

Attitudes toward fiscal policy in Ghana

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Abstract

In this paper, we summarise the survey results of the reactions of ordinary people in Ghana to various fiscal policy options that may help to improve government revenues and streamline expenditures at a time that the government is trying to deal with a problem of high fiscal imbalance. The survey covered adult respondents of a random sample of 3,000 households taken from across 7 regions of Ghana and is meant to complement a deeper and more rigorous set of analyses being undertaken by Ghana's Ministry of Finance. In summary, first, there was a stronger support for expenditure side policies than revenue side policies for dealing with the current high budget imbalance problem. Secondly, for revenue side, the general public favoured policies that focus on improving government revenues without increasing tax rates. As part of this, there was strong support for policies aimed at broadening the tax net and improving compliance and putting in more effort to collect property taxes. Thirdly, there was considerable support for most of the prominent expenditure items such the free SHS programme, the construction of roads, highways, interchanges, the railway system and electricity infrastructure as well as subsidies for petroleum and utilities. However there was little support for more expenditure on government appointees and the National Cathedral. Finally, in terms of how to reduce government expenditure, the respondents were more in favour of policies that improve efficiency than simply cutting back on the activity or item to reduce the spending on it. They were in favour of policies to rid government payroll of ghost names and to improve targeting for the free SHS programme. They were mostly not in favour of putting a freeze on public sector employment or salary increases in the public sectoring. The options presented to the respondents in the survey were not informed by any planned government measures or by any rigorous economic data analysis. Hence, the results are not prescriptive of what ought to be done but rather an indication of what to expect from the public depending on options decided.

1 Introduction

In May 2023 the Executive Board of the International Monetary Fund (IMF) approved Ghana's US\$3 billion Extended Credit Facility (ECF) programme. The 36 month arrangement is based on the government of Ghana's Post COVID-19 Programme for Economic Growth (PC-PEG) which aims to restore macroeconomic stability and debt sustainability and includes wide-ranging reforms to build resilience and lay the foundation for stronger and more inclusive growth, while also protecting the poor and the vulnerable (MOF, 2023). The four main key activity pillars of the programme are (i) Debt restricting to restore public debt and servicing costs to sustainable levels; (ii) improve/bolster domestic revenue mobilisation; (iii) reduce and tighten primary expenditure commitments; and (iv) undertake structural reforms to address weaknesses in macroeconomic management and enhance resilience to shocks. The government is pursuing all these while working to: preserve financial stability; protect the vulnerable in the economy; and encourage private investment growth for job creation (MOF, 2023).

At the end of August, 2023, the government had made considerable progress on restructuring public debt (domestic and foreign) and implemented several revenue measures through 2023 Fiscal Budget that are yielding some results. The government is also aiming to reduce primary expenditure by 2 percent of GDP through lower capital expenditures (and reprioritization of projects); a compression of real public sector wages; a reduction of transfers to statutory funds, and streamlining of purchases of goods and services (IMF, 2023).

In this study we find out what the ordinary people in Ghana think about some suggested revenue and expenditure measure that can contribute to meeting the targets of the IMF programme and to restoring macroeconomic stability. The Ministry of Finance has undertaken focused consultations with several recognised groups (such as organised labour, trade unions, the academia, bond holders, etc) who are more informed about the issues at stake. However, this study is an attempt to extend the consultations to ordinary persons across the country by gathering broad public opinions on some of the specific issues in a slightly more scientific manner. Thus this does not take into consideration how informed or knowledgeable the respondent may be about the issues. While this may be a limitation, it also minimises the possibility of vested interest of a particular group driving the aggregate views expressed in the survey. It also helps to satisfy one of Ghana's Constitutional provisions – Article 35(6d) which states that “. . . *the State shall take appropriate*

measures to make democracy a reality...by affording all possible opportunities to the people to participate in decision making at every level in national life and government”.

In 2023 the government planned to raise a total of about GH¢144 billion (18% of GDP) in revenues and spend a total of about GH¢191 billion (23.8% of GDP). However, these have had to be revised downwards based on expectations after the half-year out-turn. The government now expects to raise about GH¢135 billion (15.8% of GDP) in revenues and plans to spend about GH¢184 billion (21.5% of GDP) in 2023. The lower total revenue for 2023 comes from downward revisions of expected revenues from the following five items: company taxes, company taxes on oil, other Direct Taxes, the E-Transactions levy, and the Non Tax Revenues. The revenues expectations for Company taxes on oil and E-transactions levy were the worst affected and had to be revised downwards by 57 percent and 50 percent respectively. On the expenditure side, the entire reduction in planned expenditure for 2023 came from interest payments (reduced by about 15%) and Capital expenditure (reduced by about 23 percent) (MOF, 2023). Total Revenues had to be revised downward by GH¢9 billion (6.3%) but in response total expenditure was only reduced by GH¢7 billion (3.7%).

This indicates that while more work is needed to increase government revenues, a lot more work may be needed to reduce government expenditure. The challenge is that much of the expenditure lines cannot be reduced drastically in the short term. For example 3 rigid budget items (Compensation of Employees, Interest Payments and Statutory Grants to Government Units) alone account for over 69 percent of total expenditures and over 94 percent of total revenues. This leaves very limited space for government expenditure cuts. In 2023, the total bill for the government’s 16 flagship programmes is about GH¢9.2 billion which is just about 5 percent of total expenditures and 1 percent of GDP. The flagship programmes include: Roads Infrastructure, Free Senior High School Programme (Free SHS), School Feeding Programme, Planting for Food and Jobs (PFJ), Infrastructure for Poverty Eradication Programme, Railways Development and Nursing and Teacher Trainee Allowances. In terms of budget size, the two most significant ones are the Free SHS and the Road Infrastructure which respectively accounts for 32 percent and 29 percent of the budget for flagship programmes (but about 5 percent of total revenues).

In this study we therefore ask respondents from a representative sample of adult Ghanaians what they think about some specific tax handles the government can use to increase revenues as well as

some specific expenditures that the government can scale back on, or reprioritise. The survey covers a random sample of approximately 3,000 Ghanaians across 7 regions. We ask people's views on some of the popularly known and publicly debated expenditure items including, Free SHS, the National Cathedral project, the railway projects, roads and highways projects, fuel and electricity subsidies, and expenditures on government officials (i.e., parliamentarians and government appointees). We recognize that some of these expenditure items may not be proportionally large budget items and that the list is not exhaustive of all the major expenditure items but hope to use the survey to systematically summarize the public views on the popularly known items.

The survey also included specific statements about potential ways to reduce public expenditures and ask citizens the extent to which they agree or disagree. For example, we asked whether free secondary schooling should require payment for meals from parents and whether there should be a wage freeze or hiring freeze in the public sector. On the revenues side of the budget, we provided a list of taxes and asked respondents about their awareness of those taxes, whether they pay those taxes and whether they feel the tax should be expanded or maintained. We also ask which taxes they support as good potential sources for improving government revenues.

In broad terms, the respondents mostly favoured a reduction in expenditures and improving tax revenue administration rather than increases in tax rates. More specifically, respondents wanted expenditures on government officials (i.e., on Parliamentarians and Political appointees) to be reduced. Also, respondents are in favour of significantly cutting government expenditure on the National Cathedral project. Though most respondents support Free SHS and are generally not in favour of cutting Free SHS expenditures, they showed a strong willingness to support a policy that requires parents to contribute to free SHS expenditures through paying for feeding and also raising the eligibility criteria for qualification into the free SHS. In addition, the citizens implored the government to constantly review the payroll to exorcise ghost names as well as sell non-profitable state-owned enterprises to reduce government expenditures. Not surprisingly, the survey revealed that respondents pay more indirect taxes (like the value-added tax, national health insurance levy, energy debt recovery levy, and communication service tax) than direct taxes (like personal, corporate, and vehicle income taxes). The respondents are generally not in favour of increasing tax rates. However, they strongly believe that tax revenues could be significantly increased if more

effort is focused on improving tax administration and compliance. In particular, they showed strong support for improving property tax collections and VAT filling by firms.

The rest of the report is organized as follows. In the subsequent section, we outline the methodology we adopted for this survey. In the immediate section, we discuss citizens' attitudes toward expenditure cuts from our empirical results. We also discuss citizens' attitudes toward revenue sources that could be expanded or new revenue sources in the section that follows. Section 5 offers general conclusions from the survey and some policy recommendations.

2 Survey Methodology

This survey was primarily set out to solicit views from the citizenry on the revenue and expenditure measures that the Government of Ghana can adopt to navigate its way around the current fiscal challenges facing the economy. The country was zoned into three: northern, middle, and coastal. We selected two regions from the northern-zone (Northern region and Savannah region), two from the middle-zone (Ashanti region and Bono region), and three from the coastal-zone (Greater Accra region, Volta region, and Western region). The seven regions represent 60.9 percent of the total population of Ghana according to the 2021 Population and Housing Census (GSS, 2021). The sampling was designed to obtain a representative sample of 3000 households from the seven regions. A two-stage cluster random sampling approach similar to that used by the Ghana Statistical Service to draw nationally representative samples was used.

The sampling frame for the first stage was a complete list of all Enumeration Areas (EAs) for these selected regions obtained from the 2021 Population and Housing Census. The frame contained information on each EA's location, type of residence (urban or rural) and estimated size (number of households). We stratified the EAs by region (7) and type of residence (2) giving a total of 14 strata. At the first stage of sampling, 151 EAs were randomly and independently sampled from the strata using probability proportional to the size to allocate the total number of EAs per stratum. In the second stage, we sampled an average of 23 households from each of the 151 EAs.

