

Beyond Aid Dependency

Unlocking Domestic Health Financing Through Health Taxes



Nigeria Health Watch, an initiative of the Health Watch Foundation, is a leading not-for-profit organization committed to improving health outcomes in Nigeria. The organization combines deep expertise in health and strategic communications to drive evidence-based advocacy, strengthen the capacity of health sector institutions, and influence policy for impact. Through its platforms and partnerships, Nigeria Health Watch informs and empowers Nigerians on health issues while also providing tailored communications and advocacy solutions that enable stakeholders to shape and implement effective health policies.



Willow Health Media is an independent, Kenya-based multimedia newsroom dedicated to health and science reporting. It empowers communities across Africa by transforming rigorous evidence into accessible, actionable journalism that bridges the gap between health knowledge and real-world impact.

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Executive Summary

African countries are navigating a critical moment in health financing. Donor commitments are tightening, and external support is becoming increasingly unpredictable. At the same time, the continent faces a rapidly escalating burden of non-communicable diseases (NCDs), alongside persistent infectious disease threats. This convergence of shrinking aid and rising domestic health needs has intensified the imperative for sustainable, home-grown financing solutions.

Against this backdrop, Nigeria Health Watch and Willow Health Media (Kenya) convened a high-level roundtable in Nairobi on 25 November 2025, titled “Beyond Aid Dependency: Unlocking Domestic Health Financing Through Health Taxes.” The meeting brought together policymakers, revenue authorities, economists, regulators, civil society leaders and development partners from across Africa, with a strong focus on Kenya and Nigeria—two countries grappling with similar fiscal and epidemiological pressures.

The purpose of the roundtable was to move conversations beyond advocacy into practical, evidence-

based strategies for designing, implementing and governing health taxes on tobacco, alcohol and sugar-sweetened beverages. These taxes already adopted with varying success globally offer the dual benefit of reducing harmful consumption and generating predictable domestic revenue for health systems.

Key Insights

The following cross-cutting themes emerged across keynote presentations, analytical sessions, panel discussions and plenary dialogues during the roundtable:

- Health taxes are now indispensable to Africa's transition away from aid dependency and toward resilient domestic financing.
- Taxes on harmful products create triple wins which are lower consumption of harmful products, reduced longterm disease burden and increased revenue for priority health programmes.
- Content-based excise systems (taxing sugar per gram or alcohol per litre of pure alcohol) are more effective and equitable than traditional product-based models.
- Industry interference is sophisticated and coordinated, requiring clear safeguards, unified government messaging

and strong coalitions across health, finance and civil society.

- Transparency and accountability, including earmarking or structured allocation rules, are essential for building public trust and tax morale.
- Weak data systems, illicit trade, fragmented governance and political resistance remain major barriers to effective reform.

Agreed Priorities for Action

Participants reached broad consensus on the following:

- Public health and not revenue must remain the primary objective of health taxes, with revenue treated as a beneficial secondary effect.
- Countries should strengthen cross-sector coordination, especially between ministries of health and finance, revenue authorities, regulators and legislatures.
- Clear, transparent frameworks for revenue use, monitoring and reporting are vital to public acceptance and policy continuity.
- African governments must adopt national health tax frameworks that define what to tax, how to tax, and how revenues will be utilized and safeguarded.

- Data generation, modelling, and impact evaluation must become core components of tax system design and governance.

Recommendations

The roundtable proposed concrete pathways for reform:

- Adopt content-based and inflation-adjusted excise structures.
- Introduce or strengthen revenue-use provisions, whether through earmarking or structured budget systems.
- Build multi-sector coalitions to counter industry lobbying and coordinate public

communication.

- Invest in data systems for elasticity analysis, consumption monitoring, revenue tracking and modelling.
- Strengthen enforcement capacity, including actions against illicit markets and support for regulatory agencies.
- Ensure clear, public-facing communication to build trust and demonstrate the benefits of health taxes.

Looking Forward

Participants committed to developing country-specific

action plans, strengthening regional learning platforms and engaging fiscal authorities to align technical, political and administrative dimensions of reform. Overall, the roundtable established a shared understanding that health taxes are not marginal fiscal tools but strategic public health instruments central to achieving universal health coverage, strengthening financial protection and safeguarding Africa's health systems from future shocks.

Background and Context

African countries are confronting a mix of health, economic and demographic pressures that threaten longterm development. While progress had been made against communicable diseases through international partnerships, recent reductions in donor funding have exposed gaps in the sustainability of health programmes. Several countries are already experiencing stockouts of essential supplies, demonstrating how vulnerable national systems are when external support declines.

At the same time, non-communicable diseases such as diabetes, hypertension and cancers are [rising](#) sharply. These conditions receive little donor attention and impose heavy financial and social costs.

