THE PUBLIC VERSUS AUSTERITY

TRENDS IN PUBLIC SECTOR WAGE BILL - HEALTH AND EDUCATION SECTORS IN SIERRA LEONE 2021

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1.0 Introduction

The protracted civil war in Sierra Leone did not only destroy the pre-war institutional and human resource capacities in the civil and public services but also in many ways blocked the development of new human and institutional capacities in the diversity and quantum required to undertake more effective post-war reconstruction and national development. The war officially ended on the 18th, January 2002. 19 years on from that time and still counting, there has been significant progress in peace and security, democracy and inclusive governance, social reconciliation, growth and human development. However, Government's ambition for advancing these gains continues to be confronted by significant human and institutional capacity challenges. There are visible capacity weaknesses within the public administration, comprising both civil and public servants. There are critical skills gaps at all levels but more specifically around frontline service delivery and in the middle-level professional and senior management cadres. Civil and public servants constitute the link between the State and service delivery to the people and are such, the incubator of public trust or mistrust in government especially the education and health sector.

Management of the public sector workforce in Sierra Leone during the past two to three decades has been characterized by series of uncoordinated half-measures with hardly any strategic direction in respect of staffing, personnel management and remunerations. The pay-setting process in the pass has to a large extent been a "patchwork" exercise with a salary level in one job category being propelled by a need to catch up with salaries in other job categories and it varies disproportionately, depending on the source and intensity of unionized peer pressure. By and large, the public service remained an unattractive option for professionals' career paths largely because of low remunerations and unconducive work environment. Other factors included dissatisfaction in other aspects of public sector management including recruitment, training, promotion, supervision, performance evaluation and discipline. Quite recently, the government has tabled in Parliament Wages and Compensation Commission Bill to address the above sprawling issues emanating from the wage bill disparities.

Sierra Leone has had a situation in which some areas in the provinces registered zero passes at national public exams, some with zero University requirements at Senior Secondary Schools level. On the health issues, there have been situations in this 21st century in which women gave births onboard hammocks while taking them to the nearest health post for delivery. Outbreaks such as cholera do succeed in wiping out a good number of residents in some communities for lack of health workers in those communities. Sierra Leone faces stark and continuing challenges in the health system, with gaps in resources and capacity evident across the public sector workforce at all levels. These gaps are especially pronounced in higher-skilled cadres: such as medical specialists and officers, midwives and highly skilled generalist and specialist nurses. Fortunately, the current challenges surrounding Human Resource for Health (HRH) in Sierra Leone – and the potential impact of increasing both the quantity and quality of health workers – have received significant new attention and focus in recent years. This new attention began in part with the Free Health Care Initiative (FHCI), launched in 2010, which injected significant new personnel into the workforce. The Free Health Care Initiative (FHCI) has been one of the most significant reforms in the sector. It aimed at reducing Out-of-Pocket payments on health for pregnant and lactating mothers and children under 5 years of age. Salaries for health workers were doubled with its introduction and donors initially carried the additional salary costs. In 2016, Government paid the whole wage bill, while donors funded a majority of drugs procurement for the program – those two costs being the two main cost drivers of the FHC. However, this initial forward movement was violently halted as the Ebola wreaked havoc on the health system, claiming the lives of 257 health workers. Quite recently, the government of Sierra Leone increased the number of health workers by 5000[1] and a corresponding 30% increase in their salaries.

Sierra Leone faces a substantial number of challenges to ensure that a qualified and effective education workforce can teach all children. Learning outcomes are low, almost one-third of the education workforce is unqualified and more than half are not on the government payroll as only 42% of teachers are on government payroll[2]. The rest are teachers not yet on payroll but being supported by the schools with small stipend from the school subsidies while the others are from private school. These challenges are mostly acute in remote areas. Ensuring opportunities are equitably and efficiently distributed across Sierra Leone is a key policy issue. In 2018, President Bio introduced the Free Quality School Education policy to increase access to education and improve learning. This has been supported by an increase in spending on education to reduce existing inequalities in the education workforce deployments and pupils learning as more girls are admitted at the primary level than boys and gender parity in intake is achieved at the junior secondary level. However, the senior secondary level is reported to have more boys than girls. The teacher reassessment and upward review of salaries, disbursements of school subsidies, improvements in the operations of the Teaching Service Commission (TSC); community ownership of Government interventions; support of Donors and Non-Governmental Organisations. Teacher regarding system carried out transparently in 2020 and about 4,300 put in the right grade and salaries across the country. Teacher monitoring system is put in place with the support of World Bank and record systems for all teachers are well documented with functional staffing and offices are in place in all 16 districts[3] This was successful in encouraging children back to school and bringing in more teachers into the payroll – but given the scale of the issues, significant work remains.

In a bid to address the various challenges in the education and health workforce, the Teaching and Health Service Commissions were established with the primary aim to identity, recruit and manage the teachers and health workers' condition of service. However, both sectors still continue to face serious challenges ranging from low pay, poor conditions of service and limited number of the workforce compared to the country's populations.

1.1 Aims and objectives of the study

- Conduct a desk review of the entire wage bill for the education and health sectors, do a situation analyses and proffer recommendations with a view to sanitize the wages.
- Do a comparative nosedive on other sectors' contributions or alternative funding options to the wage bill to ensure quality workforce.

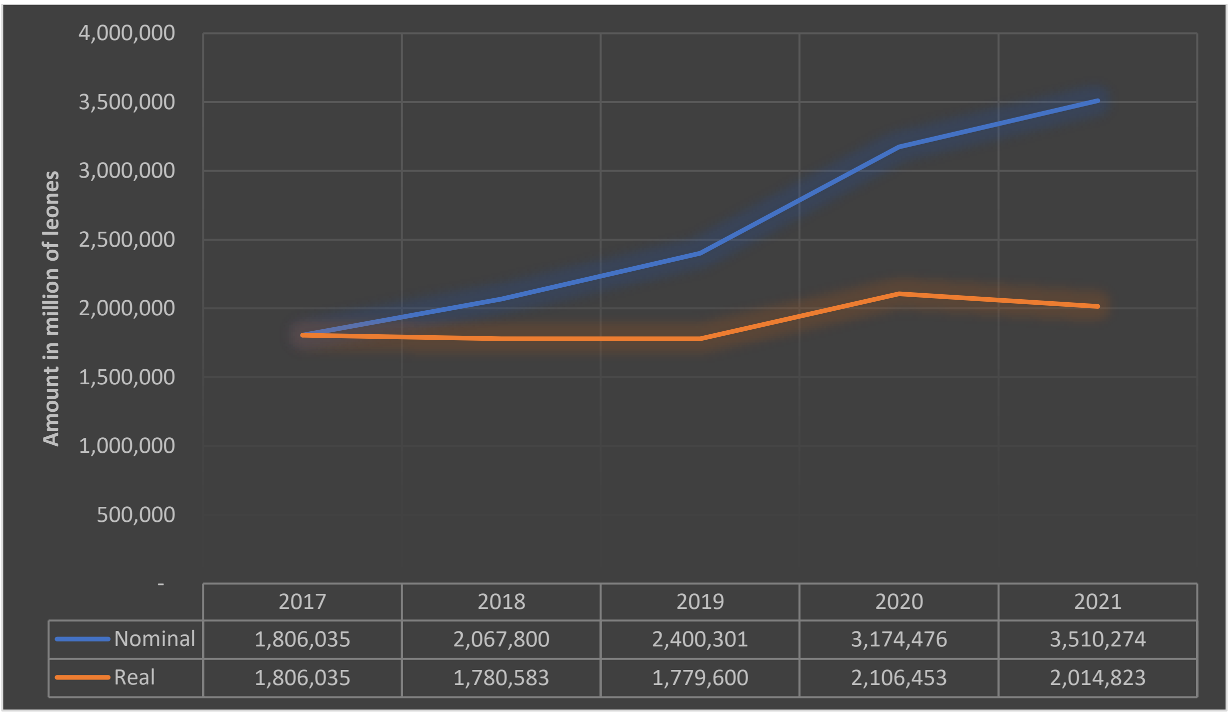
[1] 2020 budget speech
[2] https://www.dsti.gov.sl/2020-annual-school-census-report/
[3] https://www.dsti.gov.sl/2020-annual-school-census-report/

- Develop pointers to potential revenue losses and revenue recovery options using prudent economic policies to finance the wage bill.
- Conduct government's income and public sector wage bill analyses.

