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THE PUBLIC VERSUS AUSTERITY

THE WAGE BILL CONSTRAINTS

POLICY BRIEF

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NOVEMBER, 2021

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1. Introduction

Although Ghana's public-sector wage bill has increased significantly over the last decade or so, the pace of growth has not matched the increasing need for the critical workforce required in the public sector, especially in education and health, thus, severely affecting the delivery of quality public services. The inability of government to absorb more public-sector workers stems from the growing rigidities in the budget as a result of sharp increases in debt service, in particular interest payments. As part of the IMF sponsored fiscal consolidation programme launched in 2015, the government accepted the key programme conditionality of public sector wage rationalisation policy to contain and reduce the wage bill. This included the government implementing a hiring freeze across most government agencies, and the cap on nominal wage increases. The health and education sectors experienced much severer control with respect to hiring in these sectors; one of which is that no healthcare or educational institution can hire without financial clearance from the Ministry of Finance and the relevant ministry.

It is noteworthy that as compared to its peers, Ghana has one of the lowest compensations for workers to expenditure ratio. Much of the Ghana's expenditure goes into interest payments (31.7 percent). This situation has been worsened by the COVID-19 pandemic, which has severely impacted Ghana's economy socially and economically. The COVID-19 pandemic has triggered a slowdown in economic activities and led to significant revenue shortfalls, expenditure increases, and adjustments in public financing activities, as well as a rapid increase in public debt. The knock-on effect is a much tighter and less flexible budget because of the huge increase in interest payment obligations (to largely multilaterals like the IMF and IDA and also to commercial lenders)[1]. The concern therefore is that expenditure on social sectors, such as education, health and social protection is contracted or deprioritized in favour of debt service. Government's inability to create fiscal space has affected gender-related public services.

Indeed, the COVID-19 crisis has revealed the extent to which public services have been under-funded for a generation across Africa, with women in the poorest communities often having to take the strain to fill the gaps through unpaid care and domestic work. This crisis, however, presents an opportunity for some fundamental changes to be made with governments looking for structural solutions and new ways forward. Ghana is spending 59 percent of its revenue in debt servicing, the second highest in the world. This must be suspended in the short term to allow for a comprehensive response to COVID-19, and then renegotiated in the medium term to ensure that debt repayments do not compromise the spending on public services needed to create space for recruitment into the public sector and deliver on the Sustainable Development Goals (SDGs). Action is also needed to push back on IMF policy advice that has pressurised the government in recent years to freeze public sector wage bills, undermining the capacity to employ more teachers (to match the scale of increasing enrolment due to the free education up to the senior high level and pre-primary expansion), doctors, nurses, care workers (to respond to COVID-19) and other essential frontline staff.

2. Fiscal Development Context

In line with the Public Financial Management Act, 2016 (Act 921) and the Fiscal Responsibility Act, 2018 (Act 982), the prime objective of government's fiscal policy is to ensure macroeconomic stability. Accordingly, government's fiscal policy has focused on reducing the fiscal deficit to low and sustainable levels (of 3.5 percent of GDP in line with the various IMF-Ghana Government fiscal consolidation measures since 2015) to keep public debt on a declining path towards debt sustainability. Per Act 982, the fiscal rules of a deficit in any year shall not exceed 5 percent of GDP.

While the government's tax reform measures have focused on efforts to increase the tax base and improve tax collection efficiency and enhance compliance through digitization, there has been an over concentration on upward adjustments of indirect taxes, which tend to be more regressive. Although the IMF's recommendations have often included broadening the tax base to include potential taxpayers in the informal and private sectors and strengthening tax administration and compliance, it has been silent on

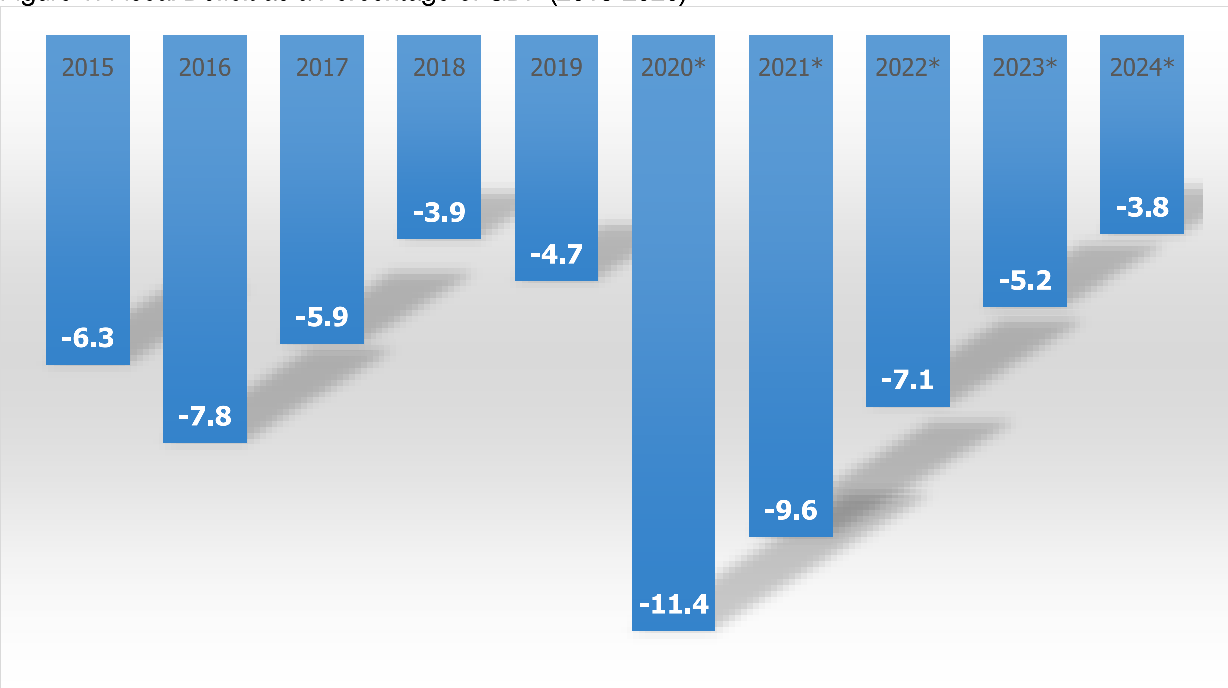
[1] https://mofep.gov.gh/sites/default/files/basic-page/Debt-Statistics-Bulletin-2020-Q1.pdf

the raising of corporate tax and the removal of harmful tax incentives both of which impose huge fiscal cost on the economy.

Consequently, the government has often resorted to adjusting indirect taxes such as VAT and excise tax, which tend to hurt the poor and women the most. For example, recent efforts at increasing tax revenue generation saw the government introducing a raft of indirect tax policy measures in the 2021 budget, pushing the VAT from 17.5 percent to 18.5 percent, among other levies and excise taxes. Specifically, these measures include: the 1 percent VAT Health Levy (COVID-19 Health Levy); Sanitation and Pollution Levy (SPL); Energy Sector Recovery Levy (Delta Fund); Financial sector clean-up levy; Road Tolls; and Fees and Charges (Miscellaneous Provisions) Act, 2018 (Act 983): An automatic annual adjustment will be pegged to the previous year's average annual inflation as published by the Ghana Statistical Service.

Prior to the COVID-19 pandemic, the government was on course to achieve its medium-term fiscal targets and macroeconomic stability. The social and economic disruptions occasioned by the pandemic has meant that government must revise its medium-term fiscal outlook and suspend the Fiscal Responsibility Act. Consequently, the 2020 fiscal deficit which was projected at 4.7 percent of GDP, increased to 11.4 percent of GDP as a result of lower-than-expected government revenues and higher spending needs related to the pandemic. The medium-term forecasts for 2021, 2022, 2023 and 2024 are now 9.6 percent; 7.1 percent; 5.2 percent; and 3.8 percent respectively, as shown in Figure 1.