We engaged twenty-four (24) enumerators and tasked them with the responsibility of interviewing an adult individual from each of the 3000 households. We divided the enumerators into 7 different groups with each group assigned with a region. The Computer Assisted Personal Interview (CAPI) approached was use where by enumerators were provided with a mobile Tablet with pre-installed

software for data capturing. Questionnaires were mainly administered through Survey CTO software which was installed on the mobile Tablets. A random sample of 5-8 respondents were selected from each of the enumerators' completed surveys and re-interviewed via the phone for validation.

3. Results

3.1 Basic Description of Sample

Table 1 describes the basic demographic characteristics of the respondents. In general, there were more respondents in urban (62 percent) areas than in rural areas (32 percent). In general, a little over half of the respondents were females. However, when the data split by locality type (see Appendix Table A3), we see that there were more male (54 percent) respondents in rural areas while more females (53 percent) responded to the survey in the urban areas. The youthful nature of the population is reflected in the fact that about 61 percent of respondents were about 18 to 44 years old. About 63 percent of the respondents had either no formal education or just basic education. This is similar to the 62 percent found in the 2021 Housing and Population Census of Ghana to be either having no formal education or with only basic education. About 25 percent of the respondents had completed senior secondary education while nearly 12 percent completed tertiary or other levels higher than secondary.

Approximately 12 percent of the respondents were in the Western region; 26 percent were in the Greater Accra region; about 10 percent in Volta region; 30 percent in the Ashanti region; 7 percent in the Bono region; while 11 percent and 5 percent were in the Northern and the Savannah regions respectively.

Table 1: Basic Description of Sample

	Number of respondents	Percent of respondents
Type of Locality		
Rural	1237	37.6
Urban	2050	62.4
Sex		
Male	1636	49.8
Female	1651	50.2
Age range		
24 years and below	262	8.0
25 - 34 years	755	23.0
35 - 44 years	994	30.3
45 - 55 years	642	19.6
55 - 64 years	373	11.4
65 years and above	253	7.7
Education level		
No formal education	610	18.6
Basic education	1458	44.4
Senior High/Secondary education	827	25.2
Tertiary education	343	10.4
Other	49	1.5
Region		
Western	380	11.6
Greater Accra	865	26.3
Volta	313	9.5
Ashanti	1000	30.4
Bono	213	6.5
Northern	350	10.6
Savannah	166	5.1

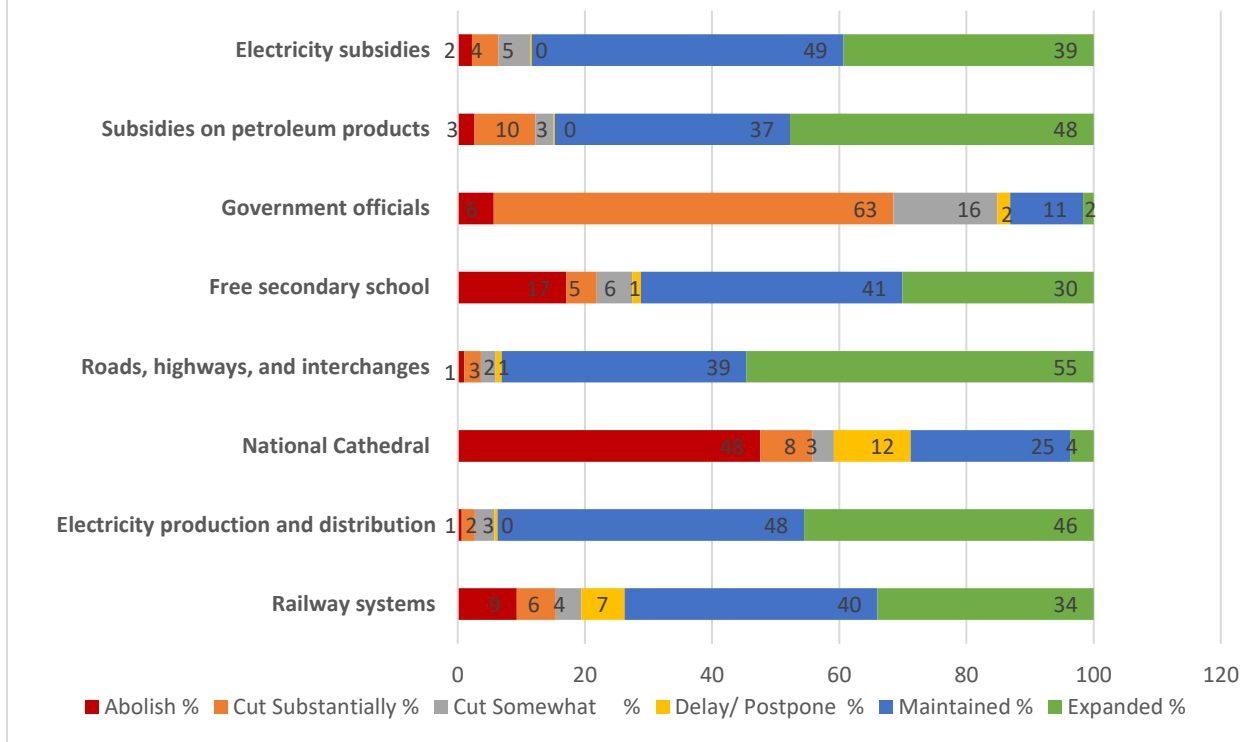
Notes: This table presents the demographical distribution such as the locality type, sex, age, education level, and regional distribution of our sample. Other level of education includes respondents who have had some level of Koranic education and adult education or who have attended a School for the Blind.

3.2 Citizens' Attitude toward Expenditure Items

We asked the respondents a series of questions concerning which expenditure items they think are likely candidates for scaling down. First, the respondents were presented with a list of eight expenditure items and were asked to select for each of the expenditure items whether it should be delayed, postponed, abolished, cut somewhat, cut substantially, maintained, or even expanded. The list of eight expenditure items includes (i) investments in railway systems; (ii) investments in electricity production and distribution; (iii) investments in a National Cathedral; (iv) investments in roads, highways, and interchanges; (v) expenditures on free secondary school; (vi) expenditures on government officials; (vii) subsidies on petroleum products; and (viii) electricity subsidies for households and businesses. This list is somewhat arbitrary and the items may not have substantial impact on the overall government expenditure amount. The list does not also allow respondents to freely identify items from the full list of government expenditures line. It may also be impossible to change some of the items listed in the short to medium term. Having the suggested/suggestive in the current form is therefore a notable limitation of the survey and future such surveys can make improvements to avoid the shortcomings. Nevertheless, the results may provide a useful gauge of public opinions, which may be helpful when government is thinking through these or similar expenditure items.

The results have been summarized in Figure 2 and Figure 2 while Table 2 disaggregate the responses into the type of locality, sex, and education level of respondents. A full breakdown of the number and percent of respondents that selected each option is shown in Appendix Table A7. Generally, the results show that apart from expenditure on government officials and investments in the National Cathedral, respondents were highly in favour of the other six government expenditure items. In fact respondents wanted to see the expenditure on the six expenditure items either maintained or expanded. In particular 71 percent of the respondents wanted to see Free SHS maintained or expanded; 94 percent of people wanted investments in electricity production and distribution expanded or maintained; and 74 percent of people wanted the investments in the intercity railway system to continue. The results also show that 94 percent of people were either happy with or wanted more investment in roads, highways and interchanges. People were also generally in favour of subsidies on electricity and petroleum products.

