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## Institutionalizing SDG Localization in Multi-Level Governance Settings:

Lessons from India

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India has made a policy choice to prioritize the institutionalization of the SDGs, not to look at sustainable development as a standalone or parallel framework but to make them an integral part of the national thinking about development. This Indian model of SDG localization is built around four foundational pillars: (i) creating institutional ownership; (ii) driving competition through collaborative competition; (iii) building capacities; (iv) adopting a whole-of-society approach. Given that under the Constitution of India, most of the responsibility for SDG themes lies with sub-national governments and that their combined expenditure spending is often more than that of the central government, the 28 states and eight union territories (UTs) play a pivotal role in delivering the agenda.<sup>2</sup> This brief presents successes and challenges from India's SDG localization model, framed around four key insights that can inform efforts elsewhere to support the acceleration of the SDG agenda at the sub-national level.

### The Indian SDG Localization Model

With a population now exceeding 1.4 billion, India will play a leading role in determining the relative success or failure of the SDGs. Pro-poor policies have yielded results, with India lifting 415 million people out of multidimensional poverty in the last 15 years.<sup>3</sup> Nevertheless, in absolute terms, India has the highest number of multi-dimensionally poor (228 million) in the world, and a recent Lancet study

assessed that India is not on target for 19 out of 33 SDG indicators measuring nine of the goals.<sup>4</sup>

Despite the scale and complexity of the national context, along with a challenging global backdrop where human development saw the first recorded two-year decline since it was first measured in 1990,<sup>5</sup> the government at central, state and local levels has driven an ambitious agenda of SDG

localization. The fourth iteration of a national SDG index<sup>6</sup> will soon be released. A regional index for the northeast is being used to guide development spending totaling US\$825 million. Various models have been applied in different states, such as in Haryana, where budgets have been increasingly linked to the SDGs, with two thirds of the current budget (equating to \$14.6 billion) mapped to the framework.

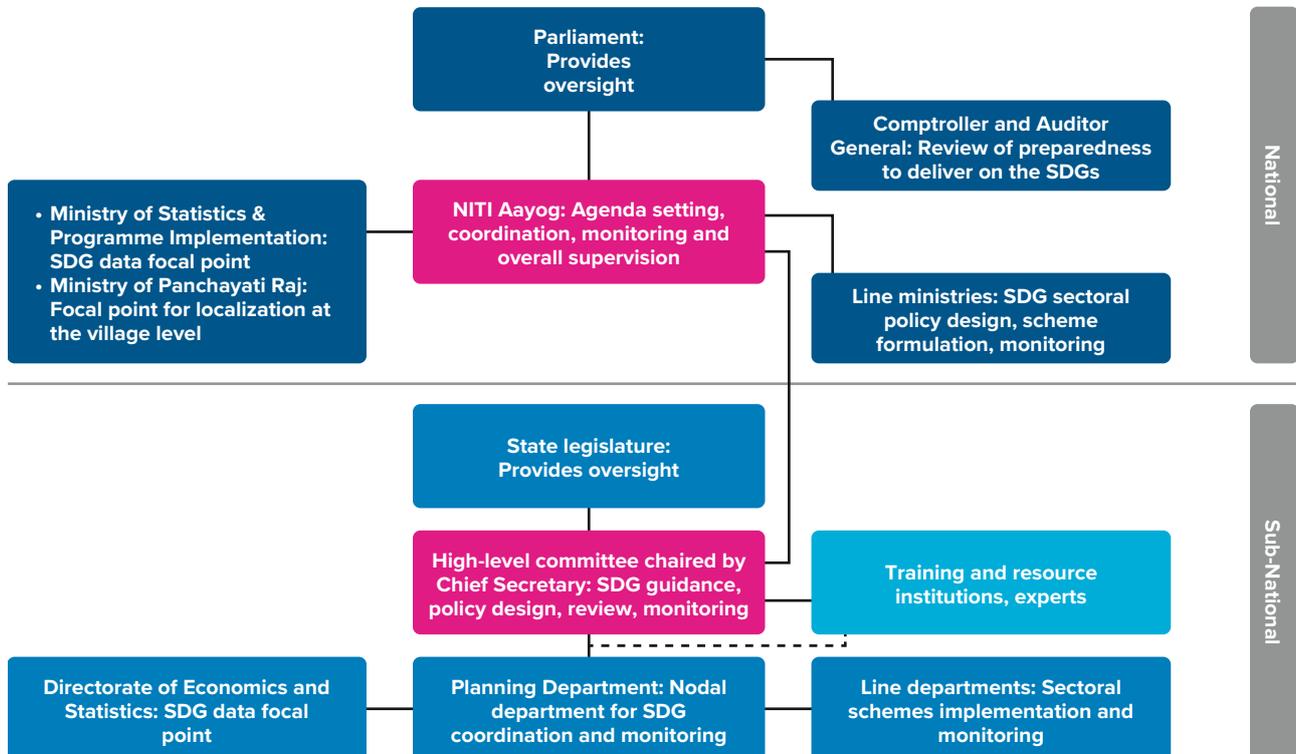
The Government of India has clearly assigned responsibilities for delivering on the SDGs, following a ‘whole-of-the-government’ approach. At the centre, NITI Aayog, which replaced the National Planning Commission in 2015, is the government’s apex body for designing long-term policies, programmes and strategies, and plays a pivotal role in localizing the SDGs. It fosters cooperative federalism and healthy competition among states through collaborative efforts and comparative rankings. This model of ‘collaborative competition’, supported by regularly publishing comparative rankings on SDG progress, has generated momentum among sub-national governments. The National Statistics Office is responsible for preparing