Figure 1: Fiscal Deficit as a Percentage of GDP (2015-2020)



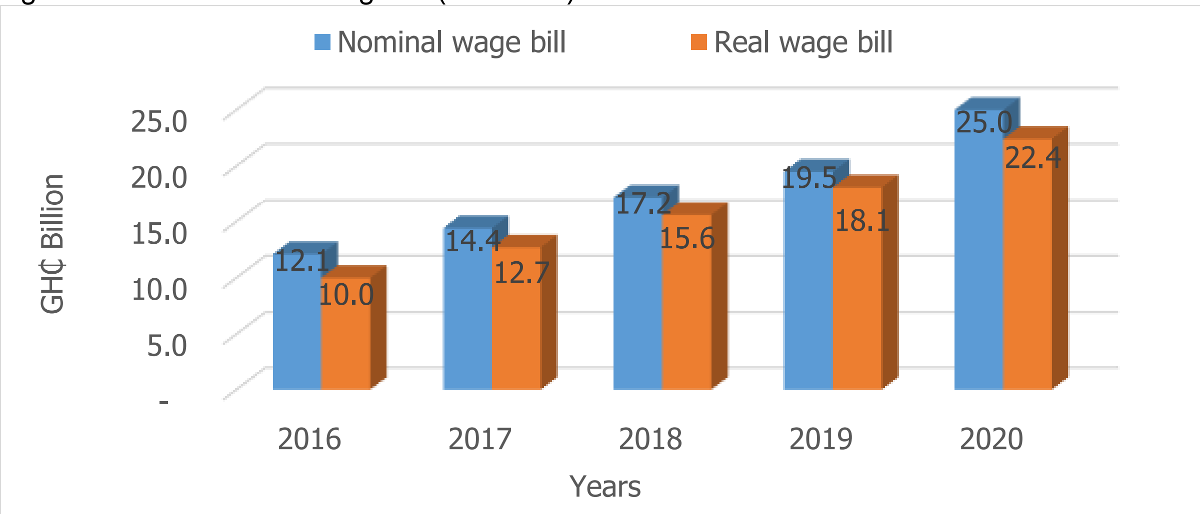
Source: Data from the Ministry of Finance, 2020

Reducing the fiscal deficit to low and sustainable levels in the medium term through fiscal consolidation efforts would have implications for lowering the level of public debt towards debt sustainability. Government's ability to bring down the debt position would create fiscal space for increase employment in the public sector to enhance gender responsive social services such as health, education, sanitation, and water.

3. Wage Bill Trend Analysis

This section provides trend analysis of Ghana's wage bill over the period, 2016 – 2020.

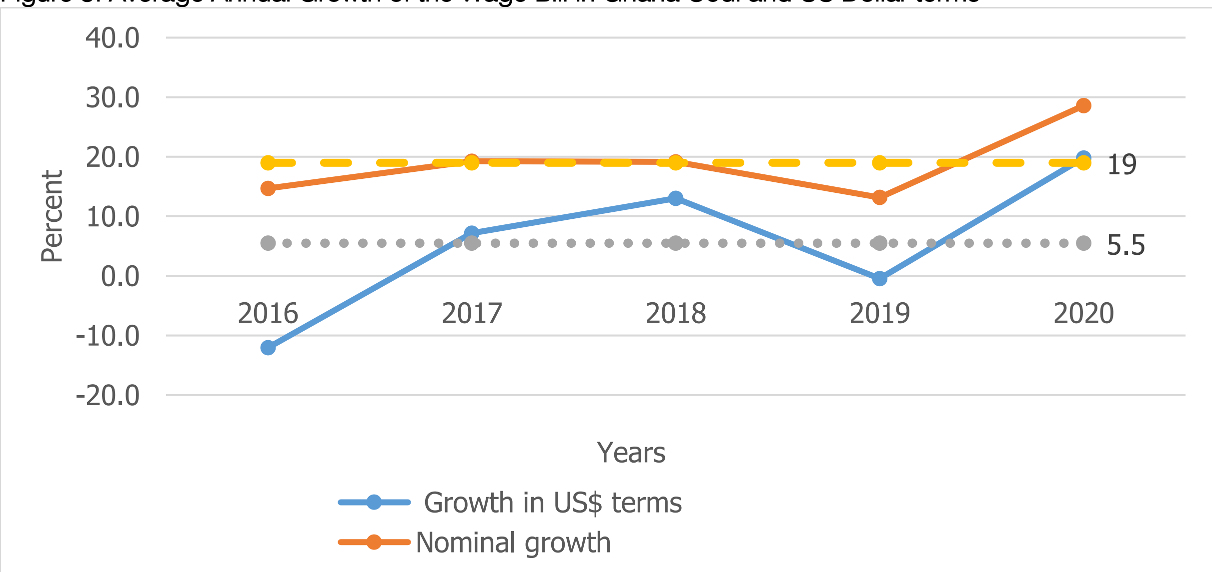
Figure 2: Nominal and Real Wage Bill (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

From Figure 2, the nominal wage bill increased steadily from 2016 to 2020. Similarly, real wage bill increased gradually from 2016 to 2020. Therefore, the government has made considerable efforts towards an annual increment of the nominal wage bill and real wage bill over the 2016 to 2020 period. It was observed that both the nominal and real wage bills have doubled between 2016 and 2020.

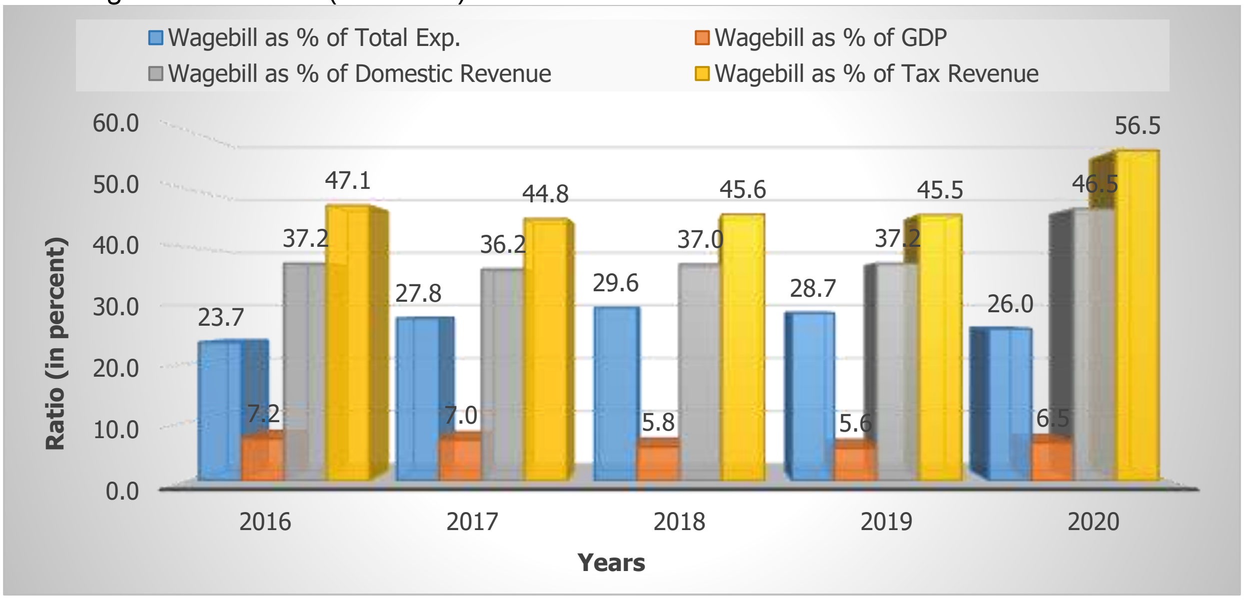
Figure 3: Average Annual Growth of the Wage Bill in Ghana Cedi and US Dollar terms



Source: Based on data from the Ministry of Finance (2016-2020)

Figure 3 shows a changing trend in the average annual growth of the wage bill. This shows an average yearly growth of the nominal and real wage bills over the 2016-2020 period.