Figure 1: Views on selected Government Expenditure items

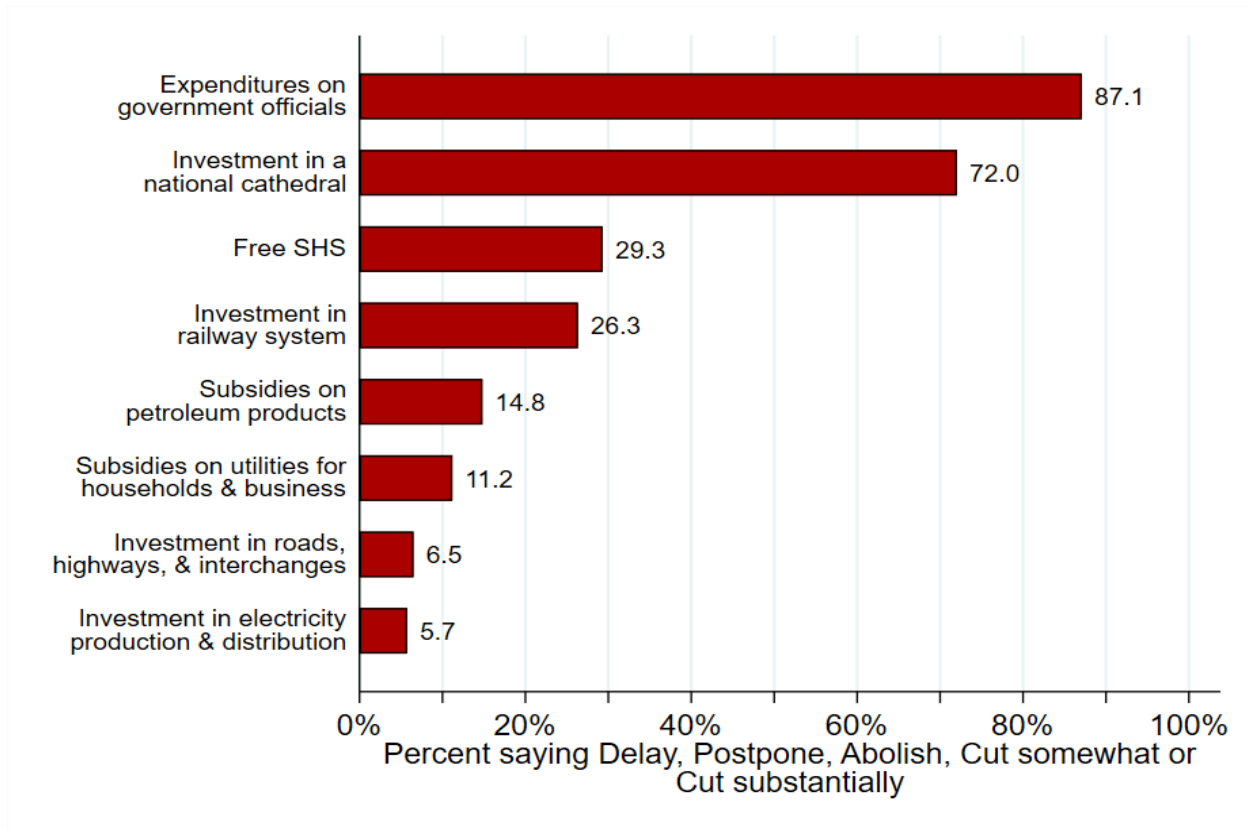


As shown in Figure 22 and the second column of Table 2, about 87 percent of respondents preferred the government to either delay, postpone, abolish, cut somewhat, or cut substantially expenditures on government officials. Though there were no little differences in answers provided by urban and rural respondents, males were about 7 percent more likely to opt for these choices than females. Also, younger and more educated respondents were more likely to request the government to either delay, postpone, abolish, cut somewhat, or cut substantially. Moreover, 71 percent of respondents believed the government should either delay, postpone, abolish, cut somewhat, or cut substantially investments in the National Cathedral. About 48 percent of responded wanted the cathedral project to be abolished while 41 percent wants it maintained/delayed/expanded. The remaining 11 percent wanted the cathedral to continue but with a reduced budget. The results also indicated that urban, male, and more educated respondents were less in favour of investments in the cathedral (see Appendix Table A7).

Only about 30 percent and 27 percent of the respondents supported the idea of delaying, postponing, abolishing, reducing investments in the railway systems and the free SHS programme. Urban and educated respondents were less supportive of reducing investments in the railway

system. Female respondents were more likely to be in favour of the railway system development. On the free SHS programme, urban and rural respondents did not differ in their responses but males and people with higher levels of education were slightly less in favour of the free SHS programme.

Figure 2: Citizens' Views on Certain Expenditure Cuts



Notes: This figure reports citizens' views on expenditure categories to cut. For each of the listed expenditure categories, respondents were asked to select whether the expenditure category should either be delayed, postponed, abolished, cut somewhat, cut substantially, maintained, or expanded. Each bar represents the percent of respondents saying the expenditure item should be delayed, postponed, abolished, cut somewhat, or cut substantially. Government officials include executive and legislative arms of government as well as government appointees but exclude public, civil, and local government workers. Utilities include water and electricity.

Table 2: Citizens' Views on Which Expenditure Categories to Cut by Locality, Sex and Education Level

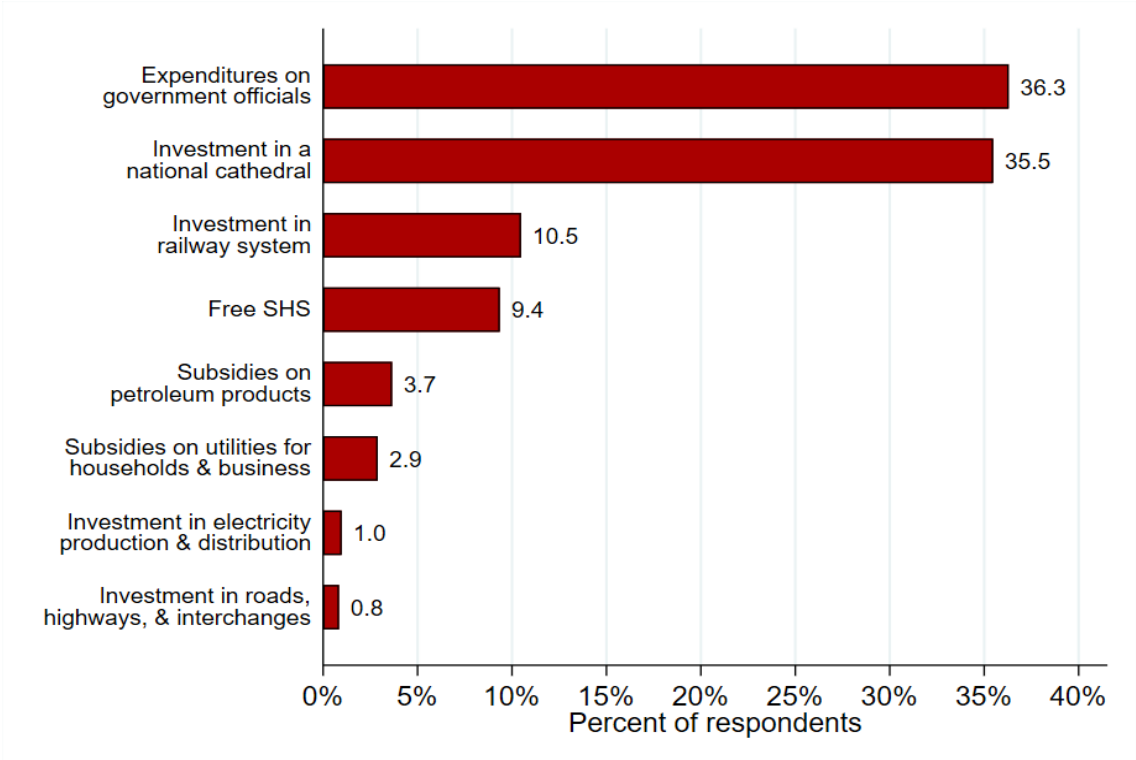
Expenditure item	Percent in favour						
	Full sample	Locality		Gender		Education	
		Urban	Rural	Male	Female	Less than SHS	SHS or more
Investments in railway	29.7	21.1	39.9	31.8	27.7	34.2	20.9
Investments in electricity	6.4	7.2	5.6	5.2	7.6	6.2	6.8
Investments in national cathedral	71.1	73.5	68.2	77.7	64.3	66.8	79.6
Investments in roads	5.7	5.6	5.8	6.3	5.1	6.2	4.7
Subsidies on utilities	12.9	11.8	14.2	14.6	11.3	12.1	14.5
Subsidies on petroleum products	15.5	13.2	18.3	17.1	13.9	16.1	14.3
Free Secondary School	27.4	27.8	27.0	29.1	25.7	25.7	30.8
Expenditures on gov't officials	87.4	88.4	86.3	91.1	83.7	85.4	91.4
Observations	3,287	2,050	1,237	1,636	1,651	2,117	1,170

Notes: This table reports the percent of respondents saying, for each of the listed expenditure categories, should either be delayed, postponed, abolished, cut somewhat, or cut substantially by type of locality, sex, and educational level of respondents. The other options that were available to the respondents were whether each of the expenditure categories listed should be either maintained or expanded. Investments in electricity include investments in electricity production and expansion, Investments in roads include investments in highways and interchanges, while subsidies on utilities (i.e. water and electricity) include both for businesses and households. Government officials include executive and legislative arms of government as well as government appointees but exclude public and civil servants.

After indicating how they would like each of the eight government expenditure items to be treated, the respondents were also asked that if they were compelled to make substantial budget cuts to only one of the eight items which one will they choose. After responding to that question, they were again asked that if they had to choose a second expenditure item (out of the remaining seven) to cut substantially which one would it be. Figure 3 summarizes the responses to these two questions. The respondents unanimously selected investments in the National Cathedral and expenditures on government officials as their top expenditure items to cut immediately. More specifically, a similar share of the respondents (36 percent each) picked investments in the National Cathedral and expenditures on government officials as their top two expenditure items to cut. This

result reinforces the earlier findings on citizens' views on which expenditure categories are to be delayed, postponed, abolished, cut somewhat, or cut substantially. Moving on to the other expenditure items, approximately 1 in 10 respondents each selected free SHS spending as their next expenditure category to cut. About 4 percent of the respondents' selected subsidies on petroleum products, 3 percent picked subsidies on utilities for households and businesses, 1 percent chose investments in electricity production & distribution, and less than 1 percent said investments in roads, highways, & interchanges should be reduced.

