

## SOCIAL AND ECONOMIC POLICY WORKING BRIEFS

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UNICEF POLICY AND PRACTICE

# Protecting Salaries of Frontline Teachers and Health Workers

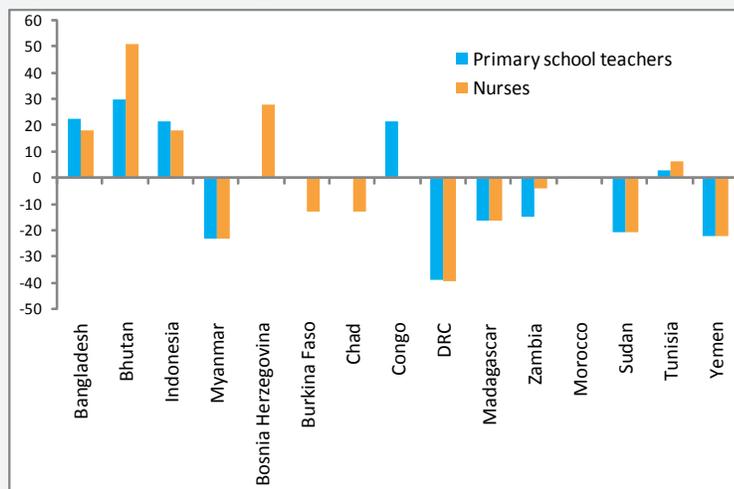
- Pay levels of frontline teachers and health workers are crucial to outcomes for children
- In past crises, pay levels have fallen in real terms, particularly impacting children in rural and high poverty areas
- Similarly, during the current crisis, initial evidence from ten countries suggest falling real pay levels, increasing the risk of primary teachers and nurses falling into poverty
- Comparing salaries of primary teachers and nurses in over twenty countries reveals that in 2009 many were near the poverty line
- Actions are needed to protect pay levels of frontline workers in social services, who are vital to ensuring recovery with a human face

Public service providers, especially frontline school teachers and health workers at local levels, are crucial to positive outcomes for children. While infrastructure has a role, social development happens because of human care: a teacher does not need a school to teach, and many countries correctly started by expanding low-cost medical staff, e.g. China's "barefoot doctors". In rural areas and urban slums where poverty is prevalent, having a teacher or a nurse can make the difference between children having access or not to education and basic health services. Employment and retention of education and health staff at local levels, and ensuring that they are sufficiently compensated to ensure the livelihoods of their own families, are key to advancing child rights, wellbeing and achieving the MDGs.

However, during past periods of crisis and adjustment, salary erosion among public service providers was a common experience. Despite the fact that social expenditures tend to be low and insufficient to achieve human development objectives, governments frequently cut education and health budgets in times of fiscal contraction, often by adjusting the wage bill and public sector employment (Fedelino, et al 2006). In addition, as recurrent expenditures like salaries tend to be the largest component of the budget, wage caps and employment ceilings have been traditionally supported by the international financial institutions (Action Aid 2007). For teachers and medical staff, this can mean that their salaries are not adjusted in line with increases in local prices, paid in arrears, or reduced in cases of employment retrenchment.