the National Indicator Framework and supporting state governments<sup>7</sup> in aligning it with their specific realities. More recently, the Ministry of Panchayati Raj (local government) has also adopted the SDG framework and prepared guidelines to ensure that local-level plans are aligned with the SDGs.<sup>8</sup> Oversight is provided by the parliament and the Comptroller and Auditor General.

Sub-national governments have a key role in the localization of the SDGs, particularly in critical sectors like public health and sanitation, agriculture and industry. Operating under the oversight of state legislatures, they facilitate the varied and targeted approaches demanded by India’s diverse characteristics.<sup>9</sup> State governments spearheaded the adoption of the SDGs by preparing SDG vision documents,<sup>10</sup> and some states have extended the indicator framework to district and block levels and aligned their budgets with the SDGs.

Such multi-layered application of the SDGs is now articulated by NITI Aayog as the Indian Model of SDG Localization.<sup>11</sup>

Figure 1: National and Sub-National Institutional Framework for SDG Localization in India



Source: Adapted from ‘The Indian Model of SDG Localisation’, NITI Aayog (July 2022).

## Insights

**Insight 1: A clear institutional architecture is a prerequisite for SDG localization: dedicated SDG cells established within government departments help to convene, coordinate and advise.**

In India, there is a strong legacy of sub-national Human Development Reports (HDRs),<sup>12</sup> including in planning, statistics and budget capacities. Without institutional mechanisms to drive systematic follow-up, the actions advocated for in the HDRs often lacked a clear roadmap for implementation, particularly for cross-sectoral issues that require integrated approaches.<sup>13</sup> But the approach did lay a helpful foundation for the transition to the SDG framework.

Since its establishment in 2015, NITI Aayog has followed a think-tank approach and encouraged states to develop their vision documents with 2030 as the horizon. This has provided the states with a unifying framework and fostered ownership of the 2030 Agenda by mandating that long-term visions, strategies and budgets align with the SDGs. The SDGs were also promoted by state senior leadership, enabling collaboration among traditionally siloed departments. This policy context fostered demand for UNDP to support the institutionalization of the SDGs through the establishment of SDG coordination centres.

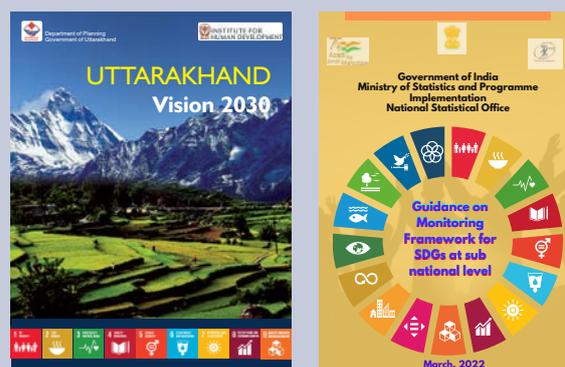
### UNDP India support to SDG coordination centres

SDG coordination centres were designed to deliver an integrated approach to contemporary development challenges under the framework of the 2030 Agenda. Centres are now established in Haryana, Uttarakhand, Karnataka, Nagaland, Tamil Nadu and Uttar Pradesh, with a combined population of 420 million people. The centres are funded through state-level budgets, promoting ownership and accountability. They are integrated within the traditional planning departments and have a dual purpose of supporting localization and transforming the planning process.