Combined with persistent infectious disease burdens and health worker shortages, governments face increasing pressure to strengthen domestic financing and reduce household out-of-pocket spending.

This emerging reality has renewed interest in health taxes as a practical and [reliable domestic financing](#) tool.

Taxes on tobacco, alcohol and sugar-sweetened beverages are recognized for their dual value: they discourage harmful consumption and generate revenue for health programmes. They also provide governments with a source of funding that is less vulnerable to global economic shifts.

The roundtable in Nairobi was convened in response to these challenges and the shrinking

pool of external support. It brought together experts from Nigeria, Kenya and other African countries to discuss how to strengthen domestic health financing and design effective health taxes. The meeting created space for countries to compare experiences, examine implementation strategies and identify ways to ensure that health tax revenues are used transparently and efficiently.

By convening experts, government officials and practitioners in one space, the roundtable sought to turn policy ideas into actionable pathways for implementation. It also aimed to strengthen governance and accountability so that revenues generated through health taxes translate into tangible health benefits for citizens.

Objectives of the Roundtable

The roundtable was convened to:

- Support Africa's transition from donor-dependent health financing to sustainable domestic resource mobilization that can withstand reductions in external aid.

- Examine how health taxes can provide predictable funding for essential services while reducing consumption of products that drive non-communicable diseases.
- Facilitate cross-country

- learning between Kenya, Nigeria and other African countries on practical approaches to designing and implementing effective health taxes.
- Identify governance,

accountability and coordination mechanisms that ensure health tax revenues are transparently managed and aligned with

national priorities.

- Build political and technical momentum for long-term health financing reforms that

reduce vulnerability to donor shifts and strengthen health system resilience.

Format of the Engagement

The roundtable followed a structured one-day programme designed to support evidence-based discussion and practical problem-solving. The agenda moved through the following stages:

- Opening remarks outlining the purpose of the meeting and the need for stronger domestic health financing.
- Keynote address that framed regional trends in health taxes and the policy considerations needed for effective reform.
- Case study and analytical

presentations providing comparative data and lessons from other countries.

- Expert panel discussion featuring government officials, development partners, economists, and civil society, exploring tax design, enforcement, and revenue utilization, with additional insights from a representative of Nigeria's Fiscal Policy and Tax Reform Committee on the country's reform direction.
- Interactive plenary where participants shared insights,

asked questions and proposed solutions.

- Closing reflections highlighting next steps and areas for continued collaboration.
- The format ensured an inclusive and well-sequenced conversation, allowing participants to move from context setting to evidence review and then to practical recommendations.

Opening Remarks

by Vivianne Ihekweazu,
Managing Director,
Nigeria Health Watch



Vivianne Ihekweazu, Managing Director of Nigeria Health Watch, opened the meeting by drawing attention to the pressures facing health systems across Africa. She noted that countries in different regions are dealing with the same problems: shrinking development assistance, rising health costs and a growing burden of diseases that local budgets struggle to absorb.

She referred to the recent Global Fund replenishment meeting in Johannesburg, where contributions fell far below the target. For her, this was a reminder that external funding is becoming less reliable. She explained that African countries can no longer depend on aid to keep essential programmes running and will need to strengthen domestic financing if they want their health systems to survive future shocks.

She spoke about the rise of non-communicable diseases and how they are already

stretching national budgets. These conditions are linked to everyday consumption patterns and receive little attention from donors. She encouraged participants to reflect on how their countries can reduce exposure to harmful products and generate local revenue to support national health priorities.

Mrs Ihekweazu also highlighted the value of cross-country learning, noting that Kenya, Nigeria and several other African countries are working through similar fiscal challenges and policy debates. She urged participants to use the roundtable to compare experiences, learn from one another, and identify ideas that can strengthen domestic health financing.

In closing, she emphasized that the roundtable offered a valuable opportunity to reflect on practical measures countries can take to increase local

revenue, including the adoption of health taxes. She underscored the importance of clear communication, public trust, and transparent fund utilization, and urged government officials, civil society, and the media to collaborate in countering misinformation and helping citizens understand the intent of these policies.

I THINK IT'S ONLY THROUGH US WORKING TOGETHER AS A CONTINENT AND AS A REGION THAT WE REALLY LEARN FROM ONE ANOTHER AND BECOME MUCH STRONGER, AND SHARE BEST PRACTICES, SO THAT WE CAN ULTIMATELY DELIVER ON THE MANDATES WE ARE RESPONSIBLE FOR.



Keynote Address

“Health Taxes as a Pathway to Sustainable Health Financing in Africa”
by Edwin Macharia, Global Managing Partner and Co-founder, Axum



Edwin Macharia, Global Managing Partner and Co-founder of Axum, delivered the keynote address.