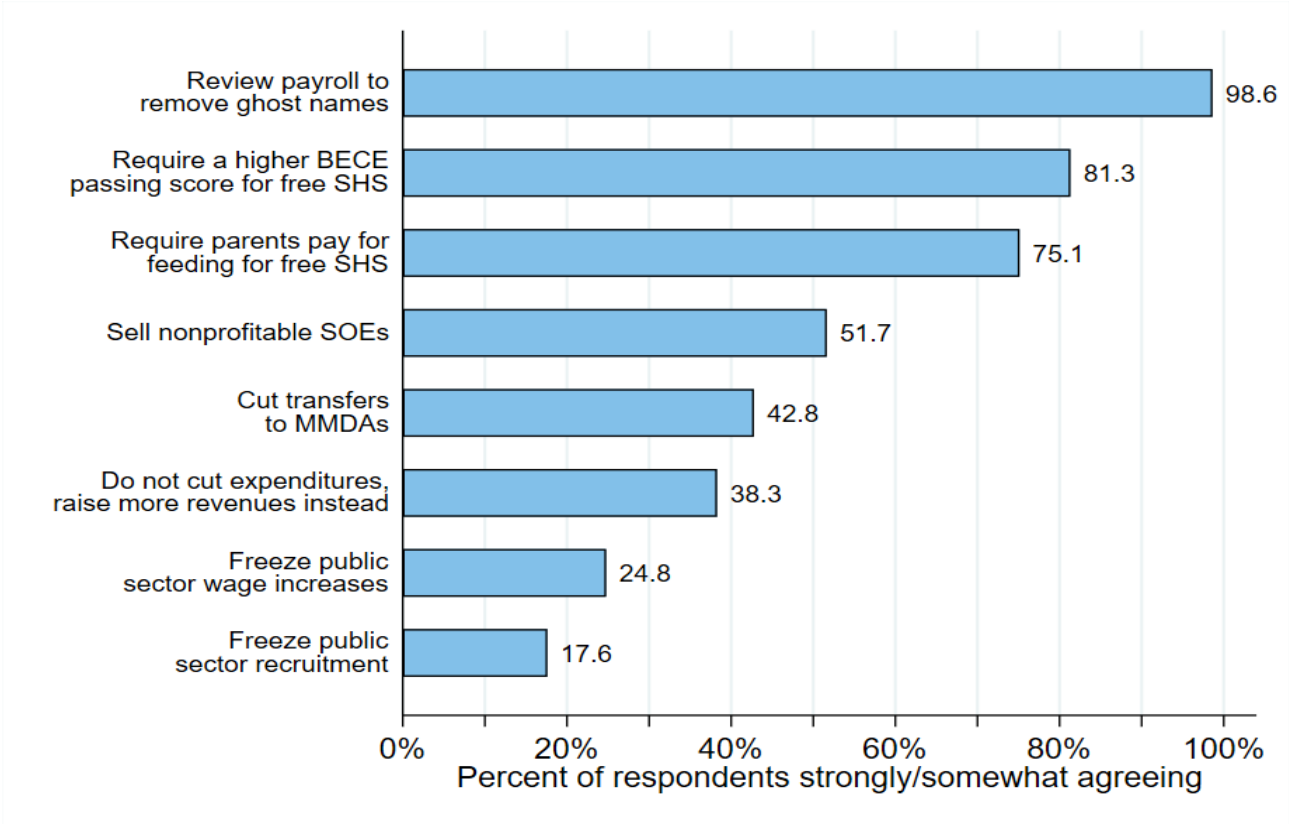
Figure 3: First or Second Expenditure Item to Cut Immediately



Notes: This figure plots the percent of respondents who selected each expenditure category as their first or second expenditure to cut. Each bar summarizes the responses from questions. The first question asked respondents: "If you had to pick exactly one of these expenditures to cut, which one would it be?" The second question ask respondents: "Which one would you cut if you had to pick another one of these expenditure categories?" The choices respondents have available to them in the second question is dependent on the answers they provide in the first question. That is, if say a respondent select investment in national cathedral in the first question, the option will no longer be available in the second question. Thus, the respondent will be left with 7 options to choose from in the second question. Government officials include executive and legislative arms of government as well as government appointees but exclude public, civil, and local government workers.

We further asked the respondents to indicate the extent to which they agree or disagree with each of the eight statements below about specific changes that could be made to improve national budget balance in the short run: (i) The government should require that parents pay for meals at boarding secondary schools under the free SHS programme; (ii) The government should require a higher passing score on the Basic Education Certificate Examination (BECE) for students to be eligible for free SHS; (iii) The government should put a freeze on government-sector hiring over the next year; (iv) The government should put caps on government-sector wage increases over the next year; (v) The government should reduce the transfers made to Metropolitan, Municipal and District Assemblies (MMDAs); (vi) The government should focus on raising more tax revenues rather than cutting expenditures; (vii) The government should constantly review the pay rolls to remove ghost names; (viii) The government should sell state-owned enterprises that lose money.

Figure 4: Percent in Agreement



Notes: This figure plots the percent of respondents who either somewhat agree or strongly agree to cutting particular expenditure items in order to reduce the budget deficit.

While the statements themselves were not informed by any government plans, we believe the reaction of respondents to the statements provides some concrete indications of public support for or against the broad approaches that could help deal with problem of large fiscal imbalance. For instance, the results show that the public would favour tackling the problem from the expenditure side of the budget rather than the revenue side. Figure 4 presents the percent of respondents who either strongly agree or somewhat agree with each of the statements. Minority (38 per cent) of the respondents would like the government to focus on raising more taxes rather than cutting expenditures. But even with cutting expenditures, the results provide some indication of the broad types of cuts the public will support. For example, only 20 percent of respondents supported the view that the government should put a freeze on government sector hiring over the next year. This could indicate that the public does not think there are sufficient public sector workers. They also did not agree that public sector wages increases should be frozen for a year as a way of cutting expenditures in the short term. Less than half (47 per cent) of the respondents did not agree that central government transfers to MMDAs should be reduced to improve the budget balance. However, most respondents (98 percent) agreed that steps should be taken to remove ghost names from government payrolls. Most people also agreed that some steps should be taken to improve targeting for the free SHS programme and that state-owned enterprises that are making losses should be privatised. Together these set of responses indicate that the public will support measures that can reduce government expenditure by making it more efficient (stronger value for money measures).

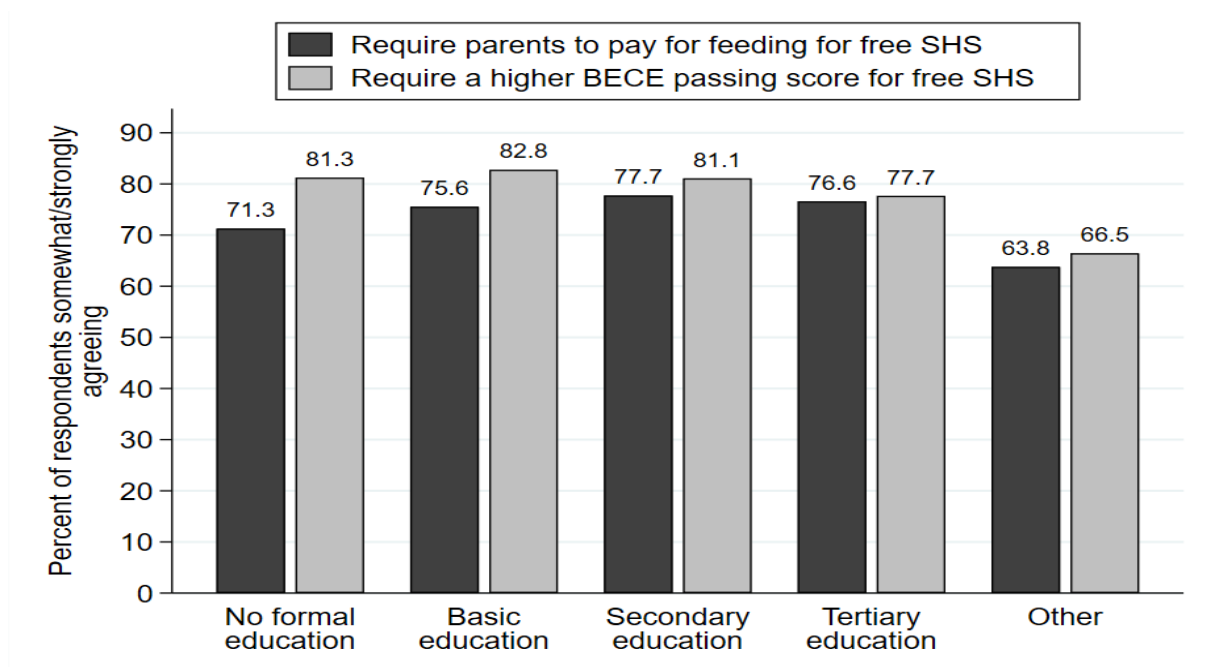
Figure 5 reports the measures required to reduce government expenditures on the free SHS programme by the educational background of the respondents. Table 3 disaggregate the responses by type of locality, sex, and education level of respondents. Finally, Table A4 presents complete breakdown of the number and percent of respondents who selected either strongly agree, somewhat agree, strongly disagree, or somewhat disagree. Overall, the central message of focusing more expenditures (rather than revenues) to make them more efficient (less wasteful) does not change depending of the sex or level of education of the respondents.

