through the DIBs has enhanced the efficiency of fund allocation but not necessarily facilitated infusion of private capital into the social sector. DIB architects have essentially repurposed the existing philanthropic capital within the sector into complex outcome-based financing. This prompts scrutiny of the DIB's value addition to the social sector.
- From the donor perspective, while channelising more private capital into the system is a challenge, DIBs nonetheless shift the focus of the social sector towards achieving verified outcomes, as opposed to input/activity based programs. However, their true value for the recipient organisation lies in channelising the private capital into the social sector, and unlocking more and newer sources of funding.

Source: Secondary literature and Key Informant Interviews

“Our work focuses on the health sector, where community health facilitators facilitate conducting teleconsultation with the doctor. While teleconsultation provides access to healthcare, a crucial challenge arises in terms of ensuring the timely delivery of prescribed medicines to remote locations which necessitates the establishment of a robust logistics supply chain. Creating impact through such projects would need long-term funding for about 6-10 years. But there is no funder who wants to put in the money for so long, unless it is a donor who is a patient and who understands the concept of health and behavioural change.”

-Excerpt from Key Informant Interviews

"A lot of our funders, the urban funders or CSR funders, will support urban poor programs because it is near and they can easily visit. They want to run employee engagement nearby, if not in their backyard. It should be within less than an hour's journey for their employees to reach. Because we have active programs in cities like Bangalore, Hyderabad, Delhi, Noida, Gurgaon, Calcutta, we are then able to align some of these programs for them. Rural funders are a different ball game altogether. The focus for some of the existing, big, rural funders is not on very young children. So, we look at institutional funders or government funding to support our rural work."

-Excerpt from Key Informant Interviews

"We just feel that compliance is a lot more than before. As opposed to the stated idea of getting private capital into funding, at least the B2S DIB has just taken usual CSR money and applied it. From a compliance and reporting point of view, that work is already there. And add on to that, typical CSR money reporting, it's almost like double reporting for us. It has been more burdensome from a compliance point of view."

-Excerpt from Key Informant Interviews

6



Demand-side Perspectives
on Innovative Finance:
Challenges of
For-Profit Social Enterprises

Figure 28: Financing challenges of For-Profits

Challenges in Traditional Finance

Challenges in Innovative Finance

Challenges of recognition

In India, there is a common mindset that only nonprofit organisations work in the social impact space, while for-profit limited companies are not seen as impact focused. This distinction creates a clear divide in the narrative and thinking around for-profit social enterprises. The lack of legal structures that can be used to register a social enterprise further complicates the issue. While organisations such as Section 8 companies exist for not-for-profits, there is no specific legal framework that adequately supports for-profit social entities working towards social or environmental goals. The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 has notified criteria for a social enterprise to establish the primacy of its social intent based on the following:



Lack of clear parameters for recognition of for-profits is also a challenge in the case of innovative finance. This is because the narrative of what constitutes impact is donor-driven. It also creates a risk of impact washing.

1. It must be involved in any one of the 17 criteria listed in Regulation 292E(2)(a) of the SEBI (ICDR) Regulations;¹²
2. It must target underserved or less privileged population segments or regions recording lower performance in the government's development priorities; and
3. At least 67% of its immediately preceding 3-year average revenue, expenditure, total customer base, or total number of beneficiaries must relate to providing any of the seventeen eligible activities to the target population.

However, it should be noted that the above mentioned criteria hold true for both not-profit and for-profit social enterprises. The Working Group Report on Social Stock Exchange (2020) emphasises that the definition of not-profit and for-profit social enterprises would be based not on a legal category but on minimum reporting standards. The intent here is to identify not-profits and for-profits which are eligible to raise funds on the Social Stock Exchange. However, the lack of a definition for a for-profit social enterprise that focuses on functionality and impact creates ambiguity. Further, it continues to fall short on incentivising donors to channelise their funds for the for-profit social enterprise.

Competing for funds with traditional enterprises

For-profit social enterprises are typically treated in a manner similar to other traditional enterprises which are not impact-driven when it comes to accessing equity and debt financing. They do not receive preferential treatment solely based on their social impact focus. This means that they need to compete with traditional profit making businesses for investment and demonstrate their financial viability, along with impact.