He stressed that African countries are entering a period where large-scale international health aid can no longer be relied on. The recent Global Fund replenishment, which raised about \$11.34bn instead of the \$18bn target, was one example he used to show how donor commitments are tightening. Reductions in bilateral support from major partners such as the United States further illustrate this shift.

He noted that although external funding has shaped many health programmes over the years, domestic spending has always carried most of the weight.

He mentioned that Nigeria spends between \$20 and \$21bn on health each year, much of it through out-of-pocket payments. Kenya, for its part, receives

roughly \$4bn annually in remittances and allocates similar volumes to its education budget; these figures exceed many health-related donor inflows.

To him, these comparisons demonstrate that African countries already have a substantial domestic base to build on, even if the structure of that spending still requires improvement.

Macharia highlighted the rising burden of non-communicable diseases and the long-term financial strain they place on health systems. He explained that, because these conditions are tied to daily consumption patterns and lack cross-border risk, they often receive limited donor support. This, he stressed, makes preventive measures critical, and he pointed out that health taxes offer a practical solution by reducing harmful consumption while generating revenue for national priorities. He outlined three areas that

determine the success of health taxes.

- The first is technical design, which involves selecting the right products to tax and ensuring the tax structure aligns with public health objectives.
- The second relates to the political environment. Taxation can be contentious, and reforms depend on trust, clear communication and genuine engagement with citizens.
- The third concerns administrative capacity. In countries with devolved governance, national and subnational systems must be able to collect, manage and apply revenue in a way that supports service delivery.

He emphasized the importance of tax morale, noting that public support increases when citizens see that taxes are used responsibly. Transparent reporting and visible

improvements in services help build this confidence. In his final remarks, he emphasized that domestic resource mobilization is not just about securing funds but about enabling countries to take greater ownership of their health

priorities. He urged African governments to learn from one another's experiences, tailor global best practices to their local contexts, and strengthen financing systems that are less vulnerable to changing external interests.

“I think it [health taxes] is the smart thing for Africa to do in the immediate term, so that if money ever comes back, it feels like it is additional rather than core.”

Case Study and Analytical Presentations on African countries demonstrating how health taxes are being used to generate revenue for public health interventions

Session Overview

The session provided an evidence-based examination of how health taxes function in practice and what African countries can learn from global and regional experience. Presentations focused on tax design, revenue potential, political feasibility and the administrative conditions required for reform. The discussion offered a comprehensive view of the opportunities and risks associated with adopting pro-health taxes

Session Introduction

The session featured two speakers: Jonathan Munge, Manager at Axum, who presented comparative evidence from the Alliance for Health Financing in Africa, and Dr. Olumide Okunola, Senior Health Specialist at the World Bank Group, who expanded the discussion with global policy insights and cautionary notes on implementation. Together, their contributions formed the analytical backbone of the roundtable.

Insights from Speakers

Jonathan Munger
Manager, Axum



Jonathan Munge presented evidence from multiple regions to show how taxes on tobacco,

alcohol and sugar-sweetened beverages can strengthen public health and generate reliable

domestic revenue. He explained that these taxes serve three key functions: they discourage

consumption of harmful products, they raise funds that governments can depend on, and they reduce the long-term pressure on health systems by preventing avoidable diseases such as heart disease, diabetes and cancer.

He drew attention to global examples where health taxes have produced strong results. The Sin Tax Law in the Philippines raised more than \$4bn for expanding health insurance. Russia recorded a 50% drop in alcohol consumption after increasing taxes. Australia and New Zealand achieved long-term declines in smoking through steady increases in tobacco taxes. Across Africa, South Africa's Health Promotion Levy led to a reduction in sugary drink purchases and encouraged manufacturers to reduce sugar content. Botswana and Chad use tobacco and alcohol taxes to support public health initiatives,

while Ghana doubled its revenue from tobacco taxation between 2021 and 2023.

Munge pointed out the significant disparity between existing tax levels in many African countries and international standards. He noted that while the World Health Organization recommends that tobacco taxes make up at least 75% of the retail price, most African nations remain well below this benchmark, Kenya's rate of roughly 31% being one example. He added that sugar-sweetened beverage taxes on the continent average about 21%, even though countries with stronger policies have seen measurable health improvements. For alcohol, he stressed that tax systems tied to alcohol content are more effective than those based solely on volume.

He also highlighted several challenges that African

countries need to anticipate, including rigid budget systems that restrict flexible allocation, strong industry lobbying, cultural influences on alcohol consumption, the risk of consumers turning to informal or illicit products, weak coordination between finance and health authorities, and gaps in data essential for effective tax design. He urged governments to tackle these issues proactively at the outset of the reform process.