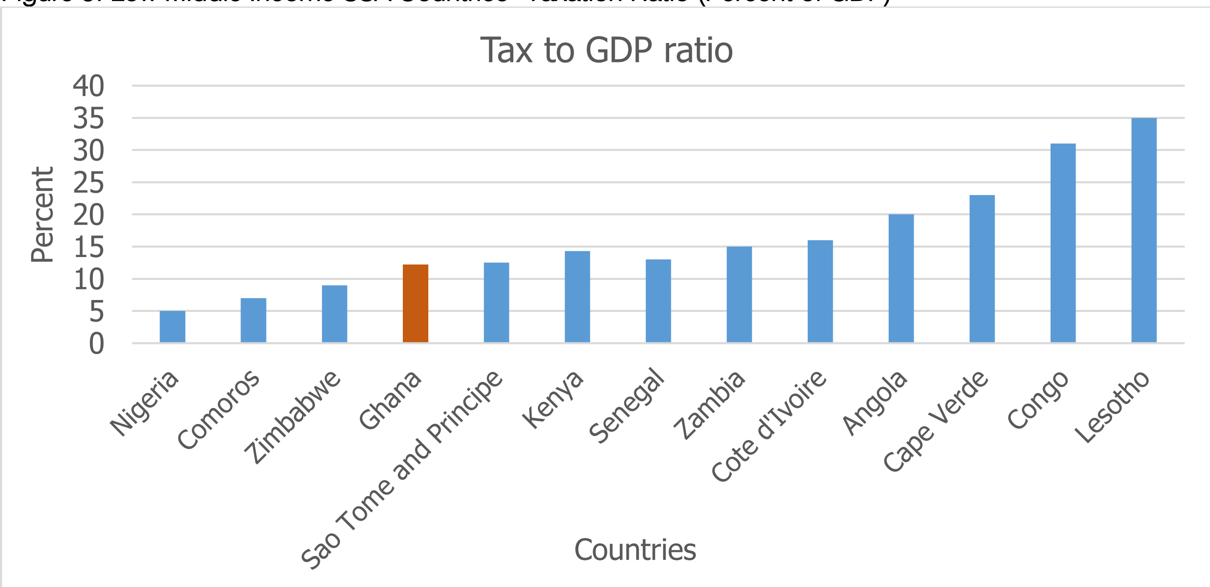
Figure 4: Wage Bill as a Percentage of Domestic Revenue & Tax Revenue and Interest Payment as a Percentage of Tax Revenue (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 4, it is observed that Ghana spent about 39 percent of its average domestic revenue on the wage bill during the period, 2016-2020. While the proportion of wage bill to tax revenue has been increasing at a much faster rate, its share in total expenditure and GDP has been declining. With respect to the wage bill to tax revenue ratio, the year 2020 recorded the highest (56.3 percent) compared to an annual average of 48 percent over the last five years. In general, Figure 4 shows a changing trend of the wage bill as a percentage of total expenditure, domestic revenue, GDP, and tax revenue.

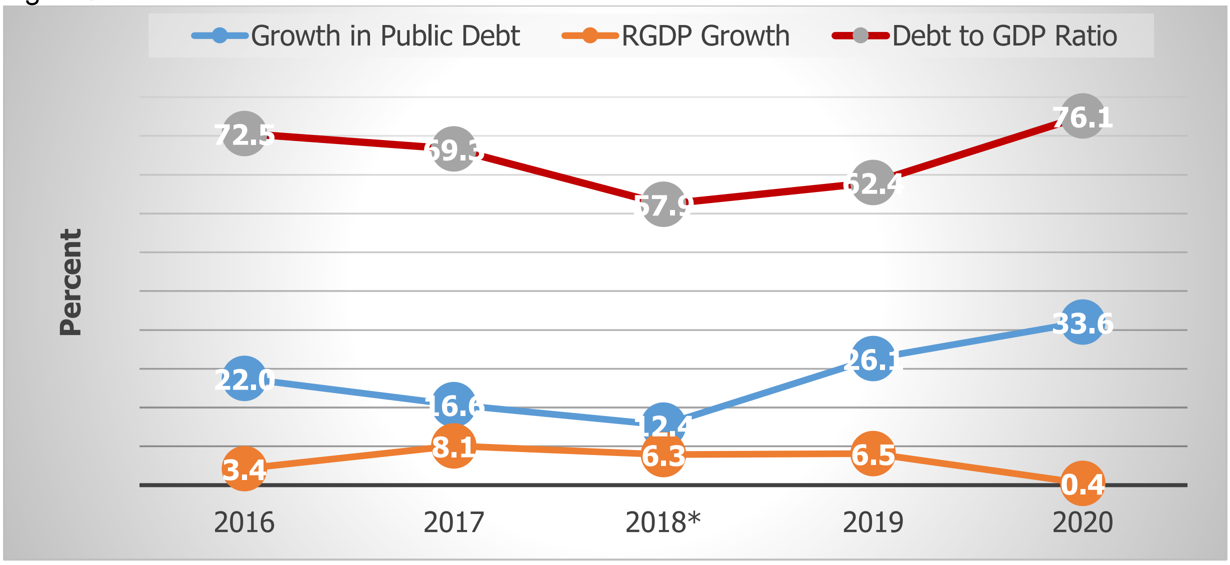
Figure 5: Low Middle Income SSA Countries--Taxation Ratio (Percent of GDP)



Source: Data from Regional Economic Outlook, 2019

From Figure 5, the tax ratio in Ghana on average has remained around 12.8 percent of GDP; below the SSA average of 15 percent.

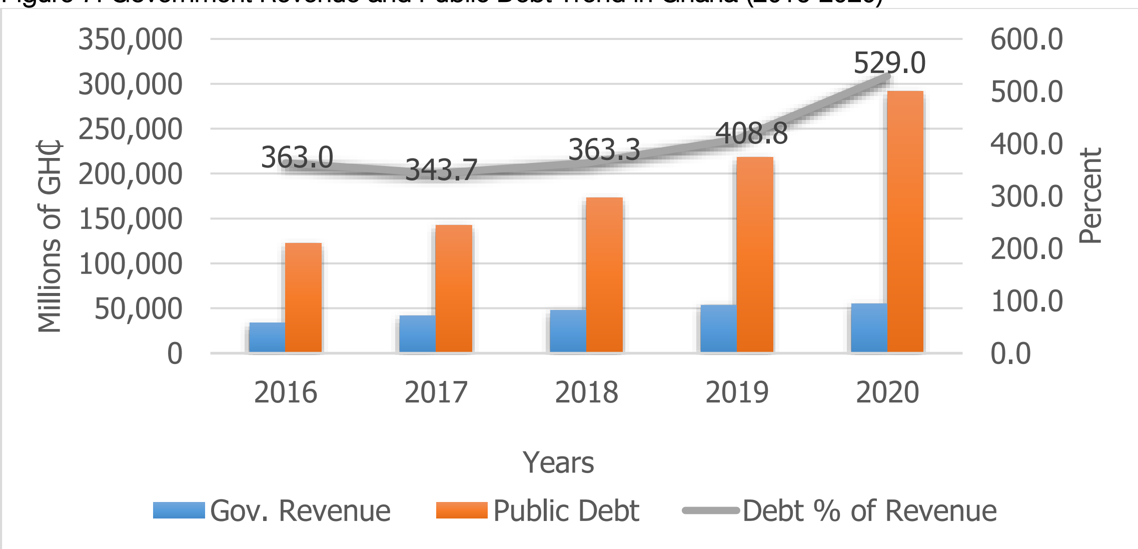
Figure 6: Public Debt



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 6, the evidence suggests a situation of increasing public debt as against declining GDP growth. This further points to the emerging debt crisis in Ghana – a situation that has the strong potential to affect the provision of critical gender responsive social services such as health, education, sanitation, and water.