Not applicable: There are innovative financing instruments that specifically cater to the needs of the for-profits.

¹² https://www.sebi.gov.in/legal/regulations/jul-2022/securities-and-exchange-board-of-india-issue-of-capital-and-disclosure-requirements-regulations-2018-last-amended-on-july-25-2022-_61425.html

¹³ *ibid*

Challenges in Traditional Finance

For-profit social enterprises face specific challenges due to tax regulations. For example, they are subject to an 18% GST on their revenue, which can discourage funders. The tax burden makes it unattractive for funders to invest knowing that a significant portion of the funding will go towards GST payments.

No tax exemptions



Challenges in Innovative Finance

Lack of tax incentives also restricts access to funding from private players using innovative finance instruments.

Risk perception and financial accountability vis-a-vis not-for-profits

Not applicable



For-profit social enterprises are perceived differently from non-profit organisations when it comes to financial accountability. Not-profits are not expected to return the funds they receive whereas for-profit enterprises have debt obligations. This difference in perception makes it difficult for for-profit social enterprises to access financial support from sources that support impact-driven work.

Scale limitations

Not applicable



For-profit social enterprises can seek funding from equity investors who identify as impact investors. These investors focus on long-term investments with a social impact orientation. However, these sources are relatively smaller compared to investors for traditional businesses. In another example, while social success notes offer benefits, their impact and scale are often limited. The subvention received through them depends on the interest rate of the underlying debt. For most social enterprises in India, which typically receive loans of a maximum of one million dollars, the subvention amounts to a smaller sum, such as \$50,000 to \$100,000. Achieving large-scale subvention requires securing significant loan amounts, which is a challenge.

Ambiguity in defining impact and subjective evaluation

Not applicable



The narrative around for-profit social enterprises and impact investors can be subjective and driven by the funders and enterprises themselves, which may not always align. Further, access to certain instruments like SSNs often requires proving the credentials and track record of the social enterprise. This evaluation process can also be subjective, and organisations that are relatively new or have not yet demonstrated significant impact may face challenges in obtaining SSNs.

Challenges in Traditional Finance

Challenges in Innovative Finance

Lack of incentives to serve bottom of the pyramid

Not applicable



The current funding landscape in the social sector tends to favour organisations that cater to the middle-income market, where investors perceive greater financial returns. This basis often excludes enterprises working towards addressing the needs of the marginalised or the bottom of the pyramid, creating a disincentive for entrepreneurs to focus on solving problems in rural or underserved areas.

Challenges posed by CSR laws

The prohibitive nature of India's Corporate Social Responsibility (CSR) laws hampers the growth of for-profit social enterprises. While the laws give companies the flexibility to explore innovative finance options, beyond the mandated 2% spending, they also restrict long-term financing and investments. This limitation prevents social enterprises from accessing the significant CSR funds available.



CSR laws also restrict investing in for-profit social enterprises through innovative finance instruments.

Lack of collateral

Lack of collateral and credit history is a challenge in securing debt from traditional investors, especially for social enterprises in the early stages or without physical infrastructure. Many social enterprises operate as service-oriented organisations rather than asset-based entities. Without physical assets to use as collateral, these organisations face additional barriers in obtaining collateral-based loans.



Collateral is typically required for any debt-based organisation to raise funds. This poses a challenge in accessing many innovative financial instruments like SSNs, as most lenders expect collaterals even for social enterprises. This further restricts their access to SSNs or other forms of financing. Established social enterprises with a strong brand reputation may have better chances of accessing funds without the need for collateral. However, building such a brand reputation takes time and resources, and newer organisations or those in the early stages may struggle to gain the same level of trust and credibility from lenders.

Source: Secondary literature and Key Informant Interviews

"I think the narrative of what social enterprises constitute and the impact they create is funder driven. You have some of the large equity investors calling themselves impact investors. But what are they investing in? I've talked to so many funds, who present themselves as impact funds. But if you look at their investment, they would be funding a housing company, which has got necessarily nothing to do with the lowest 500-600 million people in India."