2.0 Total Government Wage Bill

Sierra Leone's public sector wage bill has increased by 94% from 2017 to 2021 in nominal terms and 12% in real terms for the same period while at the same time, the total workforce (employees on government payroll) increased by 26% (from 71,325 to 89,594). This increase is as a result of strong commitment by government to Human Capital Development especially the recruitment of more teachers and health workers. Figure 1 below shows the wage bill in nominal and real terms from 2017 to 2021 using 2017 as the base period.

Figure 1: Overall wages and salaries in nominal and real terms using 2017 as the base (2017-2021)



***Source**: Government budget (2017-2021)*

In relation to the Annual Average Salaries per person, this has increased by 46% in nominal terms in 2021 from 2017. (i.e., Le 25.32 million to Le 36.85 million). In real term, it decreased by 16% (i.e., Le 25.52 million in 2017 to Le 21.15 million). This clearly shows that the rate of increase in the Public Sector Workers' Salary (PSWS) in Sierra Leone is not commensurate to the rate of increase in the prices of goods and services. The table below shows year by year, the average annual salary in both real and nominal terms.

Table 1: Average annual wage and salary in nominal and real term using 2017 as the base (2017-2021)-Le million

	2017	2018	2019	2020	2021

Nominal	25.32	26.94	31.88	35.43	36.85
Real	25.32	23.19	23.63	23.51	21.15

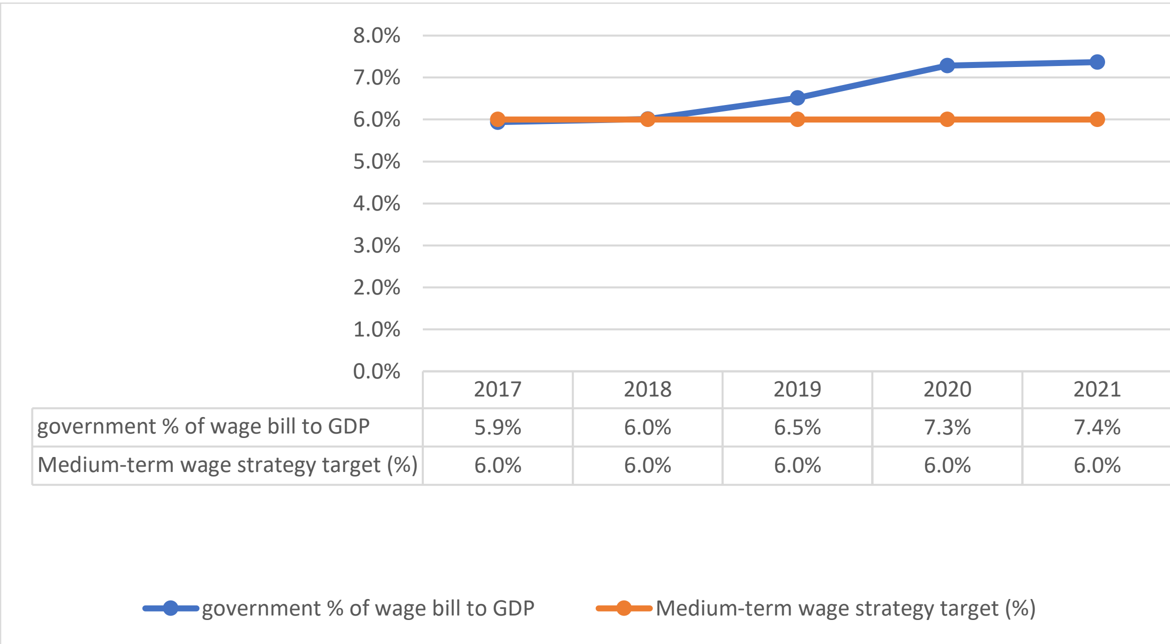
***Source**: Government budget (2017-2021)*

2.1 IMF and the Wage Bill

Sierra Leone - one of 4 low-income countries we reviewed - has been given a consistent budget steer throughout the period 2016-2021 to cut the PSWB to 6% of GDP from the IMF.[4] While this is pinned as a combined goal of the government and IMF within some Article IV reports, there are indications that the IMF played a significant role in setting it.[5] Moreover, the goal has remained consistent both before and after the 2018 General Election at which the ruling party changed and the newly elected president, Julius Maada Bio, made bold new commitments to expanding health and education. As such, while this is pitched as a government initiative it appears to be largely driven by the IMF – which includes the advice that the government should be working to contain and limit the wage bill to achieve it.

The total Public Sector Wage Bill (PSWB) to the nominal GDP percentage-wise is on the increased by 1.5% from 5.9% in 2017 to 7.4% in 2021. From 2019 to 2021, it goes beyond the medium-term wage strategy target of 6% GDP[6] agreed with IMF. This increase is as a result of increment in the workforce of the public sector workers, particularly teachers and health workers. The figure below shows medium-term wage strategy target to government's percentage (%) of the wage bill to GDP.

Figure 2: Government wage bill in GDP as against the medium-term wage bill strategy (%) - (2017-2021)



Source: Government budget and IMF article IV review (2017-2021)

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[4] The individual steers in this period entailed cuts of between 0.5 and 1.9 percentage points to reach this target.

[5] The 2016 ArtIV & ECF Review explicitly states that *In consultation with [IMF] staff, the authorities have prepared a medium-term wage strategy that aims to reduce and contain the wage bill within 6 percent of GDP*

[6] https://www.imf.org/external/pubs/ft/scr/2016/cr16236.pdf

In total between 2016 and 2021, the IMF has given a consistent medium-term steer through the budget[7] to cut and freeze the PSWB, and to achieve a target of 6% of GDP. Between 2016 and 2018, the budget steer was to cut the PSWB (by between 0.9 and 1.7 percentage points over 2-4 years) to 6% and then to freeze it at that level. According to the latest budget figures available, the PSWB did move towards this target, and was cut by 1.1 percentage points between FY15 and FY18 (from 7.4% to 6.3%). This implies that IMF advice has played a role in advising the government to control and freeze the PSWB.

There are indications that the government has had to negotiate with the IMF in order to try to identify how the country can meet the ambitious new goals (i.e. to meet the commitment to ensuring free quality education, or the increase in health spending to meet the commitment to free health care) and despite a series of crises (i.e. the Ebola or COVID-19), while staying within the boundaries of the 6% target. As such, the target seems to allow for little reflection of the national realities or priorities.

For instance, in 2018 ECF request[8] it notes that a freeze on new hires to meet the 6% PSWB target but accepts this does not apply to education[9] due to the government's new free education policy. In the 2019 Article IV report also notes the recent drive to recruit 5,000 teachers and a 30 percent increase in wages for teachers to help improve teacher quality (but while accepting this is from poverty level wages and against a backdrop of increased cost of living).

It is also notable that from 2019 onwards, tertiary education wages were categorised in the budget and included in the PSWB (wages and salaries) budget line which understandably led to a short-term PSWB increase. Despite this, the 2019 and 2021 documents we reviewed maintained the budget steer to cut the PSWB to 6%. In other words, from 2019 onwards, the wage bill was expected to stay within the 6% limit while also covering additional education salary costs.

The only exception to the 6% budget target was in the 2020 Request for Disbursement under the Rapid Credit Facility, where the medium-term steer was to reach a PSWB of 6.4% by FY25. This slightly elevated target is not explained in the document but is likely to have been influenced by a bump in spending as a % of GDP due to the COVID-19 pandemic. Meanwhile the 2021 budget allocates an additional Le 677 billion to bolster the health sector, including to hire 1000 additional health sector workers and to continue incentives for medical staff combatting COVID-19, again this is conceded against a backdrop of larger cuts. Even so, achieving this target still entailed budget steer to make a net cut of 0.5 percentage points over 6 years.