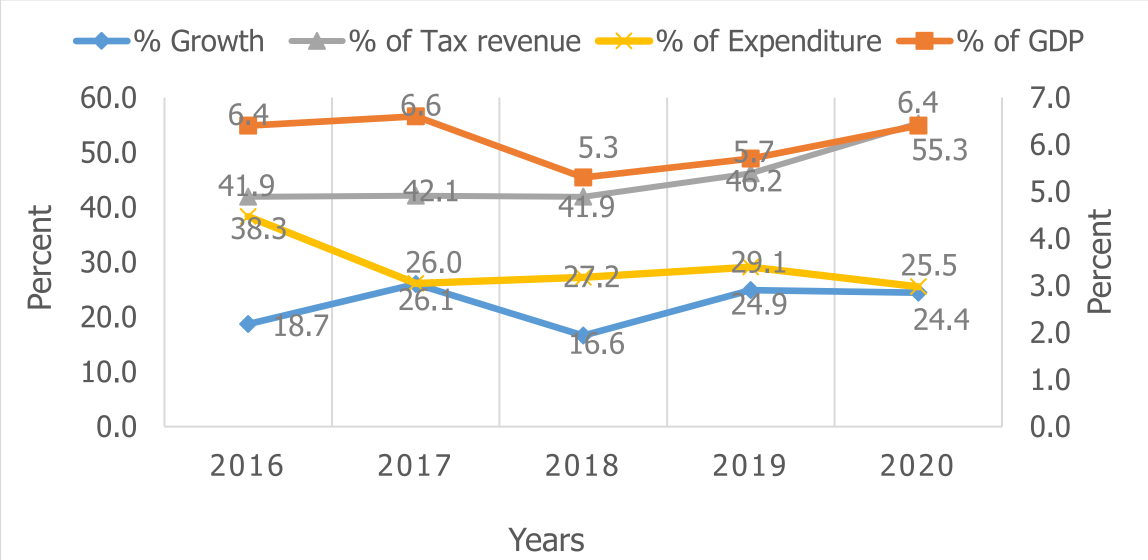
Figure 7: Government Revenue and Public Debt Trend in Ghana (2016-2020)



Source: Based on the World Bank's WDI data (2016-2020)

In Figure 7, government revenue remained unchanged over the 2016-2020 period, while public debt and percentage of debt to revenue ratio show increasing trends over the same period. This indicates an annual increment in government servicing of public debt.

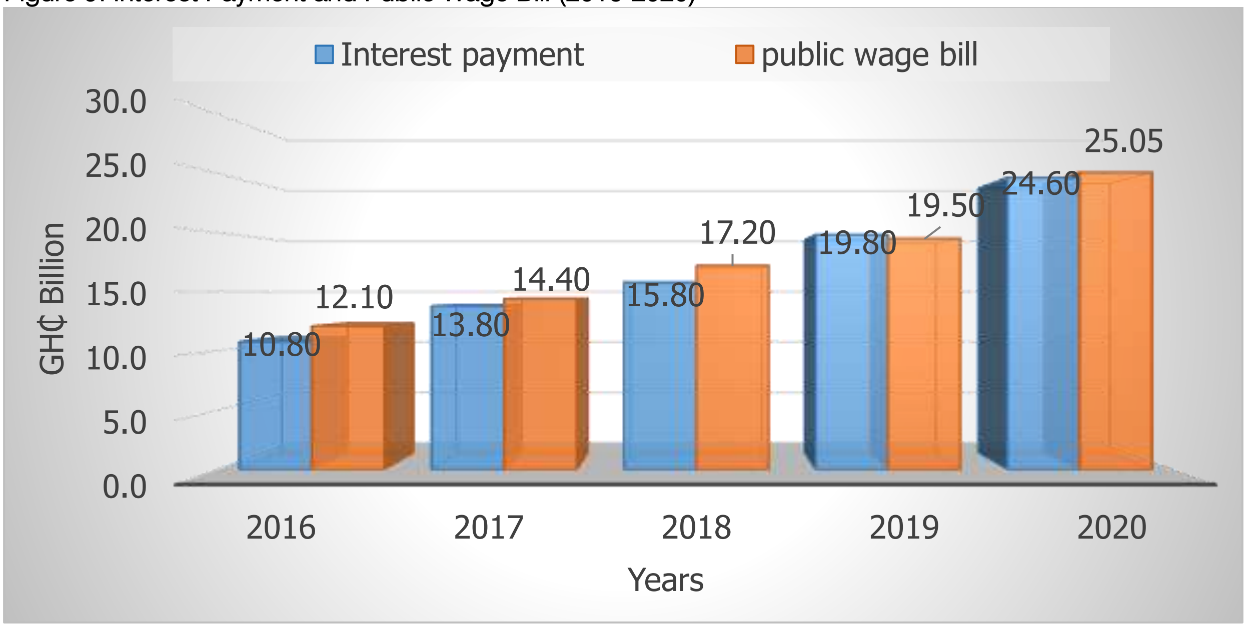
Figure 8: Trend of Interest Payments as a Percentage of GDP, Tax Revenue, Total Expenditure (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

Figure 8 shows a general changing trend in interest payment as a percentage of growth, GDP and total expenditure during the 2016-2020 period. But it shows an increasing trend in interest payments as a percentage of tax revenue over the same period.

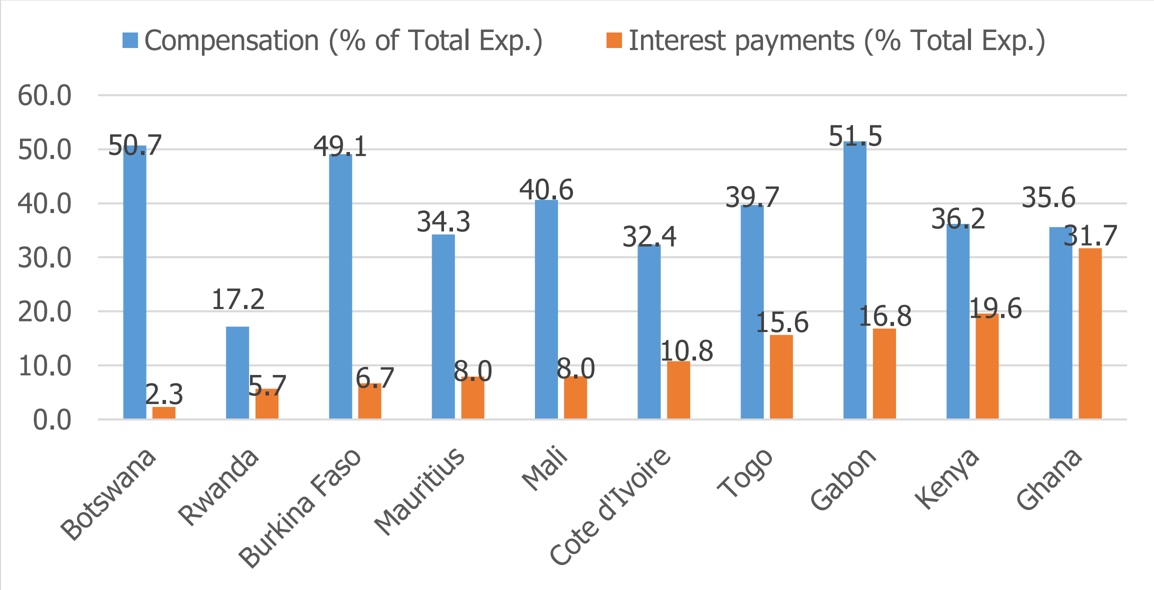
Figure 9: Interest Payment and Public Wage Bill (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 9, interest payment and public wage bill show a steady increasing trend over the 2016-2020 period.