-Excerpt from Key Informant Interviews

7



Rethinking Innovative
Finance Practices from
the Perspective of Social
Sector Organisations

In response to the limitations posed by traditional financing models and the challenges associated with leveraging innovative finance, there is a call for development of innovative finance practices that are specifically tailored to the unique needs of the social sector as given in Figure 29.

Figure 29: Innovative Finance from the Perspective of the Social Sector



Source: Secondary literature and Key Informant Interviews

Figure 30: Key Guiding Principles for Innovative Finance Practices

For Not-for-profits

Longer-term partnership: The social sector expects a longer-term perspective when it comes to social change initiatives.



Need to unlock more private capital: Instead of relying on repurposing existing philanthropic capital through complex financial instruments, the focus should be on harnessing untapped private capital that currently lies outside the social sector space. This approach recognizes the potential of attracting new sources of funding to effectively address the sector's financing requirements.



Balanced trade-offs between social returns and financial returns: There is a worrying trend that favours investment for financial returns over social returns. Engagement with all the stakeholders including donors, recipients, and policy makers can facilitate market building and pricing of social factors that can support the balance between the two.



Collaboration and knowledge sharing: It is essential for experts from both the non-profit and for-profit spaces to come together and share their insights and experiences. By fostering collaboration and knowledge sharing, stakeholders can collectively work towards finding solutions to the regulatory and funding challenges faced by for-profit social enterprises in India.



Focus on institutional outcomes along with programmatic outcomes: Presently, the focus is on producing results and outcomes quickly by engaging a large number of ground-level community volunteers or short-term investments in the programs. However, it is suggested that equal emphasis should be placed on measuring institutional outcomes with focus on assessing the impact of organisation's capacity building efforts and institutional development.



Measuring impact from the perspective of the implementing organisations: The social sector recommends measuring impact through the lens of the organisations and individuals involved in creating the impact. This approach ensures that the measurement aligns with the specific goals and indicators developed by the impact creators, rather than relying solely on pre-established strategic outcomes. For this an ongoing collaboration may be necessary to align the measurement of impact with the organisation's goals and strategies.



For For-profit social enterprises

Longer-term partnership: The social sector expects a longer-term perspective when it comes to social change initiatives.

Need to unlock more private capital: It is imperative to foster the growth of more domestic funds that offer innovative finance solutions for social enterprises. This can include funds that provide social success notes, long-term low cost debt financing, venture capital financing, and unrestricted long-term grants. Such funds can play a crucial role in supporting the growth and sustainability of for-profit social enterprises.

Balanced trade-offs between social returns and financial returns: There is a worrying trend that favours investment for financial returns over social returns. Engagement with all the stakeholders including donors, recipients, and policy makers can facilitate market building and pricing of social factors that can support the balance between the two.

Collaboration and knowledge sharing: It is essential for experts from both the non-profit and for-profit spaces to come together and share their insights and experiences. By fostering collaboration and knowledge sharing, stakeholders can collectively work towards finding solutions to the regulatory and funding challenges faced by for-profit social enterprises in India.

Urgency for defined categories, ratings and certifications to establish credibility: In light of the funding challenges faced by social enterprises and the need to direct resources towards impactful organisations, it is imperative to establish clear categories, ratings and certifications for social enterprises. This could help bridge the gap between investors/donors seeking financial returns and organisations working towards social change for underserved populations. Introducing a certification process that recognises social enterprises based on their core market focus, impact created, and solutions provided can be helpful as it will enable the differentiation of social enterprises and provide them with incentives such as tax benefits and specific funding opportunities.

