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7 August 2025

Most African countries are not leveraging health taxes – new report suggests

As Africa confronts a mounting public health crisis, a simple yet powerful solution is being left on the table: health taxes. While the continent battles the dual burden of rising noncommunicable diseases (NCDs) and persistent infectious disease burden, most countries are not leveraging health taxes – excise duties on harmful products like tobacco, alcohol and sugary drinks – to curb consumption, boost domestic revenues and protect overburdened health systems.

This is according to a new report published by Vital Strategies, the Research Unit on the Economics of Excisable Products (REEP) at the University of Cape Town's (UCT) School of Economics, and Economics for Health, a research group based at Johns Hopkins University in the US.

The World Health Organization (WHO), the Africa Centres for Disease Control and Prevention, the Task Force on Fiscal Policy for Health, and other global and regional bodies recommend that governments implement health taxes based on strong evidence of effectiveness and impact. However, despite the proven benefits and potential for generating substantial revenue, many African governments have not implemented health taxes sufficiently to influence public health or generate significant revenues.

"Health taxes are not just a fiscal tool. They are powerful public health tools, and they save lives by curbing harmful consumption, reducing future health system costs, and providing sustainable domestic revenue to ease dependence on shrinking aid flows," said REEP's director, Professor Corné van Walbeek.

He added that most African nations were not implementing health taxes at levels that would meaningfully reduce consumption or generate significant income. The report revealed that tobacco taxes across the continent were particularly low. The average tax share of the retail price of cigarettes is approximately 41% – far below the WHO-recommended minimum of 75%. Only Mauritius meets this target, showing that it is possible with committed policy action.

"Similarly, while most African countries tax alcoholic beverages, few apply structures that are strong enough to substantially reduce alcohol-related harm. Only 23% of countries with specific alcohol excise taxes (i.e. based on quantity, not value) adjust them regularly for inflation. Adjusting taxes for the effect of inflation is a basic policy design principle needed to preserve the effectiveness of the tax over time. Weak excise tax systems fail to keep pace with rising incomes and costs of living, thereby eroding their impact year after year," he said.

The situation is no better when it comes to taxing sugar-sweetened beverages. Though 80% of countries have implemented some form of taxation on sugary drinks, Van Walbeek said most impose low tax rates that are unlikely to influence consumer behaviour. Globally, the average excise tax share on sugary beverages is a mere 3.4% of the retail price. This will not have a significant impact on consumption.

"These products – tobacco, alcohol and sugary drinks – are not only contributing heavily to preventable deaths, they are placing unsustainable pressure on health systems. Failing to tax them appropriately costs us lives and valuable resources," he said.

The report argues that, beyond the public health argument, the economic rationale for health taxes is compelling. As development assistance declines and domestic budgets tighten, well-designed health taxes offer a stable and predictable revenue stream. When adjusted for inflation and income growth, and paired with robust enforcement, health taxes can support governments to build more resilient health systems, especially in the face of growing urbanisation and changing population demographics.

Examples from across the continent demonstrate the feasibility and impact of such taxes. For example, in South Africa, the introduction of the Health Promotion Levy has been associated with a measurable decline in sugar consumption. In Kenya, higher tobacco and alcohol taxes have helped curb use, particularly among young people. Botswana and Ghana are exploring further adjustments to improve the effectiveness of their health tax regimes.

However, progress is frequently hindered by strong opposition from industry groups, who argue that such taxes lead to job losses, increase illicit trade and disproportionately affect low-income households. A tax that is borne disproportionately by low-income households is described as a regressive tax.

"The notion that health taxes are regressive is misleading," said Van Walbeek. "Over time, these taxes are progressive because they reduce disease and financial hardship among the most vulnerable populations. The health benefits from reduced consumption of unhealthy products are greatest for low-income communities, because they are the most responsive to a tax-induced increase in the prices of these products."

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