Figure 10: Compensation and Interest Payments as a Percentage of Total Expenditure of Comparator Countries (2019)



Source: Based on data from the World Bank

Figure 10 depicts Ghana as one of the countries with lowest compensations for workers to expenditure ratio in 2019, corresponding to 35.6 percent. However, it has the highest percentage of interest payments over total expenditure (31.7 percent).

3.1 Sectoral Analysis

The sub-section looks at trends in the wage bill, specifically in the education and health sectors in Ghana

3.1.1 Public Sector Wage Bill in Education

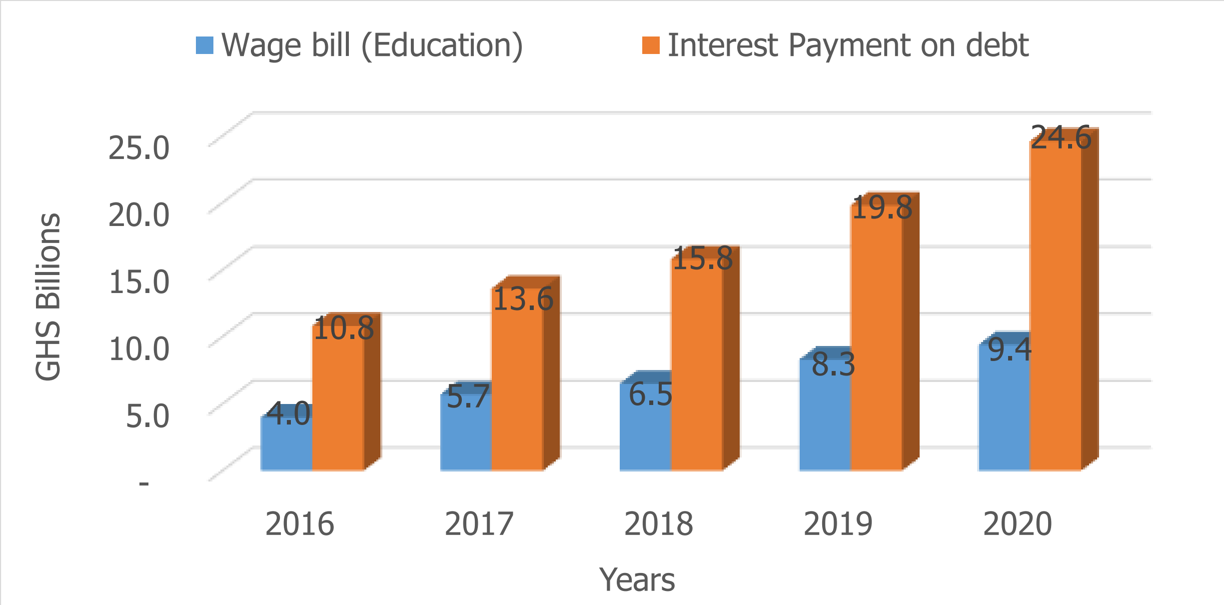
Table 1: Education Expenditure as a Percentage of GDP and Total Government Expenditure

	2016	2017	2018	2019	2020
Total Education Exp. (GHS Million)- Nominal	7,553.88	8,330.10	9,258.84	12,878.04	11,594.30
Real (GHS Million)	6,230.69	7,297.17	8,351.47	11,950.82	10,388.49
Educ. wage bill (percent Total Educ. Exp.)	64.28	78.49	77.76	70.82	90.09
Total Educ. Exp (percent Total Govt. Exp.)	14.78	16.02	15.91	18.98	12.03
Total Educ. Exp. (percent GDP)	4.48	4.05	3.10	3.68	3.02

Source: Data from the Ministry of Finance

In Table 1, government spending in the education sector has been unstable between 2016 and 2020. The total education expenditure in nominal and real GDP terms have been increasing between 2016 and 2019, but declined in 2020. Education wage bill as a percentage of total education expenditure and education wage bill as a percentage of total government expenditure have consistently been changing annually over the 2016 - 2020 period.

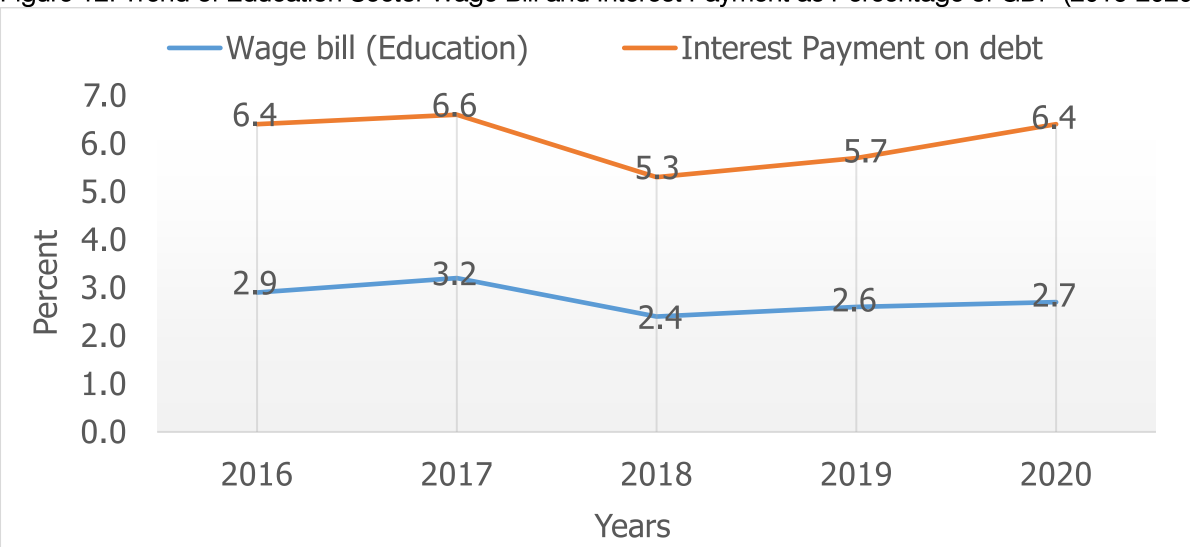
Figure 11: Real Public Sector Wage Bill in Education versus Interest Payments on Debt (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 11, real public sector wage bill in education and interest payment on debt show an increasing trend over the 2016-2020 period.

Figure 12: Trend of Education Sector Wage Bill and Interest Payment as Percentage of GDP (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 12, the education sector wage bill and interest payment as a percentage of GDP show a changing trend between 2016 and 2018, but show an increasing trend over the 2018-2020 period.

