

Financing of Sustainable Development Goals



The case for Himachal Pradesh

Budget 2016-17 and Sustainable Development Goals



The HP budget statement 2016-17 laid particular emphasis on the achievement of targets under the sustainable development goals (SDGs) proposed by the United Nations (UN) in September 2015.

“I take the opportunity to assure this August House and also people of the State that the State Government will make all out efforts to achieve not only various targets set under the Sustainable Development Goals but surpass them by 2022 much before the timeline of 2030.” - (Hon’ble CM, Budget 2016-17)

Targets to be achieved by 2022 (as mentioned in Budget 2016-17)



- Percentage of people living below poverty line to reduce from 8.1 per cent to 2 per cent
- Universal coverage of safe drinking water supply to all households
- Additional 30 thousand hectares of CCA will be created for irrigation
- Motorable roads to connect all Panchayats
- One hundred per cent electric connections for all domestic consumers.

Targets (contd...)



- ❧ Infant mortality rate to reduce from 35 to 20 per thousand live births
- ❧ Number of females per thousand males (age:0-6) to increase from 909 to 940
- ❧ Enrollment ratios for boys and girls of all communities to be 100 percent
- ❧ Enrollment ratios in colleges to increase from 29 to 36 per cent
- ❧ Dropout rates to decline in Elementary and Secondary schools to 0.73 and 5.96 respectively

SDG projection time frames



Projections for SDGs are required to be made for the following time frames:

- ❧ 1) 3 year period (2017-18 to 2019-20)- corresponding to the 14th Finance Commission Award period
- ❧ 2) 5 year period (2017-18 to 2021-22) as stated in the State Budget (2016-17)
- ❧ 3) 8 year period (2017-18 to 2024-25) corresponding to the fifteenth Finance Commission Award period
- ❧ 4) 14 year period (up to 2030) as per SDG framework under UN stipulation

Expenditure constraints



The allocation of funds for achieving SDG targets need to be higher but at the moment, the State is constrained in the expenditure department because of:

- ❧ **The FRBM Act:** implemented in 2005 and amended further in 2011, the Act stipulates that Himachal Pradesh eliminate the revenue deficit by 2011-12 and maintain a fiscal deficit of 3 per cent or under.
- ❧ The State has been struggling to achieve the same.

Major Deficit Indicators



	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016 RE	2016-2017 BE
RD (Rs. Lakhs)	-123544.46	64489.44	-57612.65	-164141.29	-194360.28	222268.63	-47561.20
(as % of GSDP)	-2.15	0.99	-0.78	-1.99	-2.00	1.90	-0.37
FD (Rs. Lakhs)	-253254.76	-163305.67	-297840.92	-401157.52	-420013.02	-106497.79	-407577.80
(as % of GSDP)	-4.41	-2.51	-4.04	-4.86	-4.33	-0.91	-3.17
PD (Rs. Lakhs)	-58277.28	49664.83	-60850.65	-153071.46	-135098.89	204288.63	-67577.80
(as % of GSDP)	-1.01	0.76	-0.83	-1.85	-1.39	1.75	-0.53
Outstanding liabilities (Rs. Lakhs)	2641475.00	2822752.00	3044243.00	3388405.00	3819183.00	4135809.49	4521333.49
(as % of GSDP)	45.98	43.46	41.30	41.03	39.33	35.35	35.17
GSDP (Rs. Lakhs)	5745225.84	6495744.90	7371003.48	8258534.00	9711020.95	11700070.00	12857344.00





CAG observations



- ❧ Revenue deficit during 2014-15 was Rs 1,944 crore against the target of maintaining revenue surplus set out in FRBM Act.
- ❧ Fiscal deficit was 4.39 per cent of GSDP against the target of 3.00 per cent or less set out in FRBM Act.
- ❧ The ratio of total outstanding debt to GSDP was within the target mentioned in FRBM Act.

Resource Options



- ❧ Raising the level of public spending: this would require a systematic increase of the resource envelope
- ❧ Expenditure switching: the pattern of allocating revenues should be such that priority sectors receive adequate funds
- ❧ Better outcome and efficiency:
- ❧ Other methods of expenditure management

Financing Strategies



- ❧ Period 1: the FFC awards and the pattern of funding for Central Schemes is known for the three year period (2017-18 to 2019-20).
- ❧ Funding for SDGs may be accurately determined in this period because financial flows are known for this period.
- ❧ The SDG goals that may be achieved for this period may be determined with the present level of funding.

Financing Strategies (contd...)



- ❧ Period 2: for the period 2017-18 to 2021-22, the financial flows for the last two years will depend on the fifteenth FC award. As a result, two situations may arise:
- ❧ The first assumes that there is no change in the sharing pattern for Himachal Pradesh under the new FC. As a result, SDG funding may be based on current levels of growth of GSDP and revenues. The forecasts of the shortfall from target achievements, were they to arise, could then be calculated.
- ❧ The second assumes that there would be some increment under the new FC recommendations. The funding pool for the SDGs may be higher under this assumption and the forecast shortfall would differ from the previous situation.
- ❧ The assessed resource gap could provide the basis for the memorandum of the State to the fifteenth FC.

Financing Strategies (contd...)



- ✧ The eight year period (ending 2023-24) would fall under the fifteenth Finance Commission award period and the relevant projections may be made considering the FC assumptions.
- ✧ The period ending 2030 would use the fifteenth FC projections as well as GSDP growth projections. There would be increased headroom for SDG funding according to GSDP growth rates as well as possibility of shifting allocations in favor of SDGs.



Thank You

References



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- ❧ file:///C:/Users/admin/Downloads/Act_HimachalPradesh2005.pdf
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