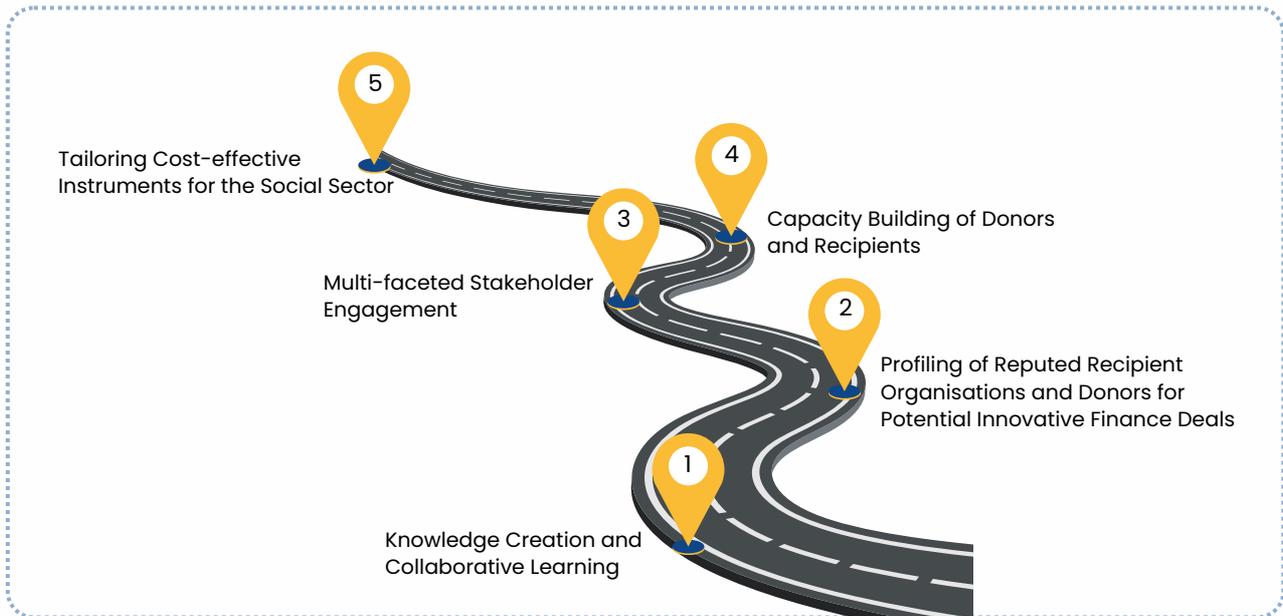
Need to innovate to fund for-profits that serve the bottom of the pyramid: Innovative finance mechanisms should be designed to attract investment into for-profit ventures specifically oriented towards the bottom of the pyramid. By doing so, the financial ecosystem can effectively channel resources where they are needed the most.

Source: Secondary literature and Key Informant Interviews



Roadmap to Future

Figure 31: Roadmap to Future



Source: Secondary literature and Key Informant Interviews

8.1. Knowledge Creation and Collaborative Learning

Establishing specialised initiatives for education, knowledge exchange, and sharing best practices on use of innovative finance instruments is crucial. This addresses knowledge gaps among stakeholders, and helps them understand the technicalities and operational aspects of innovative finance. It also fosters collaborative learning, facilitating mutual growth and working towards a common objective. The knowledge initiatives should prioritise providing information on the use of existing instruments, along with key enablers and market drivers. In addition, insights on accessing and fulfilling the prerequisites to participate in the instruments, holds significance for the social sector organisations.

8.2. Profiling of Reputed Recipient Organisations and Donors for Potential Innovative Finance Deals

Collating information about reputed organisations that could be potential recipients of innovative finance instruments, and the donors who have contributed to this space, is of paramount importance. This effort facilitates the creation of comprehensive profiles for recipient organisations on parameters like years of operation, financial health impact created etc., which align with the criteria for engaging with innovative finance instruments. These profiles can then be strategically linked with potential donors to execute innovative finance deals.

8.3. Multifaceted Stakeholder Engagement

Addressing these multifaceted challenges requires a concerted effort to reshape the discourse on innovative finance. By creating a common platform where stakeholders across the spectrum—donors, recipients, intermediaries, evaluators, and regulators—can converge, knowledge can be shared, challenges highlighted, and opportunities harnessed collaboratively. This facilitates donors in comprehending social sector's requirements and how innovative finance can be effectively employed for impactful outcomes. Moreover, recipients can align their understanding with donor expectations, fostering mutual comprehension and paving the way for collaborative solutions. Consequently, each stakeholder gains a deeper insight into others' perspectives, leading to the recognition of mutually advantageous prospects and the resolution of potential obstacles. This collaborative process cultivates trust and fosters mutual understanding through dialogue, initiatives for building capacity, and platforms for sharing knowledge.