Table 2: Student-to-Teacher ratio in Ghana (2015-2020)

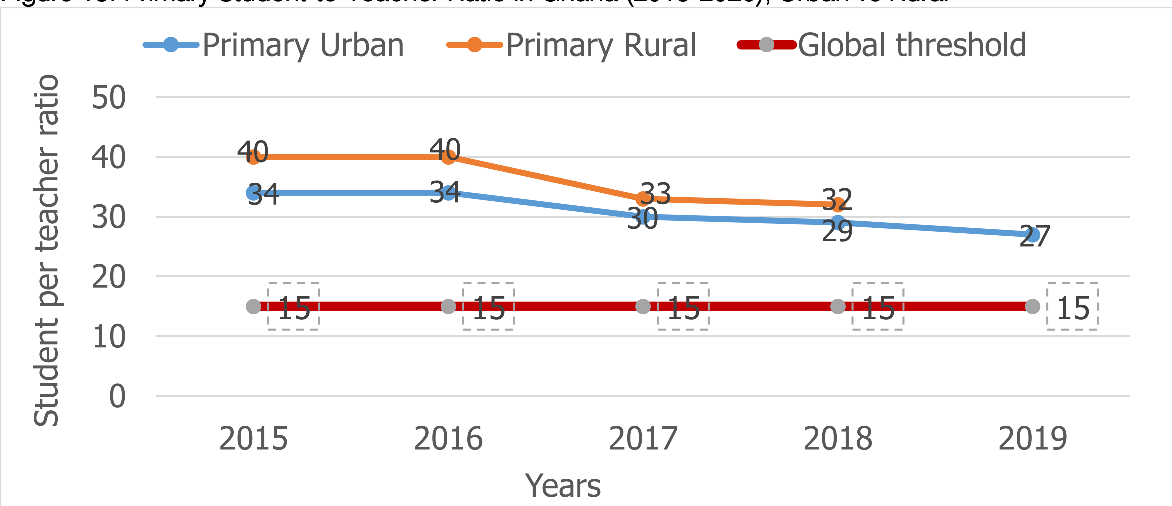
National (Largely Urban)					
Year	Pre-Primary	Primary	Junior High	Senior High	Tertiary
2015	35:1	34:1	16:1	20:1	28.9:1
2016	34:1	34:1	16:1	21:1	27.3:1

2017	30:1	30:1	14:1	20.8:1	
2018	29:1	29:1	14:1	22:1	26.5:1
2019	30:1	27:1		15.2:1	
2020					
Global threshold	**15:1**	**15:1**	**15:1**	**13:1**	

Source: National Development Planning Commission and OECD

The average national ratios are 32:1, 31:1, 15:1, 20:1 and 27:1 for pre-primary, primary, junior high, secondary, and tertiary levels of education, respectively (see table 2). In Table 2, the global threshold is 15:1 and 13:1 for basic (pre-primary, primary & junior high) and secondary (senior high) levels of education, respectively.

Figure 13: Primary Student-to-Teacher Ratio in Ghana (2015-2020), Urban vs Rural



Source: Based on data from Ghana's National Development Planning Commission and the OECD

In Figure 13, Ghana's rural areas have as high as 32 to 40 students to 1 teacher at the primary compared to 27 to 34 to 1 teacher in the largely urban areas. Both show a declining trend which shows the progress being made although the country is still far from the global average of 15 students to 1 teacher.

3.2 Public Sector Wage Bill in Health

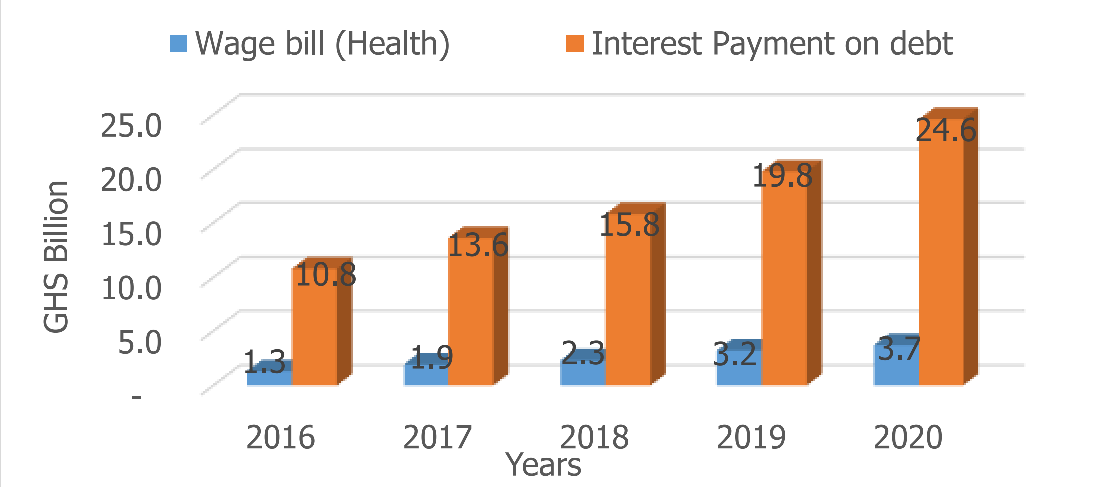
Table 3: Health Expenditure as a Percentage of GDP and Total Government Expenditure

	2016	2017	2018	2019	2020
Total Health Exp. (GHS Million)	4,884.04	4,226.15	4,422.35	6,037.51	4,656.01
Real (GHS Million)	4,028.52	3,702.11	3,988.96	5,602.81	4,171.78
Health wage bill (percent Total Educ. Exp.)	32.96	50.1	58.53	56.31	89.12
Total Health Exp. (percent Total Govt. Exp.)	9.55	8.13	7.6	8.9	4.83
Total Health Exp. (percent GDP)	2.89	2.05	1.48	1.73	1.23

Source: Data from the Ministry of Finance (2016-2020)

In Table 3, total health expenditure (percentage of GDP and percentage of total government expenditure) show a changing trend over the 2016-2020 period. Similarly, the total health expenditure in terms of nominal and real GDP have shown a changing trend between 2016 and 2020. However, the health wage bill (percent of total education expenditure) has consistently been increasing annually over the 2016 and 2020 period.

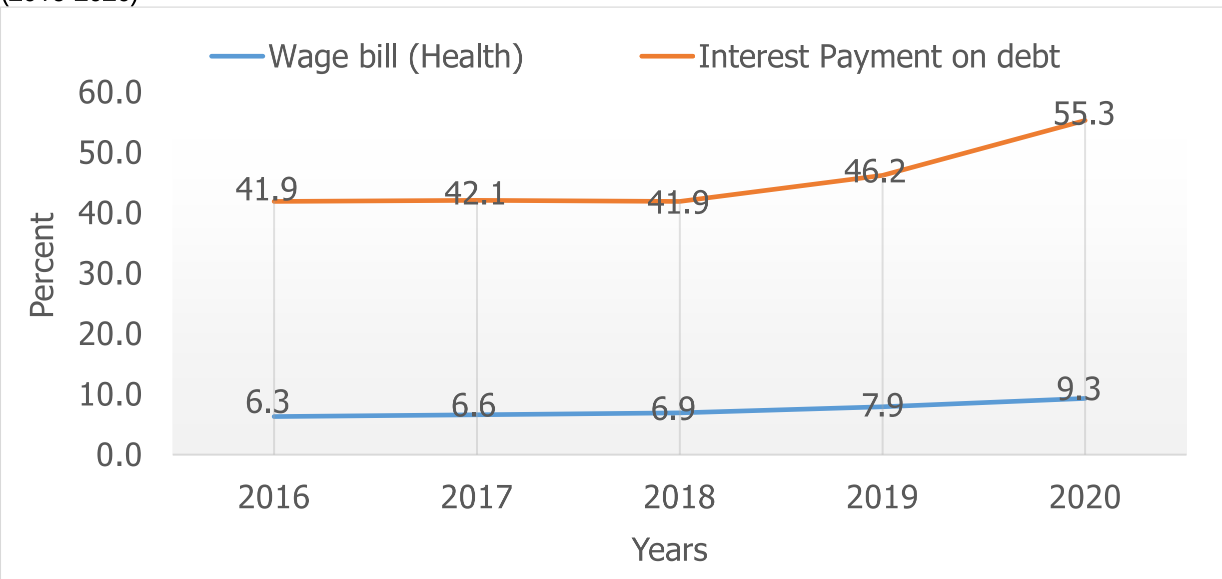
Figure 24: Real Public Sector Wage bill in Health versus Interest Payment on debt (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 14, real public sector wage bill in health and interest payment on debt show an increasing trend over the 2016-2020 period.