Table 3: Citizens' Attitudes toward Particular Expenditure Cuts by Locality, Sex, and Education level of Respondents

	Percent strongly/somewhat agreeing					
	Locality		Sex		Education	
	Urban	Rural	Male	Female	Less than SHS	SHS or more
Parents pay for feeding for free SHS	75.9	74.3	75.7	74.6	74.0	77.4
Higher passing score for free SHS	79.5	83.4	82.0	80.6	81.9	80.2
Freeze on public-sector recruitment	16.9	18.5	18.8	16.4	17.7	17.4
Freeze on public-sector wage increase	23.9	25.8	25.8	23.7	25.3	23.7
Cut transfers to MMDAs	48.0	36.6	41.5	44.1	42.1	44.1
Don't cut expenditures, raise more revenue	40.6	35.6	38.2	38.3	39.9	35.2
Review payroll to remove 'ghost names'	98.9	98.4	98.5	98.7	98.5	99.0
Sell non-profitable State-Owned Enterprises	49.0	54.8	53.0	50.3	53.5	48.0
Observations	2,050	1,237	1,636	1,651	2,117	1,170

Notes: This table reports the percent of respondents who either somewhat agree or strongly agree to cutting particular expenditure items by type of locality, sex, and education level of respondents.

Figure 5: Citizens' Attitudes toward Free SHS Expenditure Cuts by Level of Education



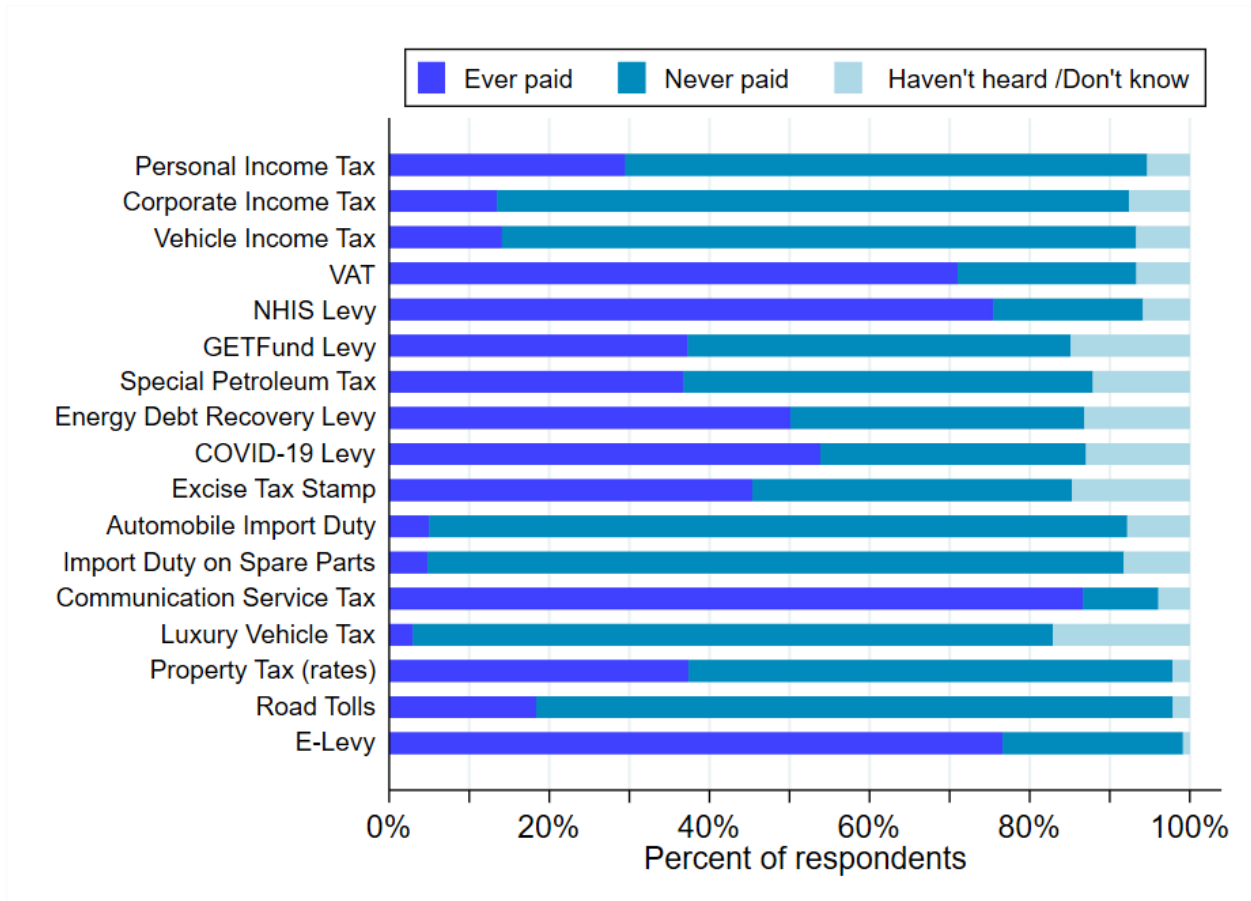
Notes: This figure reports the percent of respondents who either somewhat agree or strongly agree to ways through which the government can reduce free SHS expenditure by respondents' level of education.

3.3 Citizens Attitudes toward Revenue Sources

To assess the awareness, saliency and perceptions about the various tax handles used for revenue mobilisation, we presented the respondents with a list of 17 different kinds of taxes, both direct and indirect, in Ghana. We then asked them to indicate whether they have ever paid the tax, never paid, or have not heard of it/do not know. The list of the 17 taxes includes personal income tax (PIT), corporate income tax (CIT), vehicle income tax (VIT), value-added tax (VAT), national health insurance levy (NHIL), Ghana Education Trust Fund (GET Fund) levy, communication service tax (CST), to mention a few. Figure 1 shows the percent distribution of respondents who said they have either ever paid, never paid, don't know/haven't heard of it each of the 17 various taxes levied in Ghana. Table 3 presents the percent of respondents who have paid a particular tax item before by type of locality, sex, and education level of respondents.

Generally, awareness about the various tax handles is very high. Less than a third (30 percent) of the respondents have ever paid personal income tax while more than two-thirds either never paid or don't know/haven't heard of it. The responses varied substantially with the type of locality and the sex and education level of the respondents. Urban respondents were 23 percent more likely to have ever paid the personal income tax whereas males were 14 percent more likely to have ever paid this tax item. More educated respondents were about three times more likely to have paid the tax. Just 14 percent of respondents claimed they have ever paid corporate income tax. Again, there were wide variations among urban and rural respondents, males and females, and the education level of the respondents. More specifically, urban respondents were 15 percent more likely to have ever paid corporate income tax, males were 2 percent more likely to pay corporate income tax, and more educated respondents were about two times as likely to pay corporate income tax. Also, only 14 percent of the respondents have ever paid the vehicle income tax (sticker) before. As expected, urban respondents were 10 percent more likely to ever pay, males were 16 percent more likely than females to ever pay, and the more educated respondents were 13 percent more likely to ever pay. Also, 71 percent of the respondents have paid VAT before with significant differences among urban and rural respondents, males and females, and the more and less educated respondents. That is, urban, male, and the more educated respondents were more likely to ever pay this tax.

Figure 1: Citizens' Knowledge of Various Taxes



Notes: This figure reports the percent of respondents who have either ever paid or never paid or don't know/haven't heard of it the listed tax items. NHIS stands for the "National Health Insurance Scheme" and GETFund means "Ghana Education Trust Fund"

Furthermore, three-quarters (76 percent) of the respondents said they have ever paid the national health insurance levy. Whereas there were no significant differences in males and females, responses from urban and rural respondents as well as less or more educated respondents varied significantly. The share of urban respondents who said they have paid the tax before were 8 percent more than rural respondents. We also found that 82 percent of more educated respondents have ever paid the tax versus 72 percent of the less educated respondents. About 37 percent of the respondents have ever paid the GET Fund levy with huge disparities in responses among urban and rural respondents, males and females, and the less and more educated respondents. The difference in the reported payment for VAT, NHIL, and GET-fund indicates that some of the respondents are not aware that these taxes are often charged and paid together.

More than one-third of the respondents (37 percent) said they pay the special petroleum levy with no difference between urban and rural dwellers. But males were nearly twice as likely as females to ever pay the special petroleum tax. The results also show that, the more educated you are the more likely you are to pay this tax. Moreover, a narrow majority of the respondents have ever paid the energy debt recovery levy. Urban, male, and more educated respondents had a higher probability of paying this tax item in contrast to rural, female, and less educated respondents.

In addition, 54 percent of the respondents have ever paid the COVID-19 levy with the rest having never paid or have not heard of it. The share of males who have paid the COVID-19 levy was about 10 percent greater than females whereas the share of the more educated who have paid the tax before was 12 percent more than the less educated. For excise tax stamps, less than half (45 percent) of the respondents confirmed they have paid before. Urban respondents who have ever paid the excise stamp were about 16 percent more than rural respondents. Once again, males were 7 percent less likely to ever pay the excise tax stamp compared to females, and more educated respondents were 11 percent more than their less educated counterparts. Only 5 percent of respondents reported that they have ever paid automobile or car import duty and import duty on the importation of spare parts. For both tax items, urban, male, and the more educated had a significantly larger share of respondents having paid the taxes before. Communication service tax seems the most popular and most paid tax among all the respondents as 87 percent of them claim to have ever paid this tax. There was little variation in responses among urban and rural respondents, males and females, and less educated and more educated respondents. On the other hand, the least known and paid tax item was the luxury vehicle tax – only 3 percent of the respondents had ever paid this tax item. This is expected given the short lifespan of the luxury vehicle tax. A similar share of urban and rural respondents said they have ever paid the luxury vehicle tax; males and more educated respondents were highly likely to have ever paid the luxury vehicle tax.