8.4. Tailoring Cost-effective Instruments for the Social Sector

During the initial stages of stakeholder engagement, the identification of a suitable instrument is significant and should be followed by a feasibility study determining the applicability of the instrument to the identified intervention. This pertains to both donors and recipients, who must recognise the inherent value that the chosen instrument brings for them. These instruments should possess simplicity and cost-effectiveness. The alignment between the instrument and the project intervention's requirements is crucial, underscoring the necessity for a tailored fit. In addition, the recipient organisations must be provided with clear guidelines regarding the necessary systems and processes they need to establish, to meet the requirements of a particular instrument.

8.5. Capacity Building of Donors and Recipients

Capacity building is essential for both recipient organisations and the donor community, requiring implementation of specialised educational initiatives, knowledge sharing platforms, and workshops. These tools can facilitate the capacity building process, equipping stakeholders with the necessary skills to navigate the complexities of innovative finance. Furthermore, they facilitate a deeper understanding of each other's needs, expectations, and challenges, fostering a more sensitised and collaborative environment.

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Annexure 1: Existing Definitions of Innovative Finance

Table 1: Existing Definitions of Innovative Finance

S.No.	Organisation	Definition
1	UNDESA ¹⁴	Mechanisms that are in the realm of international public finance and that have the following characteristics: (i) official sector involvement; (ii) international cooperation and cross-border resource flows to developing countries; (iii) an element of innovation in the nature of resources, their collection or governance structures; and (iv) a desirable characteristic that resources are additional to traditional ODA.
2	The Leading Group on Innovative Financing for Development ¹⁵	Comprising mechanisms for raising funds for development that are complementary to ODA, predictable and stable, and closely linked to the idea of global public goods.
3	Rockefeller Foundation ¹⁶	Set of financial solutions that create scalable and effective ways of channelling private money from the global financial markets towards solving pressing global problems.
4	World Bank ¹⁷	Mechanisms that fulfil any of the following: i) Generate additional development funds by tapping new funding sources or by engaging new partners, e.g., socially responsible investing, solidarity taxes, carbon finance ii) Enhance the efficiency of financial flows by reducing delivery time and/or costs. For example, frontloading of development aid, index-based risk financing, partial risk financing iii) Make financial flows more results-oriented with better links to measurable performance, e.g., results-based financing, advance market commitments.
5	OECD ¹⁸	Mechanisms that raise funds or trigger initiatives “in support of international development that go beyond traditional spending”, with the following characteristics: (i) official sector involvement; (ii) transfer of resources from developed to developing countries; (iii) mobilise additional finance; and (iv) are operational.

¹⁴ UN Department of Economic and Social Affairs (2012), *World Economic and Social Survey 2012, In Search of New Development Finance*, http://www.un.org/en/development/desa/policy/wess/wess_current/2012wess.pdf

¹⁵ The Leading Group, *Innovative Financing for Development*, <http://www.leadinggroup.org/rubrique327.html>

¹⁶ Foreign Affairs (2017), *The Innovative Finance Revolution: Private Capital for the Public Good, “Closing the Funding Gap – Development in the 21st Century is About Financing, Not Giving”*, Judith Rodin and Saadia Madsbjerg, The Rockefeller Foundation,

https://assets.rockefellerfoundation.org/app/uploads/20170215144835/FARockefellerFinalPDF_1.pdf

¹⁷ The World Bank (2010), *Innovative Finance for Development Solutions: Initiatives of the World Bank Group*,

<http://siteresources.worldbank.org/CFPEXT/Resources/IF-for-Development-Solutions.pdf>

¹⁸ OECD (2014), *Development Co-operation Report 2014: Mobilising Resources for Sustainable Development, Chapter 15*, http://www.keepeek.com/Digital-Asset-Management/oecd/development/development-co-operation-report2014_dcr-2014-en#page179

