

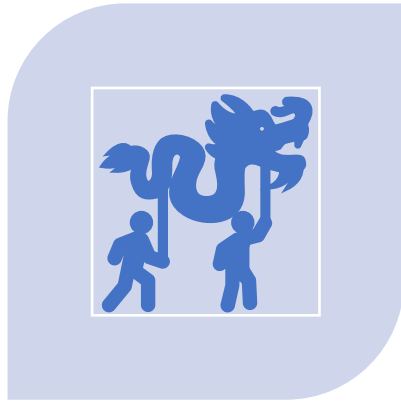
# **SOUTHMOD Policy Notes Session**

## **GHAMOD**

**Thinking Tax and Benefit Policies – What could work and how?**

Prince Baah

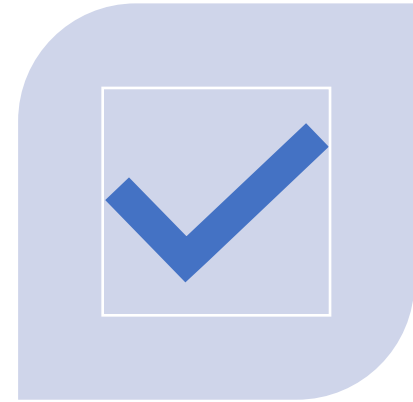
# Outline



Update on  
GHAMOD Activities  
(2022 & 2023)



Summary of Policy  
Note



Next Steps

# 1. Update on GHAMOD activities

## 2022 Research Retreat

- 12 participants across six policy and research institutions

### Outcomes

1. Social Security and Agriculture in Ghana: Securing the future of Ghanaian farmers through pensions
2. Redefining the free SHS policy in Ghana: a cost-saving approach [Policy Note]







## 2023 Research Retreat

### Outcome

Four policy concepts from ideation

- Informal sector tax
- Estimating welfare effects of National Builders Corps (NABCO)
- Housing subsidy
- Pension Reform

# 2. Policy Note - Summary

## Redefining the Free Senior High School policy in Ghana: a cost-saving approach

### Background to Policy

- Introduced in 2017
- Anchored on four pillars
  - Removal of cost barriers
  - Expansion of infrastructure
  - Improvement in quality and equity
  - Development of employable skills



# Suggested Reforms

- Maintain a uniform financial benefit of GHs 500 for all students
  - Sustains demand for community day schools
  - Fiscal space for other social interventions

## *Complementary old-age benefit scheme*

- Monthly cash transfer of GHs 65 to aged persons (above 64 years) without any social assistance in the rural areas



**Table 1: Effects of proposed Free SHS reform and old-age benefit on government expenditure, poverty and inequality, Ghana, 2018**

	<b>Free SHS: No Reform</b>	<b>Free SHS: With Reform</b>	<b>Impact of the Free SHS reform</b>	<b>Impact of the old-age benefit</b>	<b>Combined impact of the Free SHS reform and old-age benefit</b>
	<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>	<b>(5)</b>
<b>Government expenditure</b>					
Expenditure on social transfers (GHC million)	3,724	3,127	-597	+558	<b>-39</b>
<b>Poverty</b>					
Poverty rate, all households	23.41 %	23.75 %	+0.34 pp.	-0.60 pp.	-0.26 pp.
Poverty rate, households with children	26.33 %	26.71 %	+0.38 pp.	-0.52 pp.	-0.14 pp.
Poverty rate, households with older persons	33.13 %	33.49 %	+0.36 pp.	-3.23 pp.	-2.87 pp.
Poverty gap	8.43 %	8.58 %	+0.15 pp.	-0.46 pp.	-0.31 pp.
<b>Inequality</b>					
Gini coefficient, 0–100	41.49	41.63	+0.14	-0.35	-0.21





# A win-win for Education, Poverty, and Inequality

- Ensures financial sustainability of subsidized senior high school education
- Creates fiscal space for other pro-poor social interventions
- Magnifies poverty-reducing consequence
- Bridges inequality gap





## Policy Recommendations

- Review the financial commitment to the free SHS policy
  - Require parents to contribute a portion of children's education costs (mainly residency costs)
- Consolidate gains in associated poverty reduction by redirecting cost savings to support older persons through cash transfers
- Commit surplus savings to improve the quality of senior high school education delivery



### 3. The Next Step

Develop policy notes on

- Housing subsidy policy
- Pension Reform policy





**THANK YOU**