HEALTH TAXES MUST BE TECHNICALLY SOUND AND SUPPORTED BY STRONG ADMINISTRATIVE SYSTEMS IF THEY ARE TO ACHIEVE LASTING RESULTS.



Dr. Olumide Okunola

Senior Health Specialist, World Bank



Dr. Olumide Okunola expanded the session by focusing on the political and administrative factors that determine whether health taxes deliver lasting results. He highlighted the

rapid rise of non-communicable diseases across Africa and the growing cost of treatment for conditions such as hypertension, diabetes and kidney failure. He warned that without stronger

prevention strategies; these diseases could overwhelm already stretched health systems.

He observed that industries

targeted by health taxes are highly organized. They identify key decision-makers, fund research that supports their stance, leverage legislative channels to influence tax proposals, and pursue legal challenges to delay reforms. In response, he stressed that public health actors must develop equally robust, evidence-based messaging to address common concerns around employment, economic impact, and effects on young people.

A key focus of his presentation was the need for clarity and transparency in how tax revenue is used. He cited the Philippines, where legislation explicitly defines the beneficiaries of the tax and specifies how funds are allocated. He also highlighted Thailand's Health Promotion Foundation, which is financed through earmarked revenue, as

an example of how transparent use of funds can foster public trust and achieve measurable gains in prevention programmes. Dr. Okunola framed his perspective around three key points.

- First, the escalating costs of chronic conditions underscore the need to prioritize prevention and improve population health management.
- Second, health taxes offer a dual advantage by curbing harmful consumption while generating revenue to support health systems.
- Third, governments must enhance communication and accountability by clearly linking collected revenues to the services they fund. He urged countries to draw lessons from international experiences while adapting them to local administrative capacities and

social contexts. He emphasized that the most effective tax systems are technically robust, aligned with national priorities, and underpinned by transparent governance.

INDUSTRY ACTORS DO NOT WAIT FOR GOVERNMENT DECISIONS. THEY WORK ACTIVELY TO INFLUENCE THEM. PUBLIC HEALTH ACTORS MUST BE EQUALLY PREPARED.

CLEAR ALLOCATION RULES MAKE IT EASIER TO JUSTIFY REFORMS AND BUILD TRUST AMONG CITIZENS.



Summary of Key Issues Discussed

The session highlighted several strategic issues that shape the feasibility and impact of health taxes:

- The rising burden of non-communicable diseases and declining external aid make domestic resource mobilization urgent.
- International and African evidence shows that properly structured health taxes reduce harmful consumption and improve fiscal stability.

- Current African tax rates fall significantly below WHO recommended levels, especially for tobacco.
- Content based taxation aligns tax rates with harmful substances and enhances health impact.
- Industry resistance, weak coordination, informal markets, cultural factors and data gaps all influence implementation outcomes.

Challenges Identified

Several constraints to health

taxes implementation were identified across the two presentations. They include:

- African excise tax rates are below global best practice.
- Industry groups have significant influence over public debates and legislative processes.
- Devolved governance structures can disrupt revenue flow and weaken implementation.
- Lack of credible data affects policy design and elasticity modelling.
- Informal alcohol markets and cultural norms limit

enforcement.

- Coordination gaps across government institutions reduce policy coherence.

Opportunities and Proposed Actions

The session highlighted several opportunities to strengthen health taxes, including:

- Enhancing coordination between ministries of finance, health and revenue authorities.
- Adopting content-based excise structures for alcohol and sugar-sweetened beverages.
- Establishing transparent revenue-use frameworks to build public trust.
- Leveraging global and regional evidence to inform legislative reforms.
- Improving data systems to

support accurate modelling.

- Enhancing communication strategies to counter misinformation effectively.

Implications for Policy and Practice

The discussions highlighted several key implications:

- Health taxes are becoming a central tool for domestic resource mobilization, particularly as external aid becomes increasingly unpredictable across the continent.
- They offer a pathway for countries to shift from treatment-focused spending toward prevention-oriented financing, which is crucial given the rising burden of chronic diseases and the high costs of

long-term care.

- Transparent mechanisms for revenue-use are essential, as public trust and political support depend on clearly linking collected taxes to visible health outcomes.
- Administrative capacity will determine long-term sustainability, especially in devolved systems where coordination, enforcement, and data management affect how funds are collected and utilized.
- Health taxes should be integrated into broader fiscal and development planning rather than treated as standalone health sector initiatives, given their interactions with economic, regulatory, and governance structures.