For instance, in the northern state of Uttarakhand, the centre has facilitated the development of a Sustainable Development Roadmap aligned with the SDGs, encompassing short-, medium- and long-term goals.<sup>14</sup> This state-level vision is complemented by village, block and district 'Panchayat Development Plans', bringing the framework to the ground level.

The SDG coordination centres have successfully institutionalized SDG-oriented monitoring, providing valuable input for states to course-correct and for finance departments to develop SDG-linked budgets. However, SDG structures and focal points are also required in all departments to leverage the role of the centres and ensure that their influence extends beyond the planning department.

**Figure 2: Uttarakhand Vision 2030 and Guidance on SDG Monitoring at the Subnational Level by Ministry of Statistics and Programme Implementation**



The experience of SDG coordination centres demonstrates the significance of an institutional architecture centred around an empowered anchor entity responsible for convening, coordinating and advising. This anchor entity must have a 'bird's-eye view' of the current situation across all dimensions of SDGs—economic, social and environmental<sup>15</sup>—and strategic foresight on macro and intersecting risks that can hamper future development gains.

The centres act as secretariats to the political leadership for action on the SDGs, providing critical analysis to guide actions concerning the macro perspective. Additionally, they can function as a platform where stakeholders can come together and work across sectors.

**Insight 2: Effective monitoring of the SDGs requires an interlinked monitoring framework at national, state and district levels with reliable, disaggregated data that is accessible to policymakers.**

The Government of India generates a substantial amount of development data but it is often siloed and separated in disconnected systems. The broad SDG framework has increased the need for comprehensive data production and analysis. However, due to this fragmentation, policymakers often rely on limited and siloed data when making important decisions.

The SDG Indices (SDG India Index<sup>16</sup> and North Eastern Region District SDG Index<sup>17</sup>) developed by NITI Aayog provide an aggregate assessment of the performance of all Indian states and UTs. They are designed to be accessible and easily understood by all and to help leaders and change-makers evaluate their performance on social, economic and environmental parameters.

#### Impact of SDG India Indices

- Enabled comparative analysis and peer learning:** The SDG Indices have enabled states and UTs to benchmark their progress relative to others and identify priority areas, thereby promoting competition to improve performance.
- Supported decision-making:** The indices have proved to be powerful tools for data-driven decision-making that offer excellent possibilities for the states and UTs to identify priority areas requiring improvements, better targeting and effective resource allocation.
- Promoted SDG localization:** The index reports have given impetus to the localization of SDGs in states and UTs and to subsequent levels where district-level monitoring has been initiated.
- Highlighted data gaps:** The preparation of the indices for the states and UTs has led to a renewed focus on strengthening the statistical system as they highlight crucial gaps related to monitoring.

Figure 3: SDG India Index Dashboard



Source: <https://sdgindiaindex.niti.gov.in/#/ranking> (accessed on :19-Sept-2023)

State-level SDG dashboards serve as data repositories, providing timely, granular, and reliable information on official indicators. They highlight interlinkages among different SDGs and help policymakers identify underlying barriers. However, challenges exist. Data is often limited in availability, especially for environmental indicators at the sub-national level, and not always disaggregated by population groups. These gaps limit the ability of policymakers to formulate policies that target population groups, which is key to closing the SDG gaps. While sub-national governments can ensure that SDG approaches are context-specific and inclusive of each region's most vulnerable groups, the decentralized approach also risks a proliferation of tools, such as monitoring dashboards. Additionally, despite progress in data generation, monitoring frameworks and budget mapping, further work is needed to fully integrate systems with policy formulation, resource allocation and decision-making.

To further drive integrated approaches for developing strategic and long-term development strategies, NITI Aayog has, in the last year, launched a state support mission that aims to support the establishment of state-level 'institutions of transformation', replacing planning boards and targeting faster and more inclusive economic growth.<sup>18</sup> The mission aims to support planning departments in reimagining and reinventing themselves to play a critical role in promoting innovations, establishing robust knowledge sharing, monitoring and evaluation systems, and leveraging cross-sectoral partnerships. This approach, linked to the long-term goal of India becoming a developed nation by 2047, is expected to help states factor in global headwinds of change and undertake policymaking in a highly interconnected and agile manner.