By the first quarter of 2021 though the 6.0 target had returned. The 2021 Request for Disbursement under the Rapid Credit Facility gave a budget steer to cut by 1.9 percentage points to reach it, and to freeze it at that level for 2 years. The document also identified containing current spending and rationalization of the wage bill to meet the 6% target, as key to ensuring debt sustainability. If the government adheres to this most recent budget steer, the PSWB will have been cut by 1.4 percentage points between FY15 and FY26. In other words, some slight concessions are made during the initial COVID crises, but business has returned to normal shortly after in terms of the IMF policy advice.

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[7] Our analysis of PSWB figures (% of **non-iron ore** GDP) is based on the '*wages and salaries*' budget line.

[8] https://www.imf.org/en/Publications/CR/Issues/2018/12/18/Sierra-Leone-Request-for-An-Extended-Arrangement-Under-the-Extended-Credit-Facility-Press-46480

[9] The footnote says: *Hiring has only been confined to the education sector in view of the recently adopted free quality education policy applicable to basic and secondary schools*

3.0 Health and Education wage bill

The Health and Education sectors play a vital role in service delivery and are part of the human capital development makeup. In-fact they are the sectors which the poor and vulnerable segments of the population rely on mostly for effective service delivery. Teachers and Health Workers constitute about 61% of the total government workforce. However, their take-home is in the range of 30 to 36% of the total wage bill.

Sierra Leone has, impressively, increased its budgetary allocations to the Education Sector from a mere 15% in 2017 to 22% in 2021. This is in line with the Global Partnership for Education commitments. Which requires that member states to commitment 20% of their budget on education. Furthermore, The SDGs 4 framework requires government to spend 4 to 6% of the national GDP on education. Such commitment on the side of the GoSL speaks to the fact that the current administration gives pre-eminence to education which is made a flagship project to anchor the human capital development. The quality school education projects come with its challenges in terms of catering for the new intakes, which numbers currently stands at 800,000 pupils. The government is making frantic efforts to narrow down the school dropout ratio with the radical inclusion strategy. Equally, the government is rolling out the early school development project which includes expansion and addition of classrooms that are being built to accommodate more pupils across the country.

In a nutshell, the education sector wage bill has increased in nominal terms by 65% since 2017, but in real terms, it decreased by 5%. The nominal average wages and salaries from 2017 to 2021 range in-between Le 13 million to Le 20 million per annum. So, in real terms, it gets even lower.

This goes to say that the increment in teachers' salaries, over the time, has not been commensurate to the price hike of goods and services when affordability is considered at its best. Inflation is wreaking mayhem on the survival of teachers, while those who have just graduated at teachers training colleges would have to sit for over two years or more to teach without receiving salaries before PIN Codes are issued[10]. Teacher interview and replacements takes some time, and teachers who have been promoted to senior positions do wait a little more to be in their correct salary scales as the conditions of service dictates. "The best is yet to come," according to the Sierra Leone Teacher's Union (SLTU) president, in a close informant interview. The current wages and salaries for teachers are a far cry to the proposed **"bread basket"**[11], he said, which is in the tune of Le 42 million[12] per year. When you do the mathematics, even a principal who has taught for 20 years cannot earn such wages and salary because the basic take-home per month is well below three million five hundred thousand Leones (Le 3,500,000).

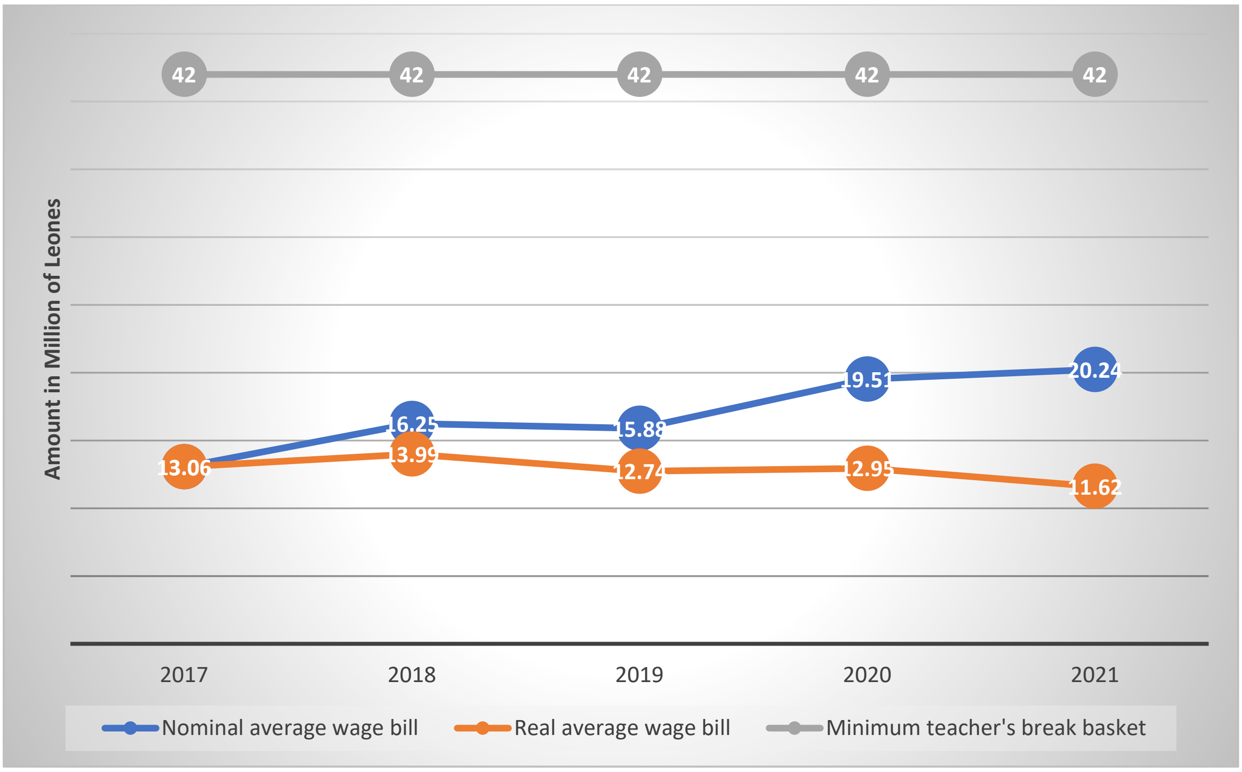
The figure below provides the average salaries per year for education.

[10] PIN code are unique numbers given to a teacher which enable him/her to get salary from government.

[11] This is the minimum salary for a family of 5 to be able to meet the basic living condition for the least teachers. (is this the poorest earning teacher?)

[12] Please see annex one for breakdown.

Figure 3: Average annual teacher's salaries in nominal and real terns as against SLTU bread basket (2017-2021)



Source: *Government budget – (2017 to 2021)*

The government of Sierra Leone's public debt which is a part of fiscal management to compliment domestic revenue is on the increase which is currently affecting the national budget greatly in that the fiscal space is being limited thus impacting negatively social spending. For instance, the total interest payment for the period under review is even bigger than the total wage bill for education. Therefore, reducing the loans to be taken and pushing for debt cancellation will create the fiscal space for government to increase both the workforce and wages and salaries for teachers. The table below shows the wage bill for teachers and total interest payment for debt.