Figure 15: Trend of Public wage Bill in Health and Interest Payment as Percentage of Government Revenue (2016-2020)



Source: Based on data from the Ministry of Finance (2016-2020)

In Figure 15, trends of public wage bill in health shows an increasing trend between 2016 and 2020 while interest payment on debt show an increasing trend over the 2018-2020 period.

3.3 Shortages of Medical Staff in Health

Table 4: Critical Medical Staff-to-Population Ratios in Ghana (2016-2020)

	National			North-South Divide		
Year	Doctor-to-Population ratio	Nurse-to-Population ratio	Midwife-to-WIFA ratio	Doctor-to-Population ratio	Nurse-to-Population ratio	Midwife-to-WIFA ratio
2015	1:8,934	1:865	1:1,175	24,422: 15,599	748:896	
2016	1:8,301	1:834	1:943	18,824: 11,168	726:858	
2017	1:8,098	1:799	1:720	18,941: 10,965	681:826	
2018	1:7,196	1:839	1:689			
Global threshold ratio is 1:1000						

Source: Ghana's Ministry of Health and World Health Organisation

In Table 4, the average doctor-to-population, nurse-to-population and midwife-to-population ratios were 8132, 834 and 882, respectively. This means that Ghana's doctor-to-population ratio is far from the WHO's global threshold of 1:1000

4. Effect of Wage Freeze on Public Sector Workers

In 2015, Ghana subscribed onto the IMF Extended Credit Facility (ECF) bailout programme to restore debt sustainability and economic growth. Under this programme, US$918 million was approved by the IMF Executive Board for the Government of Ghana (GoG) for its intended purposes. Anchored on Ghana's Shared Growth and Development Agenda (GSGDA II), the IMF proposal to the Government of Ghana required restricted spending, strengthening monetary policy and elimination of fiscal policy, among others to achieve sizeable and frontloaded fiscal adjustments and reduced deficits[2].

It is clear from the above that the programme's objectives neglected gender responsive public services such as education, health, sanitation, and water expansion. To achieve the programme's key objectives, the IMF imposed on Ghana, austerity measures including strict containment of expenditure, public wage bill cap/freeze, removal of subsidies, public sector payroll clean-up, restricted hiring into the public sector, among others. The shock and impact of these measures affected and continues to affect women, who are usually the frontline workers in public service.

Although the actual impact of the wage freeze is yet to be measured empirically, it is clear that the policy has had some negative impacts on the society, particularly women. A key public health concern has been how to reduce maternal and infant mortalities, which has as one of its main causes, the low care provided

[2]https://www.brettonwoodsproject.org/wp-content/uploads/2019/02/Operationalising-Change.pdf
https://www.brettonwoodsproject.org/2021/07/latest-imf-gender-research-making-the-economy-work-for-women-or-women-work-for-the-economy/

by skilled professionals during pregnancy and childbirth (because of a lack of skilled birth attendants). This is particularly in rural and suburban areas since government has been unable to hire many graduate trainee nurses and midwives in recent times. The freeze has resulted in a huge backlog of teacher and nursing/midwifery trainees who have graduated for a long time but have not been posted. Most of these trainees happen to be women, some of who are nursing mothers. Over the last two years these, mostly female unemployed, nursing trainees have staged about five street demonstrations and on many occasions picketed at the seat of government for days.

5. Summary of Findings

This report analyses trends in public sector wage bill in education and health sectors and freezing/depreciation of wages, and trends of the overall public sector wage bill as a percentage of government budget/revenue/GDP. It also examines the links between Ghana's debt servicing and public sector wage bill and how these are related to the advice of the IMF. The findings show a situation of rapid increasing public debt amidst declining GDP growth, which further points to an emerging debt crisis in Ghana. This situation has the potential to affect the provision of critical gender-responsive social services such as health, education, social protection, sanitation, and water. The fast-rising public debt and debt servicing costs have constrained government's fiscal space to expand employment in health and education sectors. However, women, being largely the frontline workers such as teachers, nurses, midwives, doctors and other education and health workers, are being adversely impacted the more. These, coupled with the increasing women's unpaid domestic and childcare services, are pushing women more into poverty and undermining their progress on human rights – a situation that significantly threatens the realisation of SDGs.

The percentage of government revenue being spent on debt servicing (above 40 percent between 2016 and 2019 and over 55 percent in 2020), far exceeds the IMF's sustainable threshold of 12 percent and the 18 percent IMF's country-specific limit for Ghana. This alarming situation has constricted government's fiscal space in providing and expanding gender-responsive public social services such as education, health, social protection, water, and sanitation – further deepening the already existing gender inequality and women's unpaid domestic services such as increased child health and education services, fetching water and sanitation services.

It evident from the analysis that on average, between 2016 and 2020, over 40 percent of government's domestic expenditure and 26 percent of its total expenditure were in debt service alone. This is 1.74 times (17 percent) and 1.6 times (16 percent) higher than the shares of domestic expenditure and total expenditure in both public education and health wage bills. This ultimately demonstrates a tightened government fiscal space to provide and expand gender-responsive services. This is not healthy for Ghana's economic development as it hampers its efforts in achieving majority of the SDGs. Further, the amount spent by the government on public sector wage (including health, education, social protection, security services, sanitation, public works, administration etc.) is almost the same as the amount spent on interest payments on debts. This has limited government's fiscal space to provide and expand gender-responsive social services. Compared to its peers, Ghana has one of the lowest compensations for workers to expenditure ratio (35.6 percent) in 2019 but shows the highest percentage of interest payments over total expenditure (31.7 percent) in the same period.

Moreover, Ghana was spending nearly 7 percent of its GDP to service debt, compared to 4 percent on health and education wage bill altogether. This is attributed to the continuous austerity measures that have promoted debt servicing above gender-responsive public and social service provision and expansion. Consistently for the five-year period (i.e., 2016-2020) the government, on annual basis, has spent twice the amount spent on both public sector wage bills in education and health in debt servicing.

The effect of this underfunding is persistent and intractable shortages of teachers occurring at all levels of Ghana's education system. The average national teacher-student ratios are 32:1, 31:1, 15:1, 20:1 and 27:1 for pre-primary, primary, junior high, secondary, and tertiary levels of education, respectively. This is way above the 15:1 global threshold for pre-primary, primary and junior high levels, 13:1 for senior high level and even lower ratio for tertiary (less 13:1 ratio). This means that Ghana's ratios are twice higher than the economically efficient levels, a situation which affects productivity and delivery of quality education. A look at the gap suggests that to attain the goal of universal primary education or the SDG 4 by 2030, Ghana will need to recruit about 15 percent more teachers each year at the primary level between now and 2030.

In relation to healthcare, the average doctor-to-population ratio of 1:8132 per population far exceeds the WHO's global threshold of 1:1000. We found that Ghana needs to fill a net budgetary deficit of 40 percent (US$206.6 million) to meet the minimum requirement of staffing for primary and secondary health services. This is a clear indication of underfunding and inadequate provision of gender responsive public social services. These developments have impacted the provision of gender-responsive public services such as the public sector employment, key among which are health, education, social protection, provision of water and sanitation services. This has further deepened the already existing gender inequality and scope of women unpaid services – exacerbating poverty and impoverishment mainly among women.