**Insight 3: Tagging budgets to the SDGs is necessary but not sufficient to ensure that resources are prioritized to close the SDG gaps.**

Even as the SDG financing gap has increased, primarily due to the pandemic, the availability of resources has decreased. There is increased recognition that addressing SDG-related financing gaps will require significant improvements in mobilizing domestic resources, accessing innovative private finance and leveraging international development cooperation. No single financing source is sufficient to close the gap. Their interplay is needed. Therefore, it is essential to link SDG financing gap analysis with investment opportunities

by exploring an expanded fiscal space and other innovative financing tools.

In India, sub-national governments spend 1.25 times more than the central budget, and their budgets play a crucial role in bridging the gap between the SDG vision and the implementation of development strategies. While several states in India have aligned their budgets with the SDGs, this remains largely a linking exercise, tagging budgets to relevant SDGs. The following examples illustrate how budgets worth billions of dollars in India have been directly mapped and allocated with direct reference to the SDGs.

### **Haryana: Case Study of SDG Budget Mapping**

In 2017, the Government of Haryana published its VISION 2030<sup>19</sup> in alignment with the SDGs, one of the first states to do so. Detailed annual assessments of budgetary allocations towards the goals followed. A participatory approach was undertaken through a series of inter-departmental deliberations, capacity-building workshops, technical support and coordination facilitated by the UNDP SDG Coordination Centre. This has been institutionalized through an online mechanism that connects each department to the state government's online budget allocation monitoring and analysis system, where data is analysed to prepare the SDG Budget Allocation Report. This report is now one of the key budgetary documents of the state,<sup>20</sup> and in the most recent cycle, 66 percent of the budget (equivalent to \$14.6 billion) has been mapped against the SDGs.

### **Policy impact of a regional SDG Index**

The North Eastern Region (NER) District SDG Index & Dashboard in India<sup>21</sup> is a collaborative effort between the Ministry of Development of the North Eastern Region and NITI Aayog, with technical support from UNDP. The region is of critical significance to the country's development trajectory, owing to its unique ecology, strategic significance and relative underperformance in many development metrics.

This underperformance, especially in basic minimum services as highlighted in the NER District SDG Index, informed the launch of the Prime Minister's Development Initiative for North East Region (PM-DevINE) in late 2022. The scheme will see an outlay of INR 6,600 crores (\$825 million) running to 2026 to fund infrastructure, support social development projects, enable livelihood activities for youth and women and plug development gaps. The official guidelines on the scheme mandate the use of the regional SDG Index for project formulation and identification. For the eight northeastern states that seek resources under the scheme, it is now mandatory that they "include justification of the project also in terms of the identified SDG gaps".<sup>22</sup>

These cases, particularly the design of the PM-DevINE scheme, challenge assertions that the SDG framework has had limited political impact or negligible effects on resource allocation.<sup>23</sup> However,

there is clearly a need to more widely adapt budget systems to ensure that SDGs are used, not just for monitoring but as a basis for determining budgetary allocations to best close SDG gaps.

**Insight 4: Investment in capacities for the private sector and CSOs, alongside government and in line with the ‘whole of the society’ approach, is critical for successful SDG localization.**

NITI Aayog has made concerted efforts to transition from a ‘whole of the government’ to a ‘whole of the society’ approach, most notably during India’s second Voluntary National Review, which was supported by more than 50 national and

sub-national consultations, engaging over 1,000 CSOs.<sup>24</sup> This provided a platform for engaging with vulnerable population groups, including people with disabilities, indigenous people and LGBTIQ+, in line with the SDG principle of ‘leave no one behind’. The government also developed a corporate social responsibility (CSR) regulation that requires companies to spend 2 percent of average net profit from the last three years towards CSR<sup>25</sup>.

**AKANKSHA: Platform to promote a ‘whole of the society’ approach**

The Akanksha integrated CSR Platform, launched in the southern state of Karnataka in May 2021, aims to bridge the financing gap on SDGs by channelling CSR funds from the private sector to the identified SDG priorities of the state.<sup>26</sup> The platform also helps companies identify the right partners and conceptualize projects. Created by the state-level Department of Planning, Programme Monitoring and Statistics with UNDP’s technical support, the platform offers a range of SDG-linked programmes for donors, guided by AI-driven match analysis. Over \$50 million in CSR funds have been channelled through the platform, demonstrating the potential of private sector financing to accelerate SDG progress.