Table 3: Citizens Knowledge of Various Taxes by Locality, Sex, and Education Level of Respondents

Tax item	Percent ever paid						
	Full sample	Locality		Sex		Education	
		Urban	Rural	Male	Female	Less than SHS	SHS or more
Personal income tax	29.5	39.9	17.3	36.3	22.7	18.5	51.6
Corporate Income Tax	13.5	20.2	5.6	14.5	12.4	9.7	21.0
Vehicle Income Tax (sticker)	14.1	18.8	8.6	21.9	6.1	9.7	22.8
Value Added Tax (VAT)	71.0	77.6	63.2	75.3	66.7	66.0	81.1
National Health Insurance Levy	75.5	79.1	71.1	75.2	75.7	72.0	82.4
Ghana Education Trust Fund Levy	37.3	44.9	28.4	41.9	32.6	29.1	53.6
Special Petroleum Tax	36.8	39.0	34.2	48.4	25.0	32.7	45.0
Energy Debt Recovery Levy	50.1	54.5	44.9	54.8	45.3	47.0	56.2
COVID-19 levy	53.8	56.8	50.4	58.8	48.8	49.9	61.7
Excise Tax Stamp	45.4	52.6	36.9	42.1	48.7	41.7	52.7
Automobile Import Duty	5.0	7.8	1.8	8.1	1.9	2.3	10.5
Import Duty on importation of spare parts	4.8	7.2	2.1	8.0	1.6	2.8	8.9
Communication service tax	86.7	88.7	84.4	88.5	84.9	84.7	90.7
Luxury vehicle tax	3.0	3.4	2.5	4.1	1.9	2.0	5.1
Property tax	37.4	46.2	27.1	37.3	37.6	35.2	41.9
Road tolls	18.4	24.8	10.8	27.8	8.9	12.8	29.4
E-levy	76.6	81.0	71.5	80.9	72.3	72.3	85.3
Observations	3,287	2,050	1,237	1,636	1,651	2,117	1,170

Notes: This table reports the percent of respondents who have ever paid the listed tax items by type of locality, sex, and education level of respondents. The other available options for respondents to choose from were "never paid" and "don't know or haven't heard of it".

Moreover, more than a third (37 percent) of the respondents have ever paid property tax (rates). The share of urban respondents who have ever paid a property tax is 19 percent greater than rural respondents. An identical share of males and females have ever paid property tax while more educated respondents were 7 percent more likely to have ever paid property tax than the less educated. Regarding road tolls, 18 percent of the respondents have ever paid. Urban and more educated respondents are more than twice as likely to have ever paid road tolls while males were 3 times as more likely to have paid road tolls. Lastly, about 77 percent of the respondents have ever paid the E-levy since it was introduced. The share of urban respondents and males who have ever paid the E-levy were each 9 percent more than rural respondents and females respectively. In contrast with less educated respondents, more educated respondents were also 13 percent more likely to have ever paid the E-levy.

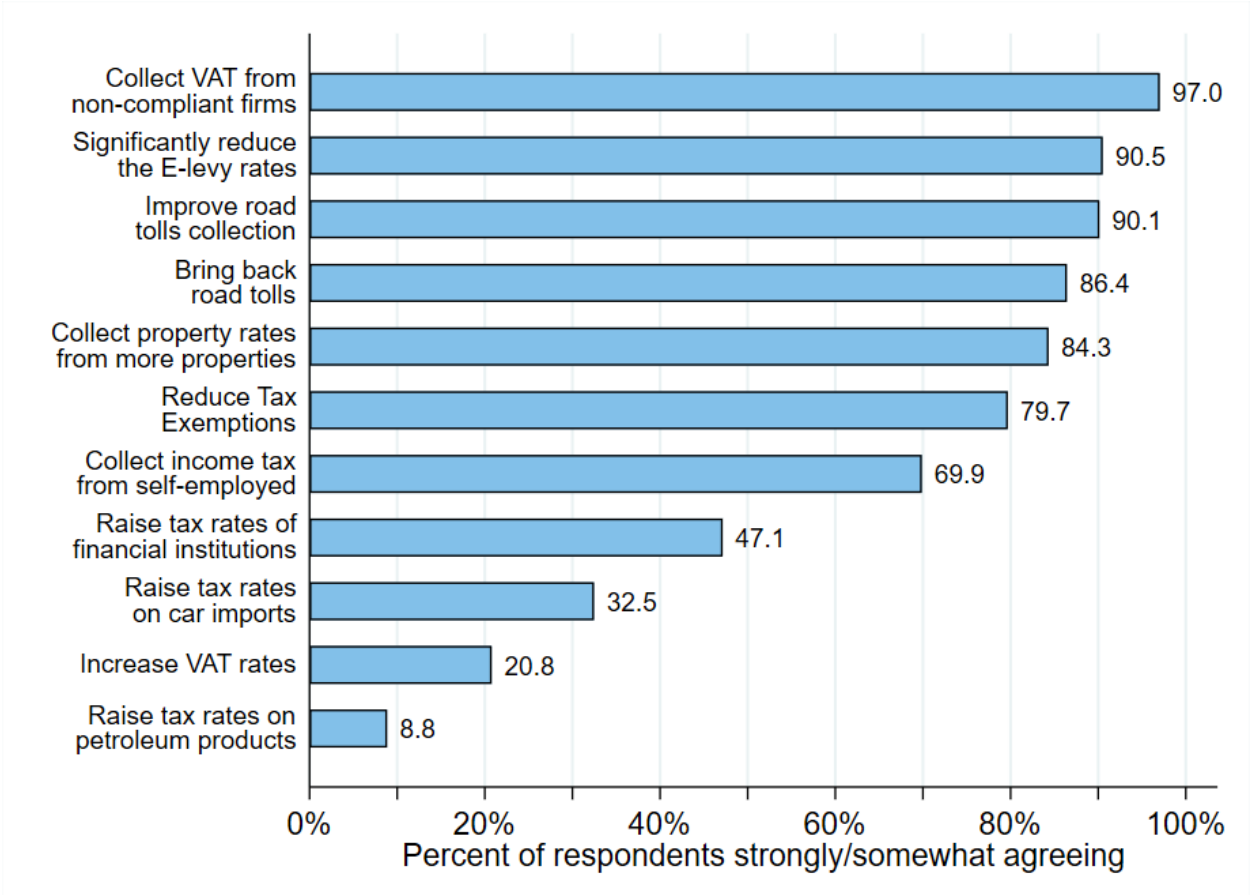
3.4 Citizens Views on How to Increase Tax Revenues

Respondents were presented with 11 different statements on possible ways the government could increase tax revenues. The statements were largely aimed at measuring citizens' perception of tax policies that widen the tax net, increase/reduce existing tax rates, or reintroduce tax measures that have been previously abolished more specifically the road toll. The respondents were asked to either somewhat agree, strongly agree, somewhat disagree, or strongly disagree with each of the 11 statements. The statements were not based on any planned measures by the government but may provide a sense of how the public will perceive the different kinds of revenue mobilization strategies that are available. The responses have been summarized in Figure 2 and Table 4. Figure 2 displays the percent of respondents who somewhat or strongly agree with each statement as a possible way of increasing tax revenues. Table 4 presents similar information but split into urban and rural, males and females, and less educated and more educated subsamples.

Overall, there was very little support for increasing the various tax rates. Rather, there was a general support for measures that seek to improve tax administration by increasing compliance and broadening the tax net. Moreover as shown in Figure 7 respondents were more in favour of tackling expenditures rather than raising tax revenues as a short term fiscal policy strategy. In detail, almost all the respondents (97 percent) were in favour of measures that expand efforts to collect VAT from non-compliant firms. The response was unanimous across all categories of respondents be it urban or rural respondents, males or females, and the less educated and more

educated respondents. Also, 91 percent require the government to significantly reduce the E-levy rate to minimize tax avoidance and encourage the use of mobile money services. The support for this tax measure was also almost unanimous across the board as the shares of urban and rural respondents; males and females; the less educated and the more educated were all almost identical. Interestingly, 86 percent of the respondents want the government to reintroduce the road toll with 9 in 10 saying the government should improve the collection of road tolls when reintroduced. The percent of respondents who said the government should improve the collection of road tolls if reintroduced were consistently similar across the different subsamples. The share of urban respondents who wanted the reintroduction of the road tolls was 5 percent more than the share of rural respondents. Also, males and more educated respondents were 9 and 6 percent more likely to agree with this statement respectively.

Figure 2: Citizens’ Views on Ways to Increase Revenues



Notes: This figure shows the percent of respondents who either somewhat agree or strongly agree to each statement as a measure for increasing government tax revenues. The other available options for the respondents to choose from were somewhat disagree and strongly disagree.

The survey showed that there was a very high support (84 percent) for stronger efforts to collect or improve the collection of property taxes. The share of respondents who agree that the government should expand efforts to collect property rates from more property owners as a strategy for increasing revenues was independent on the respondent's sex, education level, and the type of locality the respondents reside. Furthermore, the survey results showed that the respondents will favour a decrease in the volume of tax exemptions granted to companies and individuals. The share of urban respondents who agreed with this statement was about 3 percent more than their rural counterparts. Males were also 11 percent more likely to accept this measure as a way of improving government revenue performance while the share of the more educated respondents agreeing to such a measure was only 5 percent more than the less educated.