Table 2: Teacher's wage bill in nominal and real terms and the total interest payment (Le million) - (2017-2021)

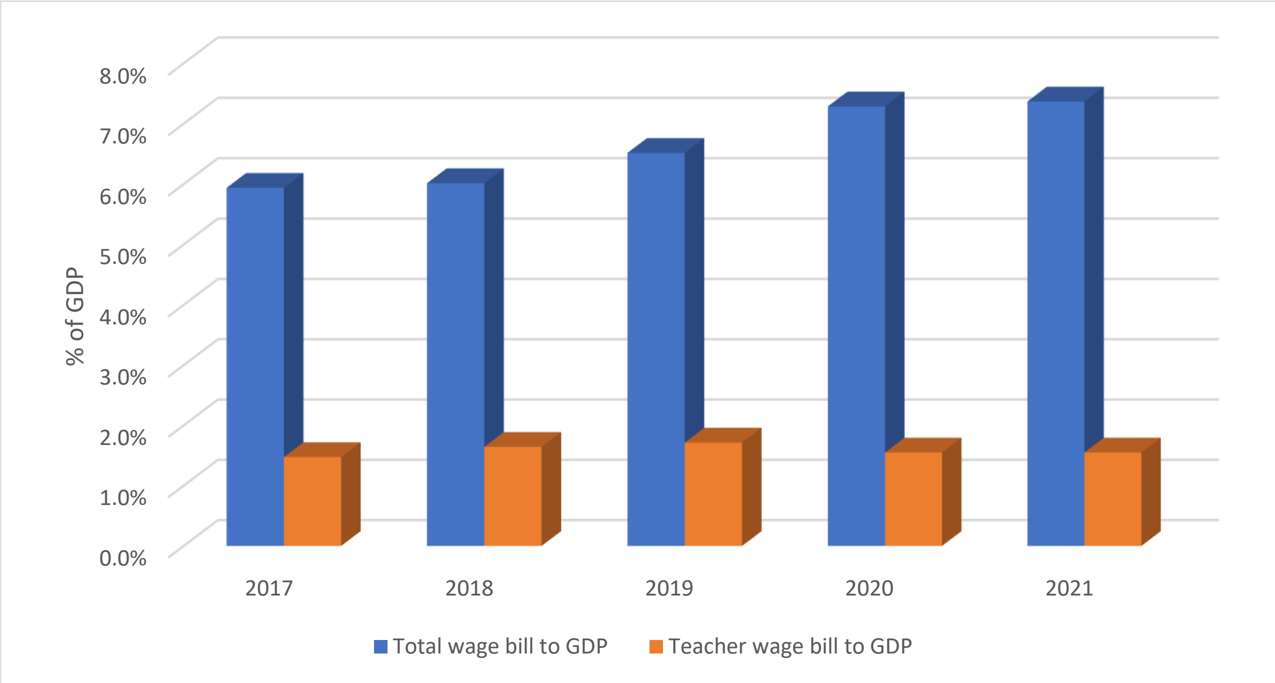
	2017	**% of govt budget**	**2018**	**% of govt budget**	**2019**	**% of govt budget**	**2020**	**% of govt budget**	**2021**	**% of govt budget**
Teacher wage bill (Nominal)	448,403	8.2%	565,021	7.8%	631,613	8.2%	675,584	7.2%	738,633	7.2%
Interest payment (Nominal)	548,178	10.1%	952,000	13.1%	1,034,561	13.5%	1,225,038	13.1%	1,277,611	12.5%
Teacher wage bill (Real)	448,403	8.2%	486,540	7.8%	468,282	8.2%	448,290	7.2%	423,960	7.2%
Interest payment (Real)	548,178	10.1%	819,767	13.1%	767,031	13.5%	812,885	13.1%	733,322	12.5%

Source: *government budget (2017-2021)*

In relation to the GDP, the education wage bill, is between 1.5% to 1.7% of the GDP for the years under reviewed

This amount is about 25% of the overall wage bill to GDP. The graph below shows the overall wage bill to GDP to that of teacher wage bill to GDP.

Figure 4: Total wage bill versus teacher's wage bill (% GDP) - (2017-2021)

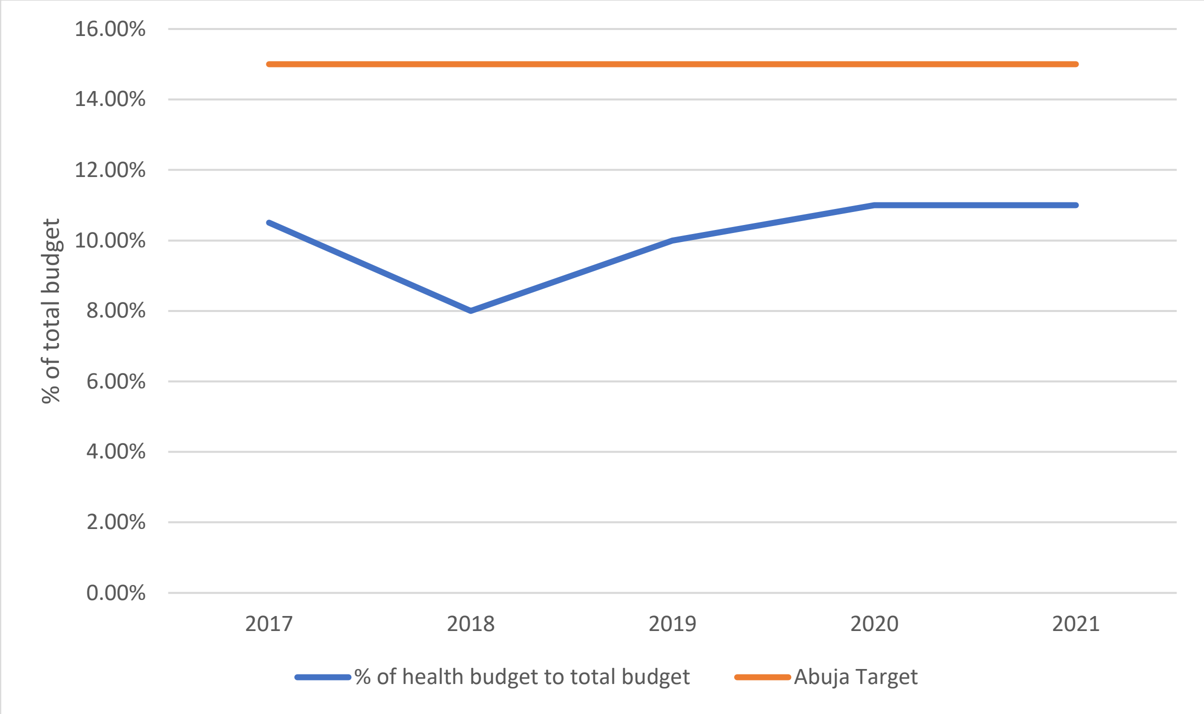


***Source**: Government budget – (2017 to 2021)*

The Sierra Leone Healthcare System is still facing serious challenges following the Ebola outbreak. As if to add salt to injury, the Corona virus further exposed the vulnerabilities in the system. The main referral hospitals are with basic lifesaving medical equipment and essential drugs to rise to the challenge of saving lives in time. The system lacks proper diagnostic facilities and presides over a lack of ability to cure some ailments which medics in the final analyses could nothing about. To ensure that the GoSL is able to provide adequate funding to the Health Sector, governments in African agreed in 2001(Abuja Declaration on health spending) to provide at least 15% of its budget to the sector. Since then, Sierra Leone has not been able to meet this minimum target both in terms of allocations and actual spending. For the period under review, the percentage of the total health budget to the total government budget sits between 8 to 11%. Considering the Covid 19 pandemic prevailing context faced by the nation and the world at large, there is a dare need for this declaration to be seriously acted upon.

The figure below shows how the government is performing in relations to the Abuja target.

Figure 5: Abuja target for health versus government for health (%) - (2017-2021)



***Source**: Government budget – (2017 to 2021)*

The health workers wage bill constitutes between 2.5% to 4.3% of the total budget and between 0.5% to 1% of GDP for the period under review. Just like the teachers, the wage bill for health workers also increased in nominal terms by 100% from 2017 to 2021, but in real terms it decreased by 15%, though on the average, the health workers wage bill is higher than that of the teachers. The increment in the wage bill of health workers was precipitated by the introduction of the Free Health Care Initiative (FHCI). The Corona virus also placed pressure on health workers to work beyond their normal schedules. This justifies the need to augment a bonus system in the form of risk allowances and hazard pay. Government continues to pay this risk allowance in the form of health insurance for all health workers since the outbreak of COVID-19-. Recently, there was an increased in the salaries of health workers which the Medical and Dental Association say it was meant to increase their take homes and is non-taxable. Much as the increment comes across as good news for the health workers, it presents a conundrum in terms of the calculation of their NASSIT contributions and end of year benefits. The table below shows the average health worker wage bill in nominal and real terms.