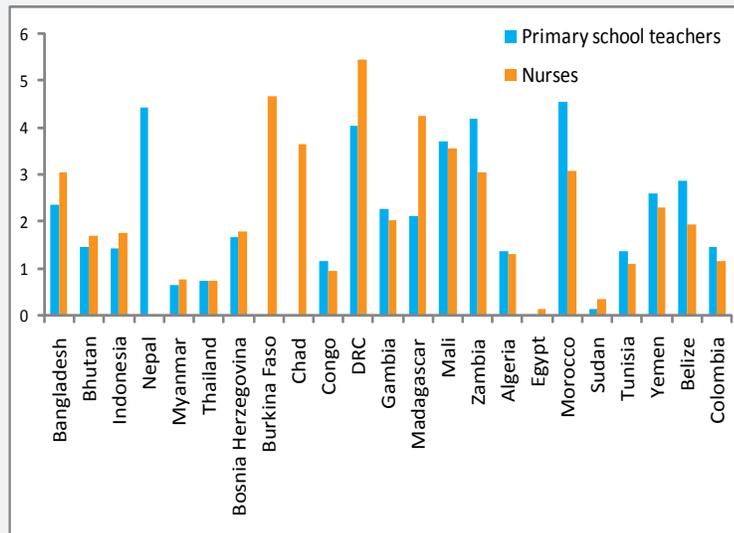
Erosion in pay and payment arrears can have adverse impact on delivery of services essential to positive children outcomes. Studies suggest that low pay is a key factor behind teacher absenteeism, informal fees, and brain drain, which in turn is a cause for poor child outcomes especially in rural areas. For example, staff absenteeism in the early 2000s was as high as 35 percent in rural Bangladesh, Lesotho, Ghana, Mozambique and Zambia (Buchan 2005). Underpaid teachers and health workers often search for other forms of income as a coping

Figure 1. Estimated Changes in Annual Salaries, 2007-2009



Sources: UNICEF country offices and authors' calculations

Figure 2: Estimated Annual Salaries Compared to GDP Per Capita, 2009 or latest



Sources: UNICEF country offices and authors' calculations

strategy, for instance, engaging in petty trade, moonlighting in the private sector, or requesting under the table payments (Chene, 2009). More recently, low pay and lack of financial incentives led to an increase in unfilled positions in rural areas in DRC and Yemen, according to UNICEF offices. Some countries have addressed this by providing bonuses (e.g. South Africa's rural allowance for health professionals), and non-monetary incentives (e.g. Indonesia and Ecuador's increased chance of tenure).

This working brief examines the developments in the salaries of education and health workers key to children outcomes in the period of the recent economic crisis. Using preliminary information collected through a recent survey among UNICEF country offices, this brief assesses the extent to which essential social workers such as teachers and nurses are adequately compensated two years into the crisis by i) measuring changes in the real value of their pay, ii) comparing their pay with national averages measured by GDP per capita and with poverty lines, and iii) the extent of salary payment delays and reduced employment.

## SALARY LEVELS OF TEACHERS AND HEALTH WORKERS HAVE DECLINED IN REAL TERMS

During the recent crisis, nominal salaries for teachers and health workers have generally remained stable or increased somewhat. However, the unprecedented increases in international food and fuel prices in 2007-08 have raised the Consumer Price Index and food inflation worldwide. Despite the drop in international commodity prices in late 2008, local food inflation has continued in 2009 in many developing countries (Chai 2009). As increases in nominal salaries, if any, have not kept pace with the large cumulative increases in local prices, the salary levels of primary school teachers, and their purchasing power, has eroded considerably in real terms over the period 2007-09 in ten out of 15 countries for which data are available (Figure 1).

In DRC and Myanmar, school teachers' real pay has decreased by about 40 percent in the past two years, and by between 20-30 percent in Madagascar, Sudan, and Yemen. A similar magnitude of erosion in real pay may be observed for nurses.

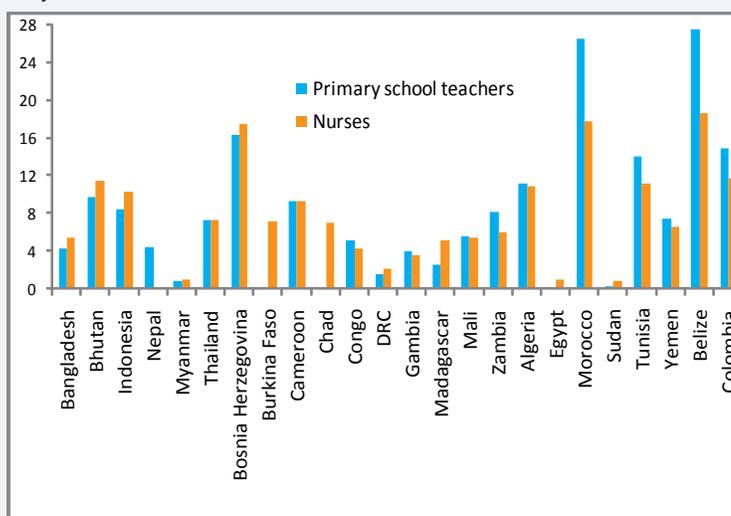
## EROSION IN WAGES RAISES THE RISK OF FRONTLINE TEACHERS AND NURSES FALLING IN POVERTY