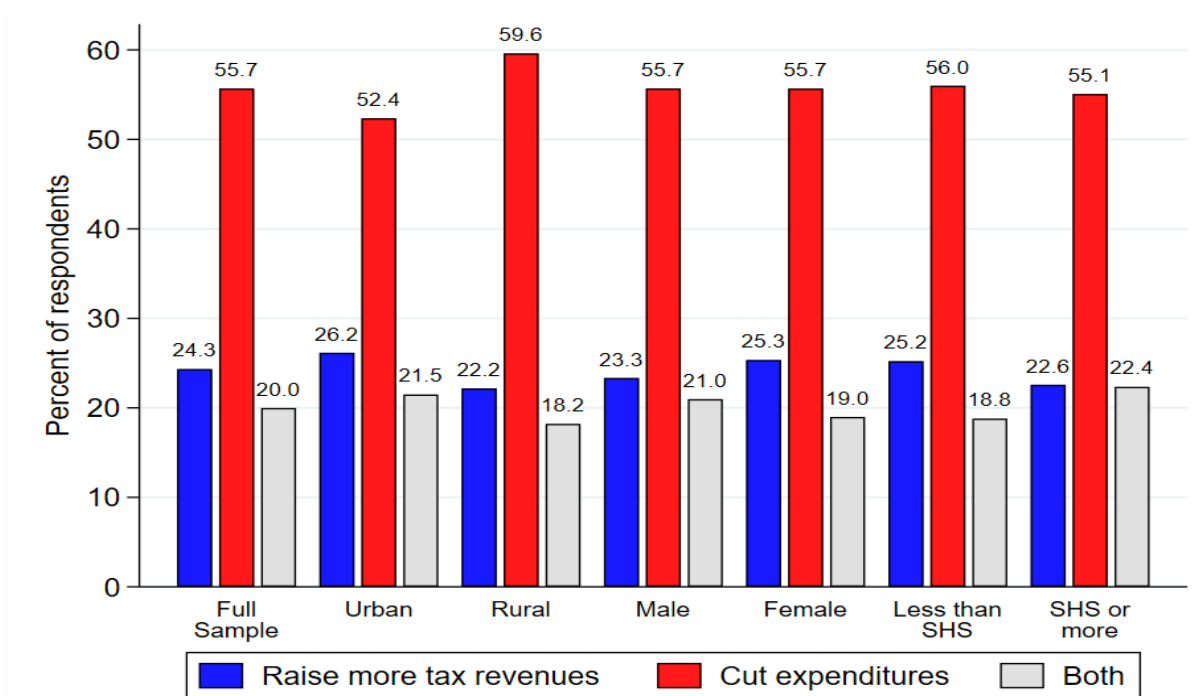
Table 4: Citizens Views on How to Increase Revenues by Locality, Sex, and Education Level of Respondents

	Percent strongly/somewhat agreeing					
	Locality		Sex		Education	
	Urban	Rural	Male	Female	Less than SHS	SHS or more
Collect VAT from non-compliant firms	96.3	97.8	97.0	97.0	96.9	97.2
Collect property rates from more properties	86.6	81.7	85.3	83.4	82.5	88.1
Collect income tax from self-employed	74.6	64.3	71.6	68.2	66.1	77.5
Increase VAT rates	20.2	21.5	22.7	18.9	21.0	20.4
Increase tax rates on financial institutions	46.1	48.4	49.9	44.4	46.3	48.8
Increase tax rates on car imports	29.8	35.5	35.2	29.6	33.0	31.3
Increase tax rates on petroleum products	8.6	9.2	10.0	7.7	8.6	9.3
Significantly reduce the E-levy rates	89.1	92.2	89.2	91.8	91.6	88.3
Bring back road tolls	88.8	83.7	91.1	81.7	84.3	90.6
Improve the collection of road tolls	91.1	89.1	93.2	87.0	89.1	92.2
Reduce tax exemptions	81.2	77.9	85.4	73.9	78.0	83.0
Observations	2,050	1,237	1,636	1,651	2,117	1,170

Notes: This tables shows the percent of respondents who either somewhat agree or strongly agree to each statement as a measure for increasing government tax revenues by type of locality, sex, and education level of respondents. The other available options for the respondents to choose from were somewhat disagree and strongly disagree.

About 70 percent of the respondents also agreed that the government should expand efforts to collect income tax from the self-employed. The share of urban dwellers who agreed to the statement was about 10 percent higher than rural respondents. The share of males and more educated respondents who agreed to this statement were, respectively, about 3 and 11 percent larger than females and the less educated.

Figure 3: Citizens Views on Fiscal Policy to be pursued by the Government



On the other hand, less than half (47 percent) of the respondents were in favour of taxing financial institutions more which could make up for the financial sector clean-up. The share of urban and rural respondents that agreed with this statement were quite similar. But male respondents were 6 percent more in favour of taxing financial institutions more. Education does not also seem to matter on this issue. Only about 33 percent of the respondents are in favour raising import tax rates for cars. Urban and more educated respondents were even less supportive (by 6 percent and 2 percent respectively) of increases to import tax rates for cars. Male respondents were, however, 6 percent more likely to agree to a rate increase on imports of cars. Most respondents irrespective of whether they live in an urban or rural area were not in favour of increasing the VAT rates. Only 21 percent were in support of that measure. Male respondents were 4 percent more likely than females to support an increase in VAT rates. However, there was little difference in the responses among the less

educated and more educated respondents. Finally, over 91 percent of the respondents were not in favour of increases to petroleum tax rates. Nevertheless, among those who agreed that tax rates on petroleum products should be raised, male respondents were 2 percent more than females.

5 Conclusions and Policy Recommendations

Fiscal policy comprise the decisions by the government about how much revenues to raise, where and how to raise that revenue as well as how much to spend and what to spend on. Apart from raising government revenues and determining how it is spent, fiscal policy is used to direct economic growth and development. It is also used to create incentives or disincentives for achieving specific objectives and for operationalising the government's programme. Fiscal policy decisions have consequences on macroeconomic stability and require several careful considerations and deep economic analyses. The survey was undertaken to collect the views of ordinary people in Ghana about various possible (not exhaustive) fiscal policy options. It is meant to complement a deeper and more rigorous set of analyses being undertaken by the Ministry of Finance. Therefore, the main shortcoming of this study is that it does not contain a deeper set of economic analyses using the available actual revenue and expenditure data. Nevertheless, the hope is that the results will be useful in helping the Ministry gauge public reactions to the fiscal policy decisions that may come out of their more rigorous and detailed analyses. Thus the results are not prescriptive of what ought to be done but rather an indication of what to expect from the public depending on options decided.

In summary, first, there was a stronger support for expenditure side policies than revenue side policies for dealing with the current high budget imbalance problem. Secondly, for revenue side, the general public favoured policies that focus on improving government revenues without increasing tax rates. As part of this, there was strong support for policies aimed at broadening the tax net, improving compliance and putting in more effort to collect property taxes. Thirdly, there was considerable support for most of the prominent expenditure items such as the free SHS programme, the construction of roads, highways, interchanges, the railway system and electricity infrastructure as well as subsidies for petroleum and utilities. However there was little support for more expenditure on government appointees and the National Cathedral. Finally, in terms of how to reduce government expenditure, the respondents were more in favour of policies that improve efficiency than simply cutting back on the activity or item to reduce the spending on it. They were

in favour of policies to rid government payroll of ghost names and to improve targeting for the free SHS programme. They were mostly not in favour of putting a freeze on public sector employment or salary increases in the public sectoring.

References

MoF, (2023) Mid-Year Fiscal Policy Review of the 2023 Budget Statement and Economic Policy of the Government of Ghana.

Appendices

Table A1: Regional Distribution of Sampled Households

Region	Number of enumeration areas	Number of households	Percent of households	Number of enumerators	Households per enumerator
Ashanti	43	1000	28.7	5	200
Bono	10	210	6.0	2	105
Greater Accra	44	1030	29.3	8	129
Northern	18	350	10.0	2	175
Savannah	6	210	6.0	2	105
Volta	13	303	8.7	2	152
Western	17	397	11.3	2	132
Total	151	3500	100.0	24	146

Table A2: Citizens' Assessment of the Economy in the Last 20 Years

	Number of respondents	Percent of respondents
Improved	379	11.5
Stayed the same	277	8.4
Gotten worse	2539	77.2
Don't know	92	2.8

Notes: This table reports respondents' assessment of the Ghanaian economy in the last 20 years.

Table A3: Basic Description of Sample by Locality

	Rural		Urban	
	<i>Freq.</i>	%	<i>Freq.</i>	%
Sex				
Male	673	54.4	963	47
Female	564	45.6	1087	53
Age range				
24 years and below	87	7.1	175	8.5
25 - 34 years	261	21.2	494	24.1
35 - 44 years	373	30.3	621	30.3
45 - 55 years	259	21	383	18.7
55 - 64 years	156	12.7	217	10.6
65 years and above	96	7.8	157	7.7
Education level				
No formal education	345	27.9	265	12.9
Basic education	614	49.6	844	41.2
Senior High/Secondary education	213	17.2	614	30
Tertiary education	50	4	293	14.3
Other	15	1.2	34	1.7
Region				
Western	181	14.6	199	9.7
Greater Accra	99	8	766	37.4
Volta	193	15.6	120	5.9
Ashanti	407	32.9	593	28.9
Bono	92	7.4	121	5.9
Northern	156	12.6	194	9.5
Savannah	109	8.8	57	2.8
Religion				
Christian	878	71.2	1523	74.4
Islam	240	19.5	431	21.1
Traditionalist	69	5.6	22	1.1
No religion	45	3.6	60	2.9
Other	1	0.1	11	0.5

Notes: This table reports the basic description of respondents by type of locality.