Table 3: Average worker wage bill in nominal and real terms (Le million) - (2017-2021)

	2017	2018	2019	2020	2021
Average health workers wage bill per annum-nominal	16.53	17.17	17.99	29.81	33.00
Average health worker wage bill per annum-nominal-Real	16.53	14.78	14.55	19.78	18.94

***Source**: government budget (2017-2021)*

One of the ways in which the government is funding its development strides include loans which attract interest. This will help to reduce the fiscal space for the government to spend. For the period under review, the interest rate payments which the government of Sierra Leone paid to creditors has gone way beyond a 130% (From 2017 to 2021). The magnitude of interest rate payments for the period under review is more than the national Health Wage bill for 2021 hence the government should be thinking of reducing or lobbying for loan cancellation going forward in other to be able to increase the fiscal space while will give government the ability to increase the health wage bill. This amount can also reduce the current doctor-patient ratio by 1000% which will provide citizen access to more doctors.

4.0 Government Income and Public Sector Wage Bill – (2017-2021)

Sierra Leone has almost double its domestic revenue generation from 2017 to 2018 in nominal terms. In real terms, domestic revenue only increased by 2%. The total wage bill to domestic revenue for the years under review ranges between 40% to 55% as show in the table 4 below.

Table 4: Total wage bill and domestic revenue (Le million) - (2017-2021)

	2017	2018	2019	2020	2021
Total wage bill	1,806,035	2,067,800	2,400,301	3,174,476	3,510,274
Domestic revenue	3,596,098	4,556,300	5,662,859	6,470,436	6,416,195
% of wage bill to domestic revenue	50%	45%	42%	49%	55%

Source: *government budget (2017-2021)*

One of the sources of the domestic revenue is from the mineral sector. Sierra Leone is blessed with a lot of minerals but still the revenue from that stream is very small. For the period under review, minerals revenue contributed between 4% to 5% to the domestic revenue as shown in the table below.

Table 5: Domestic revenue versus mineral revenue (Le million) - (2017-2021)

	2017	2018	2019	2020	2021
Mineral revenue	167,567	240,550	228,785	322,125	275,448
Domestic revenue	3,596,098	4,556,300	5,662,859	6,470,436	6,416,195
% of mineral revenue to domestic revenue	5%	5%	4%	5%	4%

Source: *government budget (2017-2021)*

Every year, the GoSL do receive grants to support it development activities. These grants are either for projects or direct budget support. The data indicate that: government grants have not been on a steady increase. They fluctuate at times and in some instances, they are not forthcoming, hence, it has the tendency to affect budget implementation. Grants for the year under review contributed between 14% to 28%. This clearly indicates that grants are one important revenue sources needed to finance the budget. The table below shows on a yearly basis the percentage of grants to the total domestic revenue.

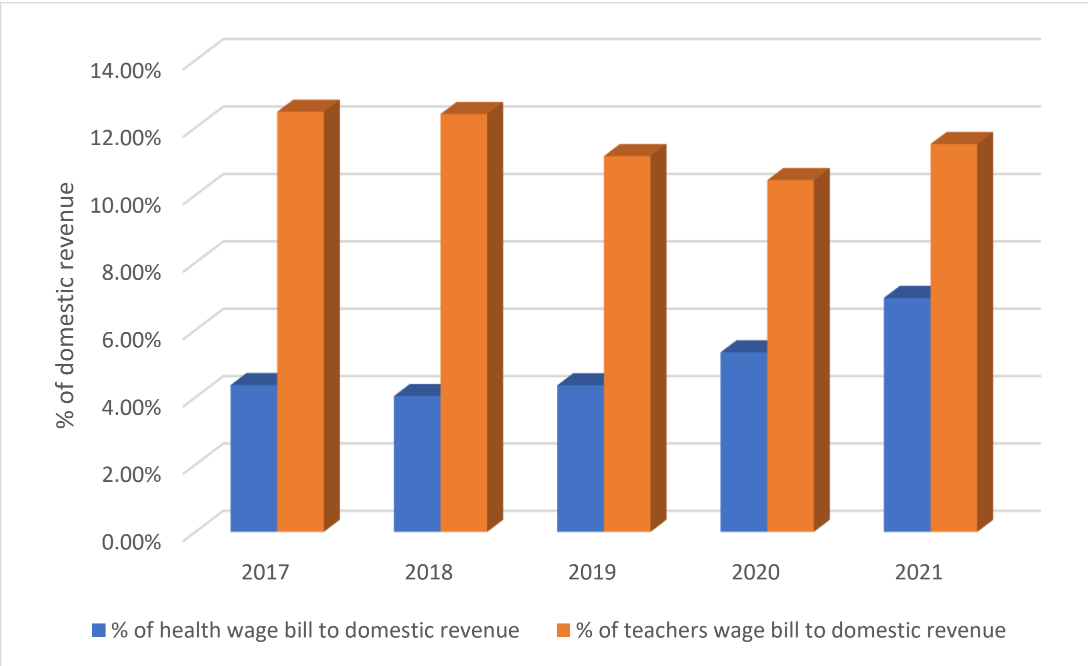
Table 6: Domestic revenue, grant and wage bill (Le million) - (2017-2021)

	2017	**2018**	**2019**	**2020**	**2021**
Domestic revenue	3,596,098	4,556,300	5,662,859	6,470,436	6,416,195
Grant	956,900	658,336	1,063,829	1,765,100	1,721,837
Wage bill	1,806,035	2,067,800	2,400,301	3,174,476	3,510,274
% of grants to domestic revenue	26.61%	14.45%	18.79%	27.28%	26.84%
% of grants to wage bill	52.98%	31.84%	44.32%	55.60%	49.05%

***Source**: government budget (2017-2021)*

Government grants over the years can finance the education and health sectors wage bills as indicated in the figure below.

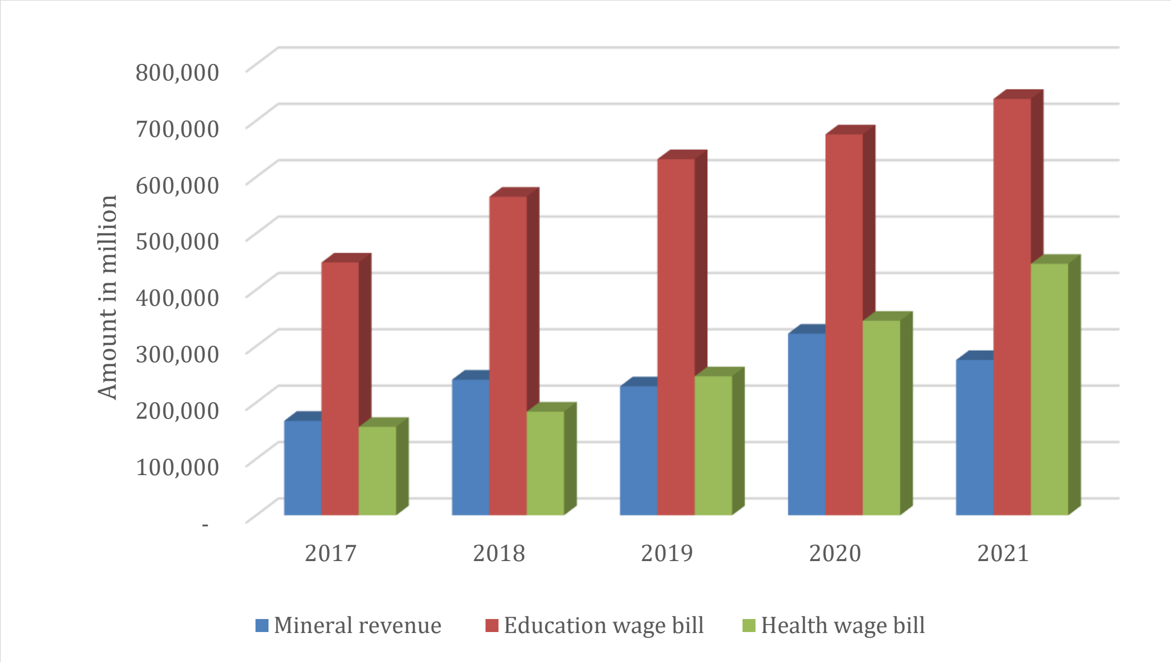
Figure 6: % of health and teachers wage to the domestic revenue



***Source**: Government budget – (2017 to 2021)*

Revenue from the mineral sectors cannot finance neither the wage bill for education nor that of health despite Sierra Leone's of being a minerals rich country. The figure below shows comparison of mineral revenue and education and health wage bill.