Expert Panel Discussion: Leveraging Health Taxes as a Reliable Financing Mechanism for Health

Moderator: Dr Mercy Korir, CEO and
Editor in Chief, Willow Health Media



Overview of the Session

The panel brought together fiscal policymakers, health-system leaders, regulators and technical experts to examine the political, economic and operational realities of implementing health taxes in African countries. The discussion focused on how taxes on tobacco, alcohol and sugar-sweetened beverages can contribute simultaneously to public health objectives and domestic resource mobilization, especially as official development assistance (ODA) continues to contract.

The conversation was framed around three intersecting questions:

1. What tax designs deliver the strongest health and fiscal outcomes?
2. What political and administrative conditions make reforms feasible?
3. How can revenue use, governance and public trust be strengthened?

Insights from Speakers

Mr. Taiwo Oyedele

Chairman, Presidential Fiscal Policy and Tax
Reforms Committee, Nigeria.



Mr. Oyedele offered a thorough and insightful policy overview, placing health taxes within the context of Nigeria's ongoing fiscal reform agenda. His insights illustrated how African countries can design excise reforms that are technically sound, politically feasible, and economically balanced.

Key contributions:

Shift to content-based taxation.

He explained that Nigeria is moving away from taxing products solely by volume and is transitioning toward taxing the harmful elements, such as sugar content, pure alcohol and tobacco components. This shift, he noted, revealed that the spirits industry was "severely undertaxed" relative to its health

impact.

"NIGERIA MUST TAX
HARMFUL CONTENT, NOT
JUST VOLUMES. THAT IS HOW
WE CORRECT PERVERSE
INCENTIVES."



Balancing public health with economic realities.

He cautioned that abrupt or excessively high taxes could destabilize value chains that employ thousands, arguing for reforms that are firm but sequenced.

“Millions derive their livelihoods from these industries. We must design reforms that discourage harmful consumption without creating economic dislocation.”

Evidence-based policy as a safeguard.

He emphasized the danger of governments relying on correlation rather than causation

when interpreting data. Tax design, he argued, must be grounded in rigorous modelling, cross-sector consultations and scenario analysis.

Substitution and evasion risks.

He highlighted Nigeria’s examples where consumers circumvent SSB taxes by buying raw sugar, stressing the need for holistic tax nets that anticipate unintended shifts.

National policy framework.

He explained that Nigeria is adopting a comprehensive national strategy for “lifestyle and harmful product taxation,” which defines what to tax, how to tax, adjustment rules, and

accountability mechanisms.

Fiscal transparency to build public trust.

Mr. Oyedele emphasized that public support for taxes depends on a visible connection between collected revenue and tangible health outcomes. Nigeria’s proposed amendment to the Customs, Excise Tariffs (Consolidation) Act, which seeks to earmark a portion of revenue for health, is designed to institutionalize this transparency.

Collectively, his inputs provided a detailed roadmap for how African governments can integrate health taxes into long-term fiscal reform and health system financing.

Dr. Sultani Matendebero

Deputy Director General, Ministry of Health, Kenya



Dr. Sultani Matendebero framed health taxes primarily as public health interventions, emphasizing that the real measure of success is declining consumption, even if this reduces revenue. He warned of unintended behavioural

responses, including the shift in Kenya from taxed beer to unregulated local brews, and the growing uptake of vaping. He also stressed the need for adaptive regulation and public communication.

HEALTH TAXES SHOULD DISCOURAGE HARM FIRST; REVENUE IS THE SECONDARY EFFECT.



Dr. Abubakar Kurfi

Director, Planning Research and Statistics,
National Health Insurance Authority (NHIA), Nigeria



Dr. Kurfi highlighted the centrality of data for tax modelling, revenue projection and benefit package design. He noted that stronger excise systems could significantly expand insurance

enrolment through the NHIA, particularly for vulnerable and informal-sector populations. He emphasized that health taxes offer a sustainable pathway for strengthening financial protection.

WITHOUT CREDIBLE DATA,
GOVERNMENTS CANNOT
DESIGN EQUITABLE OR
EFFECTIVE TAX REFORMS



Edwin Macharia

Global Managing Partner, Axum



Mr. Macharia underlined the importance of calibrating taxes in ways that balance economic, political and public health considerations. He stressed that African governments must

find the “right balance” using real-time data, acknowledging that some of the highest government revenues historically came from industries now targeted by health taxes.

WE MUST FIND THE RIGHT
BALANCE USING EVIDENCE,
NOT ASSUMPTIONS.



Dr. William Menson

Director, Health Financing, ONE



Dr Menson, citing Jonathan Munge’s presentation, noted that raising tobacco excise to the WHO-recommended 75%

and increasing taxes on sugar-sweetened beverages could generate an additional USD 30 billion annually across Africa,

enough to cover roughly 25–30% of the continent’s primary healthcare funding gap. He also stressed that government

credibility is essential for public acceptance of new taxes. Drawing on Ghana's experience with the National Health Insurance Levy and the recently established Ghana

Medical Trust Fund for NCDs, he explained that improvements in provider payments and visible health benefits have increased public willingness to support health-related taxes. His core

message: governments must "walk the talk", demonstrating transparency, accountability and delivery, to earn citizens' trust and sustain tax reforms.