Table A4: Citizens Attitudes toward Particular Expenditure Cuts, Full Breakdown of Responses

	Strongly Agree		Somewhat Agree		Somewhat Disagree		Strongly Disagree	
	<i>Freq.</i>	%	<i>Freq.</i>	%	<i>Freq.</i>	%	<i>Freq.</i>	%
Parents pay for feeding for free SHS	1937	58.9	534	16.2	239	7.3	577	17.6
Higher passing score for free SHS	2208	67.2	467	14.2	185	5.6	427	13
Freeze on public-sector recruitment	370	11.3	257	7.8	719	21.9	1941	59.1
Freeze on public-sector wage increase	517	15.7	360	11	706	21.5	1704	51.8
Cut transfers to MMDAs	769	23.4	762	23.2	707	21.5	1049	31.9
Don't cut expenditures, raise more revenue	745	22.7	542	16.5	667	20.3	1333	40.6
Review payroll to remove 'ghost names'	2952	89.8	284	8.6	27	0.8	24	0.7
Sell non-profitable State-Owned Enterprises	1099	33.4	592	18	452	13.8	1144	34.8

Notes: This table reports the number (*Freq.*) and percent (%) of respondents who either somewhat agree or strongly agree or somewhat disagree or strongly disagree to cutting each particular expenditure items.

Table A5: Citizens' Views on How to Increase Revenues, Full Breakdown of Responses

	Strongly Agree		Somewhat Agree		Somewhat Disagree		Strongly Disagree	
	<i>Freq.</i>	%	<i>Freq.</i>	%	<i>Freq.</i>	%	<i>Freq.</i>	%
Collect VAT from non-compliant firms	2657	80.8	521	15.9	50	1.5	59	1.8
Collect property rates from more properties	2184	66.4	616	18.7	181	5.5	306	9.3
Collect income tax from self-employed	1731	52.7	616	18.7	330	10	610	18.6
Increase VAT rates	434	13.2	292	8.9	688	20.9	1873	57
Increase tax rates on financial institutions	1002	30.5	530	16.1	639	19.4	1116	34
Increase tax rates on car imports	668	20.3	379	11.5	741	22.5	1499	45.6
Increase tax rates on petroleum products	164	5	123	3.7	513	15.6	2487	75.7
Significantly reduce the E-levy rates	2661	81	303	9.2	121	3.7	202	6.1
Bring back road tolls	2451	74.6	435	13.2	162	4.9	239	7.3
Improve the collection of road tolls	2656	80.8	362	11	113	3.4	156	4.7
Reduce tax exemptions	1855	56.4	799	24.3	312	9.5	321	9.8

Notes: This table shows the number (*Freq.*) and percent (%) of respondents who either somewhat agree or strongly agree or somewhat disagree or strongly disagree to each statement as a measure for increasing government tax revenues.

Table A6: Citizens' Expenditure Cut Priority

Expenditure Item	Freq.	Percent
Panel A: First Expenditure Item to Cut Immediately		
Investments in a national cathedral	1351	41.1
Expenditures on government officials	1254	38.2
Free Secondary School	292	8.9
Investments in railway systems	230	7
Subsidies on petroleum products	82	2.5
Subsidies on utilities for businesses and households	44	1.3
Investments in roads, highways, and interchanges	20	0.6
Investments in electricity production and distribution	14	0.4
Panel B: Second Expenditure Item to Cut Immediately		
Expenditures on government officials	1096	33.3
Investments in a national cathedral	1014	30.8
Free Secondary School	408	12.4
Investments in railway systems	393	12
Subsidies on petroleum products	165	5
Subsidies on utilities for businesses and households	109	3.3
Investments in electricity production and distribution	64	1.9
Investments in roads, highways, and interchanges	38	1.2

Notes: This table presents citizens attitudes toward expenditure categories to cut immediately in order of priority. The first question asked respondents: "If you had to pick exactly one of these expenditures to cut, which one would it be?" The second question ask respondents: "Which one would you cut if you had to pick another one of these expenditure categories?" The choices respondents have available to them in the second question is dependent on the answers they provide in the first question. That is, if say a respondent select investment in national cathedral in the first question, the option will no longer be available in the second question. Thus, the respondent will be left with 7 options to choose from in the second question. Government officials include executive and legislative arms of government as well as government appointees but exclude public, civil, and local government workers.

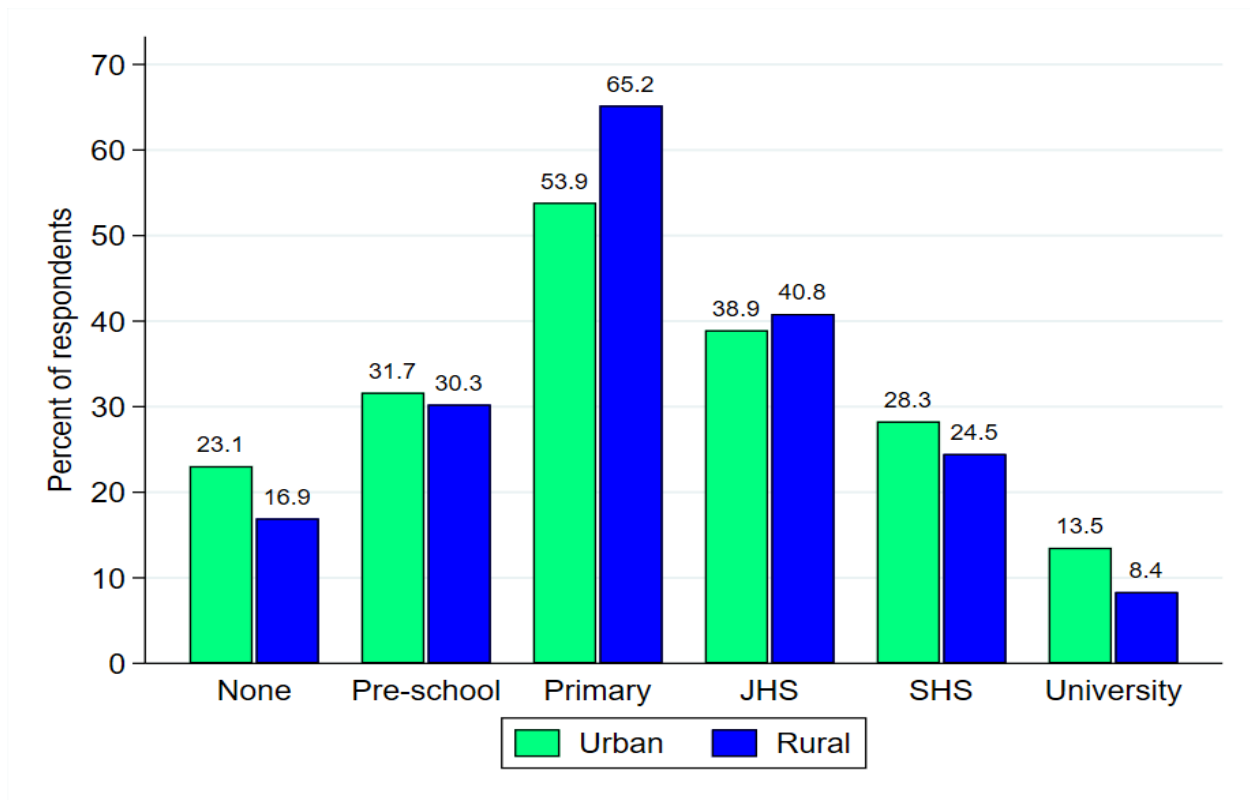
Table A7: Citizens' Views on Which Expenditure Categories to Cut, Full Breakdown of Responses

	Abolish		Cut Substantially		Cut Somewhat		Maintained		Expanded		Delayed/Postponed	
	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>	<i>Freq.</i>	<i>%</i>
Expenditures on government officials	171	5.2	2029	61.7	535	16.3	376	11.4	48	1.5	128	3.9
Free Secondary Schooling	568	17.3	152	4.6	176	5.4	1350	41.1	973	29.6	68	2.1
Investments in a national cathedral	1607	48.9	219	6.7	115	3.5	808	24.6	111	3.4	427	13
Investments in electricity expansion	19	0.6	56	1.7	98	3	1560	47.5	1538	46.8	16	0.5
Investments in roads	34	1	79	2.4	71	2.2	1256	38.2	1817	55.3	30	0.9
Investments in the railway system	314	9.6	209	6.4	132	4	1262	38.4	1159	35.3	211	6.4
Subsidies on petroleum products	83	2.5	303	9.2	94	2.9	1238	37.7	1562	47.5	7	0.2
Utilities subsidies for households and businesses	78	2.4	129	3.9	154	4.7	1598	48.6	1321	40.2	7	0.2

Notes: This table shows the number (No.) and percent (%) of respondents who either said abolish or cut substantially or cut somewhat or maintain or expanded or delayed/postponed to each of the listed expenditure items in the table.

6.2 Figures

Figure A1: Current Education Level of Children in Households



Notes: This figure shows the current education level off children in the household by type of locality.

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