Figure 7: Mineral revenue vs health and education wage bill (2017-2021)



5.0 Public Sector Wage Bill and Education and Health Workforce – (2017- 2021)

Sierra Leone has a population of about 7.5 million of which 52%[13] are children and youth eligible for schooling. This huge number requires a good number of teachers to be able to provide teaching services. Currently, the number of teachers in the payroll does not match the required number of pupil's enrollment over the years as per the international teacher-pupils ratio. The table below shows the number of teachers as against the current enrolment.

Table 7: Number of teachers as against pupil's enrolment

Year	**2017**	**2018**	**2019**	**2020**	**2021**
Total pupils' enrolment	2,060,971	1,982,475	2,654,306	2,695,590	2,762,980
No of teachers	34,345	34,767	39,767	34,619	36,500
Teacher-pupil ratio	60.01	57.02	66.75	77.86	75.70
International standard for teacher-pupil ratio	40	40	40	40	40
Number of teachers required as per the international standard	51,524	49,562	66,358	67,390	69,074
Gap in teachers	17,179.28	14,794.88	26,590.65	32,770.75	32,574.49

***Source**: Government budget – (2017 to 2021)*

[13] Education sector Analysis- World Bank

The table above shows that Sierra Leone needs about 32,574 teachers as of 2021 to be able to meet the international standard for the teacher-pupils ratio. The additional teachers required, will cost the government an approximately extra Le 659.2 billion per annum using the current salary scale, hence it will increase the wage bill by about 20% just for education and for 2021. Using the SLTU minimum proposed salary for teachers (Le 42 million per annum), it will cost the government Le 2.4 trillion to pay teachers per annum for the 1:40 teacher-pupils ratio. Using the current teacher-pupils ratio (1:75) and the proposed Le 42 million salaries by the SLTU, it will cost government an additional Le 800 billion just for 2021.

From 2018 to 2019, 5000 additional teachers were added into the payroll. This was to cope with in the increase of pupils in school due to the introduction of the Free Quality Education introduced in 2018. However, this increased in teachers does not still match with the increase of the school enrolment.

Human Resources for Health are a crucial component in delivering high quality, affordable, and accessible health care services in every country. The ability for a country to meet its health goals depends largely on the knowledge, skills, motivation, and deployment of the people responsible for organizing and delivering health care services. In the last few years, increasing attention has been paid to the development of health policies that guarantee better health outcomes in many countries. However, a major drawback of these health policies has been their failure to address Human Resources for Health. In Sierra Leone, persistent gaps in human resource capacity exist across all cadres, districts, and health care levels within its public-sector health workforce according to the Human Resource for Health report published by the Ministry of Health. These insufficient staffing levels have long been recognized as a key barrier to a resilient and responsive health system. The gap between staff needed and staff practicing has historically been most critical in higher cadres – particularly doctors and midwives. However, since the introduction of the Free Health Care Initiative in 2010, the health workforce has grown significantly – effectively doubling by 2011 (Oxford Policy Management, 2015). This positive trend was, however, interrupted by the recent Ebola crisis which claimed the lives of at least 257 health workers in Sierra Leone and caused many others to temporarily leave the workforce[14]. Though the health workforce has been growing overall recently, a significant number of the health workers are nearing the national retirement age of 60. Approximately 24% of all health workers are currently over the age of 50, while 394 health workers are already over 60[15].

The Government of Sierra Leone (GoSL) currently employs 13,515[16] health workers nationwide. This number includes all administrative and support staff with health professionals providing patient services which was distributed across 1,323 work stations, including hospitals, PHUs, clinics and administrative offices.

The World Health Organization recommended doctors to patient ration is 1:1000[17]. Currently, the ratio is 0.03:1000. This means that government need to increase its number of doctors by 29-fold. For nurses the recommended ratio is 83 nurses per 10,000 of the population. For 2021 the ratio is 7.51:10,000. To reach the recommended WHO target, government need to increase it number of nurses by 11.1 fold. In terms of its impact on the health sector wage bill, government will need to employ approximately additional 2,717 doctors and 170,744 nurse to meet the WHO

[14] Directorate for Human Resources for Health, MoHS
[15] https://www.resilientinstitutionsafrica.org/sites/default/files/2018-08/%5BSierra%20Leone%5D%20HRH%20Strategy%202017-2021.pdf
[16] 2021 government budget
[17] https://www.the-star.co.ke/counties/central/2019-06-15-nurse-to-patient-ratio-below-who-requirement-says-nandili/

recommendation on doctor to patient and nurse to patient ration. This is something impossible now to address in Sierra Leone, but steps can be taken in the long term to reduce the gap as the require resource will be approximately 13 times the current wage bill for the health sector.

6.0 Bureaucracies in Recruitments of Education and Healthcare Workers

It is a norm rather than the order, to describe the manner in which staffs are being recruited in the education and health sectors in Sierra Leone. The ministry of finance recently stated that 782 health workers and 4492 new teachers have been added to the payroll between January 2019 and February 2020. It did not come to happen all of a sudden. After several clarion calls by a number of trained and qualified health personnel, the quantum was so huge to reach a crisis point. Same with teachers and other young professionals who want to serve the country and be gainfully employed. On the side of the government, lack of funds was the reason propounded. Even with those that were gainfully employed, they are confronted with issues such as not receiving salaries on time; pay rise was even a farfetched cry when the government owed a huge salaries and wage bill backlogs.

Be that as it may, a new government came in in 2018 with a view to change the methods of rolling out the state's response to the various quests by the citizens thereby ensuring national developments which are much needed. Of the impeding factors, at the outset, there was the issue of cleaning the payroll vouchers. Making progress in tidying up the vouchers, the government took a long time enough to clean those vouchers. Much as the cleaning was needed, it contributed to delays in getting new employees. Again, the time factor comes to play when the issue of recruiting new staffs is mentioned. For instance, it takes a minimum period of six months to replace a medical worker (Doctor) and to be issued with a PIN Code. For teachers, the minimum period it would take to recruit is two years. That means those who may choose to serve maybe doing so without salaries up until teacher interviews are conducted, and verifications carried out, which normally takes much longer for them to start earning salaries[18]. These bureaucracies have, no doubts, been contributing factors to a huge brain drains in the health and education sectors in Sierra Leone.[19]

[18] Interview with SLTU
[19] Interview with SLTU and SLMDA

7.0 Public Financing Options to Increase the Wage Bill

For over a decade, Sierra Leone's domestic revenue was low as a percentage of Gross Domestic Product (GDP) - averaging 10.9 percent between 2010 to 2017 until 2020 when it reaches 14.2% which is still below the average of 15 percent for Sub-Saharan Africa (SSA). Low revenue performance implies less resources available to be spent for development without direct donor involvement. Increase in domestic will increase the fiscal space for government to invest on social services including the wage bill for the health and education sector. To increase domestic revenue requires expanding the revenue base and implementing progressive tax measures. Below are some options to increase the revenue base:

Revenue Losses in the Mining Sector

Budget Advocacy Network, a credible civil society think tank –credited for their extensive research into macroeconomics and policy options in maintaining proper systems from which the government could derive means of sustaining some lengths of the wage bill claimed in one of their recent reports, ***Losing Out***[20], that the government is losing huge revenue in the areas of Customs Duty and Goods and Services Tax Exemptions.

The report, which made use of figures from the National Revenue Authority (NRA), estimated a revenue loss to the tune of Nine Hundred and Sixty-Six point Six billion Leones (Le 966.6) billion ($224 million) in 2012, equivalent to 8.3 percent of the national GDP, from the two areas. In 2011, the report maintains that: revenue losses were even higher – equivalent to 13.7 percent of the national GDP. Now, the annual average of the three years covering the period 2010-12 was a staggering Le 840.1 billion ($199 million).