**Nagaland’s SDG Innovation Initiative**

In the northeastern state of Nagaland, the SDG Innovation Participatory Action Research Initiative provides monetary awards to innovative projects that will contribute to the achievement of SDGs at the grassroots level<sup>27</sup>. The initiative, supported by the Nagaland SDG Coordination Centre, aims to mobilize individuals, institutions, organizations and communities to take action to achieve the SDGs. It seeks to build coalitions across communities and societies at the local level to create a variety of solutions targeting priority SDG indicators.

Harnessing sufficient financing for development will be critical for meeting the Sustainable Development Goals, yet private financing remains under-tapped and fragmented, not informed by credible development data, and disconnected from national and sub-national planning. The above examples not

only hold lessons that are replicable in other states and internationally but also highlight the need for broader engagement and support from the public sector, civil society and international financing sources to achieve a comprehensive ‘whole of the society’ approach.

## Conclusion: The road to 2030 (and beyond)

The world, including India, is off track on the SDGs at the halfway point to 2030. Sub-national governments, despite having had limited input in the framework design, now shoulder much of the responsibility for realizing it. However, in India, there is hope for improvement, as acceptance of the SDG framework has increased within all levels of government. In the last year, UNDP India helped initiate three new SDG coordination centres in partnership with state governments, indicating the continued relevance of the framework.

As the examples presented in this paper indicate, there is substantial and growing knowledge on SDG localization in India. The Indian experience is

also noteworthy as it attempts to bridge the gap between SDG visioning and the reality of on-the-ground implementation. In doing so, it addresses the tensions between a global sustainability agenda and the unique local conditions in which the agenda must be implemented.

Looking ahead, and to build on successes to date, there is a need to strengthen analytics to show who is getting left behind and why while also applying strategic foresight and science-based techniques to equip governments with the knowledge, tools and capacities needed to ensure future-ready governance. SDG coordination centres can facilitate bottom-up engagement and contribute to a post-

2030 global development paradigm. A robust and localized SDG institutional framework anchored within governments at all levels remains crucial to addressing the complex development challenges we will meet on the road to 2030 and beyond.

In a world driven by increasing geopolitical tensions and intensifying climate emergencies, both developed and developing countries need the SDG framework more than ever as it represents

one of the only platforms to realize a better world on which all countries still agree.<sup>28</sup> The year 2023 marks the midpoint to the 2030 deadline, and it is critical that all countries use this moment to reflect and revise their national strategies to accelerate the SDGs. As the secretary-general succinctly put it: Unless we act now, the 2030 Agenda and the 17 SDGs will become an epitaph for a world that might have been.<sup>29</sup>

## Recommendations

Based on lessons from India's SDG localization experience, this paper offers the following recommendations for policymakers at national and international levels.

(a) SDGs should be used as a prescriptive framework to push for an **interconnected approach** (among economic, social and environmental pillars), employing a 'leave no one behind' lens, and should not be reduced to a monitoring or tracking metric. For this, the SDGs must be institutionalized following a 'whole of the government' approach focusing on capacities, evidence, partnerships and budgets.

(b) Investment in **data infrastructure and capacities** (including for citizen-generated data) is critical to ensure evidence-based decision-making and identification of appropriate solutions. Availability and accessibility of high-quality data and new and

emerging technologies, including big data, artificial intelligence and machine learning, integrated with traditional data sources and applied with consideration of ethics and rights, need to be pursued.

(c) **SDG targets need to be integrated into programmatic budgets** for impact- and results-oriented budgeting mechanisms. It is also essential to link SDG costing and financing gap analysis with investment opportunities by exploring an expanded fiscal space and other innovative financing tools.

(d) A 'whole of the society' approach can be fostered through **broader partnerships**, including via South-South cooperation, and these partnerships can be critical enablers to accelerate SDGs. It is essential to invest in the capacities of the private sector and CSOs (especially CSOs led by marginalized population groups) for successful SDG localization.

## Endnotes

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No single country is on track to achieve the SDGs. For example, Finland, the top-ranking country on the index, has only achieved 62 percent of the SDG targets, made limited progress on 8.7 percent of the targets and recorded a worsening performance for 29 percent of the targets (<https://dashboards.sdgindex.org/profiles/finland>).
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