Within the categories of public employees in core social sectors such as health and education, salary scales differ considerably from one profession to another (e.g. doctors and nurses, professors and primary teachers). It is sometimes argued that health and education workers (all categories) are generally much better off than the population average, as their pay levels were often in multiples of per-capita GDP or GNI. However, a look at the salaries of primary teachers and nurses at lower job grades during the recent crisis shows a different picture (Figure 2). In ten out of 23 countries for which recent salary data are available, primary school teachers or nurses' pay are either below GDP per capita or just above that level (i.e. between 1 to 1.5 times GDP per capita).

However, comparison with GDP per capita may not give the whole picture, especially in low income countries where the majority of the population is poor. When using the international \$2 a day (2005 price) poverty line as a benchmark, the salaries of primary school teachers and nurses appear to be barely sufficient to keep them out of poverty in about one-sixth of the countries for which recent data are available (Figure 3). For example, in DRC, where most of the population is poor, teachers' and nurses' pay is only slightly above international poverty line even though their pay appears adequate compared to GDP per capita.

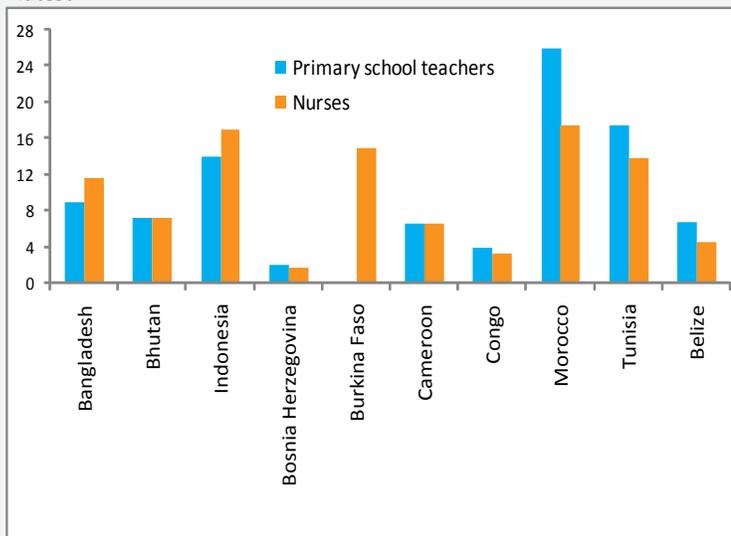
Moreover, recognizing that this international poverty line may be too low to reflect the poverty situation in countries with higher per capita income, this brief also compares the salaries of teachers and nurses to national poverty lines. This comparison shows

Figure 3. Annual Salaries Compared to \$2 A Day Poverty Line, PPP adjusted, 2009 or latest



Sources: UNICEF country offices and authors' calculations

Figure 4. Annual Salaries Compared to National Poverty Line, 2009 or latest



Sources: UNICEF country offices and authors' calculations

that primary school teachers and nurses are dangerously close to the national poverty line in about one-fifth of the countries for which recent data are available (Figure 4). For higher income countries such as Belize, Bhutan and Morocco the picture is less rosy than that suggested by the international poverty line. In particular, in Bosnia and Herzegovina, a middle income country, teachers and nurses seem well off by GDP per capita and international poverty line, but are very close to the national poverty line.

The data analysis shown here includes both base salaries and allowance, with the exception of Congo (for nurses), Cameroon, DRC, Nepal, and Sudan. For these countries, we used a commonly observed ratio of allowance to base pay to add an estimated allowance amount to the base salaries. Even after this exercise, the main findings remain unchanged.