Closing these loopholes could earn the government's revenue purse a colossal amount while at the same time it is a possible means, if not options enough, the government should explore to be able to finance the national wage bill. Most of these tax exemptions were granted to foreign mining companies, notably African Minerals and London Mining by then. There has been a massive rise in revenue losses since 2009 – this was as a result of tax incentives granted to the mining sector in relation to the major investments that took place in the 2010-2012 era, during which huge imports of capital equipment and petroleum products were done. However, a lot of reform has been instituted recently which has significantly reduce these loses in the year under review. Some of these reforms include the development of duty waiver and tax exemption policy and transfer pricing regulations.

These tax 'expenditures' could instead be spent on improving the health sector across the country. The irony to this revenue loss is that we continue to see missed development priorities that could have improved our Agriculture; Roads; Health; Education; Energy; Water and Transport sectors. In 2012, again, the government nearly spent as much on tax incentives as against her development priorities. In 2012, tax expenditure amounted to an astonishing 59 per cent of the entire government budget, and **over 8 times the health budget**.

[20] Budget Advocacy Network, *Losing Out: Sierra Leone's massive revenue losses from tax incentives*, April 2014

Option One (1) - From the Extractive Sector

• Increasing Shandon (previously Africa Mineral) rate of corporate income tax from 25% to 30% could have raised $30 million extra a year by 2020; However, this company has closed operations in Sierra Leone.

• Introducing a Resource Rent Tax, as proposed by the government in its Extractives Industries Revenue Act, could increase revenues by $45 million a year by 2020.

Combining these two sources could raise revenue of $75 million in the next few years. These estimates, it should be noted, were made before the current Ebola crisis and whilst they do account for a drop in iron ore prices, based on last year's estimates by analysts, they do not account for the price plummets that have since occurred.

However, with the coming of the new government in 2018, an Executive Order was passed which put a temporary stop the granting of duty waiver and tax exemption and a duty waiver and tax exemption policy has been drafted which gave birthday to a one stop-shop for granting duty waivers. This reduces the waivers to Le 600 billion in 2020.

Revenue Losses in the Agriculture Sector

The government is also offering all agribusiness investors time-limited exemptions on corporate income tax payments and some import duties. However, it has gone even further; giving individual foreign investors, special tax deals which offer them still more concessions. For example:

- Addax Bioenergy Sierra Leone Ltd, which is establishing a sugarcane plantation, has been given a corporate income tax exemption for 13 years, reductions in withholding tax and the ability to write off some other expenditure against tax.
- Socfin, a Luxembourg-based company that is establishing an oil palm plantation, has been given (slightly different) extended reductions in corporate income tax, withholding tax and import duties.
- Goldtree, which is also establishing an oil palm plantation, has been given special deals on withholding taxes.

Researchers working for Sierra Leone's Action for Large-Scale Land Acquisition Transparency recently calculated the tax revenue losses to the country from the deals signed with these three companies in regards the three taxes alone (corporate income tax, import duties and withholding taxes) amount to $188.1 million or $18.8 million a year over a ten-year period[21]. The latter figure amounts to **over half the government's spending on health in 2015**

Option Two (2) - From the Agricultural Sector

Ensuring that Agricultural companies pay their correct taxes as per the national revenue laws will bring $18.8 million a year over the next 10 years.

Potentials in Withholding 10 Percent Tax on Rented Properties

As revenue mobilisation remains a challenge for NRA, concerns are being raised about the capacity to tap the full potential of all revenue collection streams. Among those is the 10 percent Withholding tax on rented properties such as business shops and stores in the four regional headquarter towns of Freetown, Bo, Kenema and Makeni. Added to these four cities is Koindu city for the presence of diamond mining companies and other high-profile businesses. Using data from the Local Government Fiscal Department of the Ministry of Finance and Economic Development (LGFD/MoFED), a total amount of Le21.84 billion (US$5.04 million) per annum could have been realized as compared to the actual collection of Le6.01 billion (US$1.39 million). The 2020 budget speech stated that government will work with local council to maximize this potential and it was also factored in the Finance Act and NRA has started strengthening the implementation of this measures but required more collaboration with other third parties to effectively maximize this revenue potential.

Option Three (3) - Potentials in withholding 10 percent tax on rented properties

Strengthening the collection of the 10 percent rented properties and earmark 5% to the FHCI will bring additional $ 1,050,000 annually

Revenue Lost from Transfer Mispricing and Trade over Invoicing

A study by Budget Advocacy Network (BAN) revealed that the country has witnessed a strong growth in Foreign Direct Investment in recent years from as low as US$8.62 million in 2003 to as high as US$950.5 million in 2011, before declining to US$225.1 million (in 2012) and US$144.1 million (in 2013). However, this growth in FDI seems to have come with much stronger illicit financial outflows and trade over-invoicing outflows. It was observed that the average Illicit Financial Flows (IFFs) between 2004 and 2014, more than doubled (i.e., 2.5 times higher) that of the FDI for the same period. The study further revealed that an average of US $83.7 million was forgone as Corporate Tax between 2004 and 2014 through trade over-invoicing and with the iron ore production since 2011. Revenue loss from such practices increased from as low as US$ 14.1 million to US$ 205.95 million between 2010 and 2013. This estimated loss is considered conservative since it does not capture other IFF channels such as thin capitalization. Similarly, from Tax Justice Report on Illicit Financial Flow for Sierra Leone in 2020 is equivalent to 1,099 nurses[22]. This would have help reduce the nurse-patient ratio.

In recognition of this problem, government in the 2019 budget speech stated that it will develop and pass a Transfer Pricing regulations which was done in April 2021 and passed by Parliament.

Option Five (5) - Revenue from transfer mispricing and trade over-invoicing

Implementing the transfer pricing regulation and strengthen the staff capacity will bring about an estimated $83.7 million in revenue which will eventually increase the tax to GDP ratio, hence, this will increase the fiscal space for government to spend more on education and health wage bill

[22] https://iff.taxjustice.net/#/profile/SLE

Revenue from Canceling Double Tax Agreement

Sierra Leone in terms of international taxation of MNCs has some of the lowest rated Double Tax Treaties (DTAs) in all of Africa.

Option Six (6) - Revenue from cancelling Double Tax Agreement

Cancelling both DTAs (Norway and UK) and establish a domestic law which will form the basis for withholding taxes on royalties, interest payments and dividends at a suitable rate – normally 15% would be the basis upon which DTAs are established. This will generate extra revenue for government, henceforth, it will increase the fiscal space to spend on Health and education

Revenue from Capital Gain Tax

Sierra Leone's Extractive Industries Transparency Initiative (SLEITI) report in 2016 states that "several concessions or oil blocks had changed ownership during the period under consideration; however capital gains tax was not reported as one of the revenue streams." This rules state under Regulation 6(2) of the Mineral and Mining Act (MMA) 2009, indicate that holder of a minerals right shall inform the Director of Mines through the cadastral office of any change in respect of his mineral right including change of names, addresses, contact persons and other pertinent issues. The capital gains tax was then instituted in 2015 at a rate of 30% on such transactions.

Option Seven (7) - Revenue from examining capital gain tax -*Examining all capital gains cases recently, and ensure that even when extractive industry asset on paper is located in a third country (e.g. Mauritius, jersey as a tax haven) the law can be more specific that also such offshore transactions can be assessed to be located in Sierra Leone (which is where the asset is located physically, rather than on paper), this is a common and known tax dodging trick, and sometimes companies get away with it as they simply don't file for capital gains tax and put a legal analysis that the transaction of an oil block or mineral asset didn't even take place in Sierra Leone even if it clearly is located in Sierra Leone.*

Summary of potential alternative financing Options

These studies are from different years and as such they provide an indication of the revenue loss and not the exact amount.