Summary of Key Issues Discussed

The panel highlighted several key issues, including:

- Transitioning from product-based to content-based excise systems (e.g., per gram of sugar or per litre of pure alcohol).
- Health taxes must balance their dual roles as public-health measures and revenue sources, without placing disproportionate weight on one over the other.
- Political and economic constraints that can limit ambitious tax reforms, including inflation, employment concerns, and industry resistance.
- Governance reforms necessary to ensure accountability, particularly regarding earmarking and revenue allocation.
- Risks of substitution to unregulated or informal and unsafe products.
- The critical importance of cross-agency coordination and robust data systems.

Challenges Identified

The panel also highlighted several challenges that countries must navigate to ensure effective implementation of health taxes:

- Unregulated substitution into informal alcohol, tobacco, or

- other untaxed alternatives.
- Industry pressure campaigns and legislative interference.
- Weak enforcement capacity, especially in border regions.
- Inflation limiting the behavioural impact of taxes.
- Fragmentation between national and sub-national revenue systems.
- Insufficient data to model tax burden, elasticity and household impacts.
- Public mistrust in government revenue allocation.

Opportunities and Proposed Actions

The discussions also highlighted several opportunities for advancing health taxes and practical steps governments can take to maximize their impact:

- Adopt content-based excise structures aligned with World Health Organization (WHO) best practices.
- Strengthen coordination between ministries of health, finance, revenue services and parliaments.
- Introduce transparent revenue-use frameworks that show citizens how funds support prevention, insurance expansion and NCD programmes.
- Sequence reforms

- with earmarking first, followed by phased increases.
- Expand data surveillance and consumption-tracking systems.
- Use revenues to subsidise healthier alternatives and address equity concerns.
- Engage civil society and the media to effectively counter misinformation and build tax morale.

Implications for Policy and Practice

The panel discussions highlighted key lessons and considerations for governments seeking to implement effective and sustainable health taxes:

- Health taxes are most effective when integrated into broader fiscal and health system reforms, particularly when anchored in national policy frameworks like those emerging in Nigeria.
- Technical soundness, political feasibility, and administrative capacity must advance together to ensure long-term sustainability.
- Transparency is critical, as public trust strongly influences tax acceptance and compliance.
- Health taxes are not merely revenue instruments but strategic public health tools that can expand insurance

coverage, strengthen prevention, and reduce long-term health system costs.

- In countries with devolved governance, clear intergovernmental coordination

mechanisms are essential to ensure that revenue reaches frontline services.

Plenary Interactive Dialogue: Opportunities and Strategies for Leveraging Health Taxes

Facilitator: Dr Mercy Korir, CEO and Editor in Chief, Willow Health Media



Overview of the Session

The interactive plenary was structured as an open dialogue on translating the case for health taxes into practical strategies and actionable next steps. Dr. Mercy Korir guided the discussion with a focus on identifying concrete opportunities, rather than merely outlining challenges. Participants were encouraged to draw on their country experiences and propose ideas that could shape follow-up actions after the roundtable.

Insights from Speakers

Revenue potential and earmarking (Kenya Revenue Authority and experts)



Lydia Otieno,
Kenya Revenue Authority

Lydia Otieno from the Kenya Revenue Authority reported that excise duty collections reached approximately KES 68.1 billion in 2022–2023 and KES 73.6 billion in 2023–2024, reflecting an 8.1% increase and achieving 96% of the target. She noted that only a small portion of these funds currently supports health programmes.



Dr. David Khaoya, Center for
Epidemiological Modelling and
Analysis (CEMA)

Dr. David Khaoya from the Center for Epidemiological Modelling and Analysis (CEMA) highlighted historical data showing that beer, wine, and cigarettes have traditionally contributed more than half of Kenya's excise revenue, arguing that this scale warrants serious consideration for earmarking a portion of the proceeds for health.

WHEN YOU PUT NUMBERS BEHIND THESE THINGS, YOU SEE WHAT YOU ARE ACTUALLY EARMARKING, NOT JUST A SLOGAN ABOUT EARMARKING.



Use of data and fiscal modelling



Dr. David Khaoya, Center for Epidemiological Modelling and Analysis (CEMA)

Dr. Khaoya referred to the Laffer Curve as a tool for identifying the tax rate at which further increases begin to reduce revenue. He emphasized that each commodity has its own demand elasticity and therefore its own optimal rate.