6	Citigroup ¹⁹	Innovative financing is the manifestation of two important trends in international development: an increased focus on programs that deliver results and a desire to support collaboration between the public and private sectors. Innovative financing instruments complement traditional international resource flows—such as aid, foreign direct investment, and remittances—to mobilise additional resources for development and address specific market failures and institutional barriers. Innovative financing is an essential tool as the development community strives to eliminate poverty, raise living standards, and protect the environment.
7	AVPN ²⁰	Innovative financing is about mobilising additional (private) capital and deploying capital more effectively and efficiently.
8	UNESCAP Report ²¹	Anything different from standard investing or financing practice, that has the potential to deliver significant socioeconomic or environmental impact.
9	Canadian Government ²²	The term “innovative finance” has emerged in the last few years. It includes a range of investment types and financial flows that contribute to sustainable development. The depth and breadth of the “development finance spectrum” is wide and includes a range of financing from various stakeholders with different motivations, loss tolerances, risk appetites and funding support approaches.
10	EU ²³	Innovative financial instruments can attract funding from other public or private investors in areas of EU strong interest but which are perceived as risky by investors. Examples include sectors with high economic growth or innovative business activities.

19 https://www.citigroup.com/rcs/citigpa/akpublic/storage/public/innovative_financing_for_development.pdf

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Annexure 2: Detailed Methodology

The study is qualitative in nature and presents a comprehensive assessment of the landscape of innovative finance conducted through a combination of systematic review of literature, and Key Informant Interviews (KIIs) with key stakeholders.

For secondary research, relevant databases and sources were explored using indicative keywords. Information from journals, articles, academic papers, reports, case studies, policy briefs, existing frameworks, and blogs, among others were collated, summarised, aggregated, and organised. This analysis not only informed the research but also facilitated the identification of experts in the field, and aided in the development of the interview guide.

A dip-stick study was conducted through qualitative KIIs. Sample selection was done using non-random sampling techniques, particularly purposive sampling to ensure targeted selection of participants, representing both donor and recipients of innovative finance. Semi-structured interviews were conducted virtually for the KIIs, and prior consent was obtained from the participants. Some participants also provided secondary research sources and documents to expand the research base.

The total sample size was 25, comprising 12 participants representing the perspectives of the donors, and 13 participants representing the recipients. Participants representing the donor perspective included funders, innovative finance experts, and financial intermediaries; while those from the recipient perspective included not-for-profits, not-for-profit social enterprises and for-profit social enterprises as illustrated in Figure 2. Among the recipient organisations, KIIs were conducted with those that have engaged in innovative finance instruments, and those who have not yet explored innovative finance. The purpose of interviewing those who have participated in innovative finance is to gain valuable insights into their experiences and challenges. The participation of organisations, which are yet to experiment with innovative finance, was instrumental in developing an understanding of their experiences with traditional financing and to gather their perspective on the emerging space of innovative finance. The details of the participants in KII were added to Table 2. In addition, insights from the CIFS roundtable held on June 1, 2023, involving 40 senior representatives from funding organisations, ecosystem organisations, non-profits, and regulatory agencies, were also utilised for this report.

Data analysis was conducted using MAXQDA, which involved coding and thematic analysis of the KIIs that incorporated both deductive and inductive approaches. Literature review findings guided the research questions and the preliminary analysis, while KIIs filled the information gaps in the existing literature. The synthesis of both sources of data led to the final findings presented in the report.

Table 2: Participants in the KII

S.No.	Name of the Organisation	Presenting Donor Perspective/Recipient Perspective
1	360 ONE Foundation	Donor perspective
2	USAID	Donor perspective
3	ATE Chanda Foundation	Donor perspective
4	Asha Impact	Donor perspective
5	Impact Investors Council	Donor perspective
6	Hinduja Foundation	Donor perspective
7	Desai & Associates	Donor perspective
8	Independent Advisor	Donor perspective
9	Samhita	Donor perspective
10	Dalberg	Donor perspective
11	British Asia Trust	Donor perspective
12	MSDF	Donor perspective
13	Catalyst Management Services	Recipient perspective
14	Ekta	Recipient perspective
15	Mobile Creches	Recipient perspective
16	Healing Fields Foundation	Recipient perspective
17	Key Education Foundation	Recipient perspective

18	Abhivyakti Media for Development	Recipient perspective
19	Rubaroo	Recipient perspective
20	Umeed	Recipient perspective
21	Pratham Infotech Foundation	Recipient perspective
22	Magic Bus Foundation	Recipient perspective
23	Pratigya Foundation	Recipient perspective
24	Language and Learning Foundation	Recipient perspective
25	Haqdarshak	Recipient perspective

Source: Klls



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