No.	**Alternative Revenue options**	**Estimate revenue ($ USD Million)**
1	Revenue from the mining sector	$45.00
2	Revenue from the agricultural sector	$1.80
3	Potential on withholding 10% rental tax	$1.10
5	Revenue from transfer miss-pricing and trade over-invoicing	$83.70
6	Revenue from examining capital gain tax	Data not available
7	Revenue from cancelling DTA	Data not available
	Total	**$131.60**

8.0 Recommendation and Conclusion

8.1 Recommendation

- **Push for Debt Cancellation** – for the government to have a sigh of relief with the domestic revenues mobilized in each financial year Sierra Leone need to structure it existing debt obligation and work with the international community to ensure comprehensive debt relief. Sierra Leone at the moment stands to be labelled a debt distress country which means, time to repay the multitude of debts owed to creditors is up and any further delays in paying those debt would incur further interest. Debt cancellation will reduce the debt servicing, hence will increase the fiscal space for the government to invest a lot more on teachers and health workers' wage bill
- **Reduce Revenue Loss –** Sierra Leone, a country in a near state of debt distress badly needs more revenue to finance its development projects. The West African country is required to generate domestic revenue of 20% of GDP. With the Corona Virus affecting the domestic revenue generations from taxes to a large extent, the country should now develop and enact policies on duty waivers and tax incentives backed by affirmative actions that are gearing towards the full implementation of the Transfer Pricing regulations, which area it seems, the country is losing more revenue.
- **Increase Revenue from the Mineral Sector –**Leakages in the minerals sector –albeit tax holidays, is a gross disservice to the country and her people. All mining companies are in to exploit the naturally endowed minerals, with a primus target to maximizing profits. This should not come at the detriment of Sierra Leoneans, many whom need to save above the poverty line. Those lost revenues, if fetched, would be in a vantage position to move fast forward in upgrading the country's moribund infrastructure (road networks; transportation constraints; in-sufficient electricity; lack of food self-sufficiency and proper functioning health services. It is hereby recommended that the government enacts and implement the new Mines and Minerals Bill
- **Operationalize the Pay Reform Commission –** the Commission serves as the referee officiating the discrepancies in the wage bill. Professionals in the different cadres are not having it at ease with the disparity at which salaries are earned. There is already a feud between Lecturers at the Universities and politicians when it comes to the take-home issue. Same as in the civil service in which some civil servants may have higher qualifications but end up earning a lower salary compares to some with lower qualification but earning bigger salaries. Operationalizing the Commission will ensure that salaries scale is harmonized as per qualification and experience.
- **Reduce the bureaucracies** –the too many bureaucracies in the recruitment of teachers and health workers are already contributing to a huge brain drain in the country's elite class. These days of medical emergencies require many trained hands-on duties to save mankind in the health sector. Again, with the government prioritizing education as the flagship of the human capital development, the means by which the teacher-pupils ratio could be harnessed is increment in the number of trained and qualified teachers who will be there to ensure the quality component of the free quality school education.
- **Increase investment to the Health Sector** –Sierra Leone's health spending was deemed to increase with the introduction of the free healthcare initiative. Much as the Ebola

outbreak and the Corona virus have exposed the frailties in the health sector, which require investments to have the required systems in place to respond to future outbreaks, health spending is still below the continental commitment of 15% spending on health. Implement the Abuja target of 15% health spending and ensure that the increment reflects the increase allows for both new recruitments and better pay and condition for pre-existing staff to build a cadre of health workers to deliver the commitment to the Free Health Care Initiative

- **Develop a plan to implement the minimum bread basket salary for teachers –**a plan of this nature should ensure that teachers are motivated to serve in the classrooms. Many a times, salaries of teacher are often consumed before they arrived. The needs and responsibilities of teachers are enormous with the little that they earn. The proposed bread basket is a minimal sum, but a stitch in time saves nine.
- **Ensure timely payment of allowance to health workers –**the government can save the day with this hazard pay and allowances to frontline health workers. It would motivate them to ensure better health outcomes, the same as you will give a confidence boost to footballers who the country depends on for silver wares. Investment in health, equally means investment on the citizens who need proper health system to be able to acquire education, to have a healthy sportsmanship and to have a healthy human being who will be there to rollout government's activities at the end of the day.
- **Provide remote allowance for teachers and health workers –**many communities are hard-to-reach communities in rural Sierra Leone. The road networks are in terrible shapes, some with no electricity and with bad telephone networks. These are the areas in which education and health outcomes are least acquired because many tutors and health workers hardly dare to go to such areas referred to as remote communities. Some of the basic problems include accommodations, transport/mobility, and medical cover to name a few. Remote allowances would make it attractive for a good number of these professionals to deploy and serve.
- **Develop plan to reduce the high teacher –pupil ratio –**there is overburden already in the classrooms and pressure brewing on teachers who are managing pupils on a daily basis due to increase in population which means that more intakes are admitted to the roll at schools each term in some cases per School Year. The standard approved international teacher-pupil ration is 1:40 pupils per class. As it currently stands, the 1:75 teacher-pupils ratio is abhorrent on the fact that some teachers are not on payroll as they are either community volunteers and with little teaching methodologies and classroom management techniques, it compounds the problem further in getting better learning outcomes. The pronouncement of the free quality school education saw an increment in the number of pupil's intake. The means by which the ratio could be narrowed down includes employing more teachers and build more classrooms to accommodate the new intakes with the requisite teaching and learning materials and more especially increase the public sector wage bill by recruiting the right quality and quantities of teachers.

8.2 Conclusion

In the post war era of Sierra Leone, various governments have been doing their best to salvage the wage bill. Whilst there is the political will on the side of the government to improving health and education outcomes –with education having as much as 22% of budget allocation and health scooping to 11% of the national budget, it means Sierra Leone has come a long way. Not only ensuring such budgetary allocations is done, but the expenditure should also be commensurate to the allocated resources for Sierra Leone to begin to count the gains. This report has utilized various datasets to arrive at the very clear pictures of the country's wage bill with the education and health sectors encompassing the workforce. The challenges with having a comprehensive growth in the wage bill hinge on the fact that, the government is owing some backlog (worker that have TIN but still not receiving salaries) and it is depriving the workforce to thrive well in a society with a high rate of inflation that keeps the nominal and real terms values of the wage bill at fluctuation. A motivated workforce is result oriented. To attain the 16 Sustainable Development Goals and the Medium-Term National Development Plan to the barest minimum point, Sierra Leone should align to the development of new human and institutional capacities in the diversity, which exists. The wage bill could be harnessed, and this would improve the country's national workforce to a certain degree.

9.0 Annex

Teacher's breadbasket

SIERRA LEONE TEACHERS UNION (SLTU)			
BREAD BASKET FOR A FAMILY OF FIVE (5)			
	FOOD ITEMS FOR DAILY MEAL		**Le**
1	Rice - 1 bag		250,000
2	Palm oil - 4 Gallons (1 'Battar')		130,000
3	Onions - 5 X 30 days		150,000
4	Maggi (1pk)		20,000
5	Salt - 1 pk at 1,500 x 30		45,000
6	Groundnut 3,000 x 30 days		90,000
7	Fish -20,00 x 30 days		600,000
8	Fire wood/ coal 5,000 x30		150,000
9	Tomato -1,500 x 15 days		22,000
10	Pepper -2000 x30 days		60,000
11	Plasas (potato, cassava/crain crain) 3,000 x30		90,000
12	Giblox (garden eggs) 3,000 x 15 days		45,000
			1,652,000
SUNDRY ITEMS			
1	Laundry (foam) soap-10,000x30		300,000
2	Bating/Toilet soap 2000x30		60,000
3	Tooth paste & Brush		40,000
4	Vaseline		30,000
5	Medication (patent drugs)		100,000
6	Drinking water - 3000 x 30		90,000
7	Light Bill - 45,000x12		100,000
8	Rent 3 bedrooms (self-contained) per month		400,000
			1,120,000
OTHER EXPENSES			
	Transport - 30,000x5 people x22		330,000
	Clothing - 25,000 x 4 weeks		100,000
	Lunch - 5000 x3 school children x 22 days		330,000
			760,000
SUMMARY			
	Food items		1,652,000
	Sundry items		1,120,000
	Other expenses		760,000
	Total		**3,532,000**