He advocated for stronger collaboration between health stakeholders and macro-economic institutions, such as the Kenya Institute for Public Policy Research and Analysis (KIPPRA) and the Kenya Revenue Authority (KRA), which already model these trends, to ensure that health objectives and revenue projections are considered in tandem.

IT IS TIME TO BRING THE REVENUE GUYS INTO THE ROOM SO THAT AS WE DISCUSS HEALTH, THEY ARE ALSO AT THE TABLE.



Linking health taxes to insurance and Universal Health Coverage (UHC)



Dr. Abubakar Kurfi, Director, Planning Research and Statistics, National Health Insurance Authority, Nigeria

Dr. Abubakar Kurfi highlighted a joint Nigeria–Zambia pilot in which Global Fund resources are used to provide health insurance for people living with HIV and TB. The comprehensive benefit package also covers NCD care, illustrating how pooled financing can link infectious and non-communicable disease priorities.

He suggested that future health tax revenues could be directed toward similar schemes to enhance financial protection for vulnerable populations.

Domestic resource mobilization and agency



Lizzie Otaye, Communications and Partnerships Consultant, Eastern Africa National Networks of AIDS and Health Service Organizations (EANNASO)

Civil society speakers, including Lizzie Otaye from the Eastern Africa National Networks of AIDS and Health Service Organizations (EANNASO) and Akinbode Oluwafemi, Executive Director of Corporate Accountability and Public Participation Africa (CAPPA), emphasized that domestic financing must be treated as a concrete political priority rather than an abstract goal.



Akinbode Oluwafemi, Executive Director, Corporate Accountability and Public Participation Africa (CAPPA)

They cautioned that governments continue to enter new aid agreements even while promoting self-reliance and urged African leaders to leverage health taxes to reclaim policy control over the development of their health systems.



Boniface Mbutia, Healthcare Financing Specialist, Amref Health Africa

Boniface Mbutia from Amref Health Africa emphasized that domestic resource mobilization cannot be confined to health taxes alone. He called for broader reforms to ensure that a larger share of general tax revenue is allocated to health in line with regional commitments such as the Abuja Declaration.

Key Issues Discussed

The session explored several critical issues shaping the design and implementation of health taxes:

- The scale of potential health tax revenue and the current gap between collections and allocations to health.
- The importance of tax incidence and demand elasticity when setting rates for tobacco,

alcohol and sugar-sweetened beverages.

- The role of health insurance as a vehicle for converting tax revenue into predictable entitlements for citizens, including those with HIV, TB and NCDs.
- The need to bring revenue authorities, customs services, regulators and health ministries into the same conversation on

domestic resource mobilization.

- The political tension arising from renewed aid inflows versus the stated objective of domestic financing, and its impact on incentives for implementing reform.

Challenges Identified

The discussions also highlighted several obstacles that can hinder the effective design and

implementation of health taxes:

- Weak historical linkage between excise collections and health sector budgets, with only a small proportion of revenue reaching priority programmes.
- Fragmented engagement where health stakeholders often discuss tax policy without revenue authorities and regulators at the table.
- Limited use of economic tools, such as Laffer Curve analysis, within health policy debates.
- Ongoing dependence on external partners for key programmes, which can dilute incentives to pursue domestic tax reforms.

Opportunities and Proposed Actions

The discussions identified several key opportunities and practical steps that governments and stakeholders can take to strengthen health taxes and

maximize their impact:

- Use existing excise revenue data to make a concrete, quantified case for earmarking defined portions for health promotion, NCD prevention and UHC schemes.
- Institutionalise collaboration between ministries of health and finance, revenue authorities, customs and health insurance agencies in the design of health tax reforms.
- Apply Laffer Curve and elasticity analysis systematically to identify tax levels that maximise both health impact and revenue stability.
- Expand pilots that link external grants to national insurance systems, creating a bridge from donor funding to domestically financed coverage.
- Strengthen domestic resource mobilization strategies that go beyond health taxes and secure

higher baseline allocations for health in national and subnational budgets.

Implications for Policy and Practice

- The interactive dialogue highlighted that health taxes represent just one component of a broader domestic financing strategy, which requires robust economic analysis, clearly defined institutional responsibilities, and deliberate alignment with health insurance and UHC reforms. Policymakers were urged to convert the revenue potential of these taxes into concrete, legislated commitments for health, supported by rigorous modelling and coordinated planning between health and finance authorities.

Plenary Interactive Dialogue: Implementation Challenges and Lessons



Facilitator: Vivianne Ihekweazu,
Managing Director, Nigeria Health Watch

Overview of the Session

This interactive dialogue focused on the political economy and implementation realities that shape health tax reforms across African countries. Three interlinked questions framed the discussion:

- How to confront industry resistance;
- How to improve enforcement and governance;
- How to build public trust so that health taxes are perceived as protective rather than punitive.