6. Conclusion

The pace of growth of Ghana's public-sector wage bill has not matched the increasing need for the critical workforce required in the public sector, especially in education and health, causing shortages and severely affecting the delivery of quality public services. Ghana's growing public debt levels and debt servicing costs have tightened government's spending on public services in the country, critical among which are health, education, social protection, sanitation, and water. This underfunding of critical services is in contravention of the International Covenant on Economic, Social and Cultural Rights (ICESCR), ratified by 171 UN member states including Ghana. The ICESCR requires that, governments must devote their "maximum available resources" (Art 2(1)) to progressively achieve the full realisation of socioeconomic rights for all (Center for Economic and Social Rights, 2020)

The existing wage freezes due to the austerity measures imposed on Ghana under the 2015 IMF bailout programme have worked to erode a larger share of incomes of low-income households, majority of whom are headed by women. In addition, compared to its peers, Ghana has one of the lowest compensations for workers to expenditure ratio but spends the highest of its total expenditure on interest payments. Hence, there is the need for government of Ghana to fully avert the public sector wage bill caps/freezes on gender responsive public services provision.
To fully mitigate the impact of the Covid-19 pandemic and secondly, to avert the public sector wage bill caps/freezes on gender responsive public services provision, the IMF, government of Ghana, Ministry of Finance, international advocacy bodies and public policy makers, public, civil society and social movements should adopt and prioritize the policy recommendations highlighted in this document.

7. Policy Recommendations/Priorities for Action

In order to mitigate the impact of the Covid-19 pandemic and secondly, to avert the public sector wage bill caps/freezes on gender responsive public services provision, we proffer the following recommendations to the Government of Ghana, the IMF, international advocacy bodies and public policy makers. These recommendations are also relevant for Ghana's attainment of the SDGs, particularly those on gender equality, universal quality education, good health and wellbeing, zero poverty, and clean water and sanitation.

7.1 The IMF should:

7.1.1 Attach specific policy conditions to their lending and surveillance programmes, including austerity measures under IMF bailout programmes, fiscal deficits and wage bills

- Provide policy advice that gives a range of policy options to enable the government of Ghana and other stakeholders make informed choices.
- Move away from policy advice that gives absolute primacy to short-run macro-stability but rather what help the country move towards long-term planning so that they can factor in the returns to longer-run investments in education, health, social protection and sanitation programmes.
- Engage in education, health and gender responsive policy forum internationally (alongside the Education for All (EFA) partners, civil society and social protection groups) and account for how its interventions are supporting or obstructing the achievement of specific goals of the SDGs.

- Make far-reaching changes to strongly vote and voice on its Executive Board so that countries that come under IMF bailout programmes would have a greater say in the policies that affect them.

7.1.2 Reform and implement policies to promote public sector wage bill

- Develop policies which support the goals of SDGs and ILO's decent work agenda, which involve decent job creation, rights at work, social protection and social dialogue with gender equality as a crosscutting objective.
- Perform a **human rights and gender impact assessment** of any policy that impacts on the public sector workforce, particularly education, health, social protection, water and sanitation.
- Carry out an **Independent Evaluation Office** review of IMF's use of public sector wage bill constraints to education, health, social protection, water and sanitation and its wider positioning in the public sector.
- Revisit the recent IMF **Comprehensive Surveillance Review** and ensure any staff guidance incoporates appropriate recommendations..
- Scale up the status of the IMF note on Operationalising Gender in Country Work to **make it mandatory to analyse the gendered impact of public sector wage bill constraints** (and other policies).
- Develop policies that relax the freeze on public sector wage bills and create the enabling environment that responds to the proper management of government pay and employment policies, which are crucial for the delivery of quality public services.

7.2 The Government of Ghana should:

7.2.1 As part of their long-term planning, determine staffing and pay levels that are consistent with their public sector wage bills and allow for the operation of a motivated and professional teaching force on a sustainable basis.

- Use appropriate institutions to better manage wage bill.
- Manage the wage bill in a manner that helps government to spend more efficiently. There should be structural reforms that help to conduct functional reviews to identify over- or under- staffed sectors.
- M**ove towards long-term economic planning** that targets wellbeing and not just GDP growth, and meaningful factors in projected long-term returns to investment.
- Develop long-term public service wage bill plans, detailing the actual need for public sector workforce in order to provide quality service for all.

7.2.2 Restructure/Renegotiate all existing debts and debt service obligations.

- Renegotiate with development partners (IMF and World Bank in particular) for a mechanism that ensures that debt servicing does not surpass 18 percent of government revenue.

7.2.3 Set appropriate tax targets, which are vital to ensuring that the public sector wage bill can be adjusted, improved, and delivered to scale up quality gender-responsive services and meeting the SDGs.

- Set and take action on **ambitious targets for progressive tax reforms,** using progressive taxes, especially on wealth and corporations, to increase tax-to-GDP rates by at least 5 percent by 2030.
- Make sure targets are focused on progressive and gender responsive revenue mobilisation, so as to ensure long-term sustenance.
- Ensure tax revenue mobilisation are not regressive, indirect or excise taxes on goods that are disproportionately consumed by low-income households, majority of which are women-headed[3], neither should increasing tax revenue be at the peril of private investment.
- Improve tax revenue by eliminating the recently introduced sanitation and pollution taxes (imposed on the ex-pump prices of gasoline and gasoil) since these are regressive in nature and erode further the already lower incomes of the poor, majority of whom are women.
- Remove all forms of nuisance and harmful taxes (that are regressive in nature) and set targets to mobilize revenue that drives gender responsive public services in line with the International Covenant on Economic, Social and Cultural Rights (ICESCR) target aforementioned.

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[3]https://www.globaltaxjustice.org/sites/default/files/Framing%20Feminist%20Taxation%20-%20VF%20two%20page.p

- Consider **innovative ways** of enhancing tax reforms and policies to improve on government revenues.

7.2.4 **Reprioritise public spending and make strategic investments to allow for a more socially oriented and gender responsive government spending and expansion of the public sector wage bill.**
- Incorporate human rights and dignity and progress on SDGs, including women's unpaid care and domestic services, into national economic development agenda.
- Justify to the IMF the need for a care economy and appoint into office, people who can offer varying range of economic ideas and alternatives, including gender-responsive alternatives.

7.2.5 **Government of Ghana, Ministry of Finance and the IMF need to move more than their rhetoric and show real change in practice.**
- **Stop pursuing austerity policies** during financial, health, inequality and climate crises and pandemic, considering that such policies prolong economic recovery and increase the wage bill unnecesarily.
- Resist austerity conditions that are insensitive to gender responsive government expenditures and seeks to cap wages.
- Avoid advice on public sector wage bill constraints from the IMF in particular through their Article IVs and more broadly the calls for fiscal consolidation.
- **Collaborate with other Finance Ministries in the sub-region and all concerned advocacy groups** to strongly call on IMF and World Bank for debt cancellation or suspension of interest payments, at least in the medium term.
- **Set ambitious targets to increase public sector wage bills annually** to bolster public services after decades of decline.
- Recognize: (1) **the contribution of the public sector to economic growth and development,** including the impact on unpaid care work and gender equality; (2) the public **sector workforce as part of the core national infrastructure** that needs protection and investment, even (or especially) at the height of a recession; (3) the need for significant **scaling up of the public sector workforce to respond to the pandemic crisis and support a just transition.**
- **Engage in social dialogue and collective bargaining with trade unions** to set fair and gender-equal public sector wages; actively research and implement **alternative macroeconomic policies**, drawing on the work of UNCTAD, ILO, feminist macroeconomists and others.

7.3 **The public, civil society and social movements should:**

7.3.1 **Develop their own economic policy so they can better scrutinise government budgets, increase the sensitivity of budgets (to the needs of gender responsive public service, women, poor people and other excluded groups) and engage in discussions about alternative policies that address the wage freeze.**
- Develop the ability to make the case for increases in the share of the budget for education, health care, social protection, water and sanitation.

7.3.2 **Take the initiative to be involved in decisions that enforce the achievement of SDGs through public sector wage bill.**
- **Bring pressure to bear on governments** to avoid any shade of austerity.
- Strengthen **broad-based movements to condemn the cult of austerity and promote alternatives.**
- Draw on learning and **build a bolder public consensus on economic alternatives to neoliberalism.**
- **Work together to boldly reimagine the public sector** as an engine of sustainable development within planetary boundaries.

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