Taken together, in half of the countries in our sample, we found that teachers or nurses are not adequately compensated when comparing their pay with at least one of the income or cost of living benchmarks. This suggests that erosion in wages has raised the risk of teachers and nurses not being able to cover their essential expenses and pushing their families into poverty. As suggested by past experience, the associated financial pressures will likely put the quality of basic services under threat, in particular, if salaries received by teachers or nurses are too low to retain them.

## TEACHERS AND HEALTH WORKERS HAVE ALSO EXPERIENCED PAYMENT DELAYS AND/OR REDUCED EMPLOYMENT

The recent bout of fiscal difficulties facing many developing countries has worsened the historical problem of late payment of wages in Sub-Saharan Africa and is now affecting an increasing number of countries. For example, 15 percent of health workers in Zambia had not always received the salary payment that was due to them in 2006; 80 percent had received late payments; and 10 percent had to pay a so-called expediter's fee to obtain their salaries (Ministry of Health, Zambia 2007).

This problem has worsened in the past couple of years, according to information from UNICEF country offices. In Comoros, teachers and health workers have faced outstanding arrears. In Mali, teachers in centers for early childhood

development have also suffered severe delays in the payment of their salaries, particularly in rural areas. Information from UNICEF offices suggests that this problem has spread to other regions, with delays in salary payments also occurring in Bulgaria, Kazakhstan, Moldova, Senegal, and Yemen.

Moreover, the pressure on governments to cut budgets is increasing the risk of disorderly public employment retrenchment. UNESCO's Education For All 2010 Report points out that the rate at which teaching post are created will need to increase if universal primary education is to be achieved by 2015. However, recent evidence from UNICEF offices shows that in some countries, such as Cambodia, governments are considering reducing the number of classrooms for cost savings as well as laying off contractual teachers and health workers, who tend to play an essential role in rural and remote areas. These measures, if implemented, could have a severely adverse impact on the access and quality of essential social services.

## CONCLUSION

The mounting fiscal pressures facing many countries have constrained the pace of salary increases that are needed to keep up with the large cumulative increases in the cost of living. In a greater number of countries, primary school teachers and nurses are barely paid enough or on time to keep them out of poverty. This raises serious concerns over the quality of education and health services provided to children. This is especially true in rural and poor regions where families' demand for services has likely risen after prolonged increases in costs of living.

Securing teachers and health workers is essential not only to preserve early human capital during the crisis period but also to

## Box 1. IMF advice on wage bills

### Cap/cut wage bill 2009-11

Algeria  
Barbados  
Belarus  
Belize  
Bhutan  
Burundi  
Cambodia  
Comoros  
Cote d'Ivoire  
DR Congo  
Georgia  
Ghana  
Grenada  
Iraq  
Jordan  
Kiribati  
Latvia  
Libya  
Lithuania  
Maldives  
Mali  
Marshall Islands  
Mauritius  
Morocco  
Paraguay  
Philippines  
South Africa  
Sri Lanka  
St Kitts & Nevis  
Syria  
Tonga  
Vanuatu  
Zambia  
Zimbabwe

### Increase wage bill

Angola  
Lao PDR  
Malawi  
Mozambique  
Sierra Leone  
Suriname  
The Gambia

Source: UNICEF (2010)

enable an economic recovery that is inclusive and sufficiently broad-based to support the achievement of the MDGs.

A recent UNICEF desk review of the latest IMF reports on 86 low and middle income countries reveals that many of them have been advised to cap or cut wage bills in 2009-11 (Box 1). Decisions on wage bills should not be detached from their social and future economic impacts.

Suggested actions:

- Advocating for policies that ensure the retention and employment of education and health workers and prioritizing salary payments to frontline health and education staff, especially in rural areas and urban slums where poverty is prevalent
- Paying attention to real pay levels to ensure that compensation keeps up with increases in the cost of living in order to minimize the risk of staff absenteeism, brain drain and coping strategies such as informal fees
- Making the case for the importance of wages and compensation of frontline teachers and health workers in policy discussions with Ministries of Finance or international financial institutions

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