The session drew on perspectives from regulators, civil society, private sector leaders, economists and regional advocates.

Insights from Speakers

Industry resistance and lobbying tactics

Participants highlighted that tobacco, alcohol, and sugary drink industries use similar strategies across countries, including mapping key government stakeholders, emphasizing potential job losses,

pledging investments, and threatening litigation.

They also drew lessons from tobacco control, noting that many so-called illicit products are often produced or enabled by

legitimate companies, and that the industry frequently repeats claims regarding smuggling, disproportionate impacts on the poor, revenue losses, and legal risks

Limiting industry influence and safeguarding health policy

Drawing on the World Health Organization (WHO) Framework Convention on Tobacco

Control (FCTC), speakers emphasized the importance of clear regulations that limit

industry influence over policy development. While engagement with industry is appropriate

for implementation and data collection, it should not shape the fundamental parameters of tax policy.

Participants highlighted that governments must have well-prepared counterarguments and a unified narrative focused

on public health rather than industry profits.

Private sector as partner in prevention



Njide Ndili, President, Healthcare Federation of Nigeria

Njide Ndili, President of the Healthcare Federation of Nigeria, highlighted the Federation's strong support for the review of sugar-sweetened beverage taxes in the country. She also noted that the Federation is now part of a national agreement signed by all state governors (UHC Compact), aimed at strengthening efforts to expand access to healthcare.

Ndili emphasized that in many African countries, over 70 percent of healthcare is delivered by the private sector, which often absorbs costs when patients cannot pay. She argued that private providers can play a critical role by contributing data, supporting prevention campaigns, and facilitating enrollment in insurance schemes.

Civil society, communities and reframing



Aminata Wurie, Senior Program Officer, Pandemic Action Network

Civil society representatives, including Lizzie Otake and Aminata Wurie from Pandemic Action Network emphasized the need to translate technical concepts such as tax rates and global conventions into simple messages that resonate with citizens.

They argued that when communities understand that taxes are designed to reduce disease and finance services, they are more willing to support reforms and to hold governments accountable for how funds are used.



Lizzie Otake, Communications and Partnerships Consultant, Eastern Africa National Networks of AIDS and Health Service Organizations (EANNASO)

"WE MUST NOT COMPLICATE THINGS THAT ARE SIMPLE FOR COMMUNITIES. WHEN PEOPLE SEE THAT THE TAX PAYS FOR THEIR HEALTH, THEY WILL COME OUT SWINGING IN SUPPORT."



Regulation, substitution and consumer information



Joy Ayemere, Technical Adviser to the Honourable Minister of State for Industry, Federal Ministry of Industry, Trade & Investment, Nigeria

Joy Ayemere from the Federal Ministry of Industry, Trade & Investment, Nigeria, highlighted the proliferation of unregulated products and substances in the country, cautioning that weak enforcement and structural constraints could unfairly penalize compliant formal producers while leaving illicit markets unaffected.

She also discussed ongoing initiatives on front-of-pack labeling and tiered taxation, where products with lower sugar or alcohol content would incur lower excise duties, creating incentives for reformulation and helping consumers make healthier choices.

Domestic agency and multi sector coalitions



Boniface Mbuthia, Healthcare Financing Specialist, Amref Health Africa

Boniface Mbuthia emphasized the need for stronger domestic ownership, arguing that African governments should implement binding policy instruments, such as sin tax laws, to ensure that revenue is directed toward health and that domestic priorities guide both local and external funding



Jane Muthoni Ngugi, Health Economist

Jane Ngugi, a health economist, proposed a “triple helix” approach, fostering continuous collaboration between government, industry, and academia, with academic institutions providing research, modelling, and insights on behavior change to support domestic resource mobilization.

Transparency Measures in Allocating Health Tax Funds



Musa Omale, Deputy
Comptroller General, Nigeria
Customs Service

Musa Omale, Deputy Comptroller General, Nigeria Customs Service, explained that all revenues collected by the Service, including those from health-related excise taxes, are remitted directly into the Federation Account, where they are fully recorded and transparently reported. Allocation and utilization of these funds fall under the responsibility of the Federal Ministry of Finance and the wider federal and state governments, which jointly determine spending through established fiscal structures. He noted that multiple oversight bodies monitor how revenues are applied, and that ongoing reforms are strengthening accountability.

Key Issues Discussed

In the course of the discussion, participants identified several critical issues that must be addressed to strengthen health tax implementation and maximize public health impact:

- The extensive and sophisticated lobbying by industry underscores the need for clear safeguards to protect public policy decisions.
- Weak enforcement mechanisms persist, allowing illicit trade, informal production, and the sale of unsafe, low-cost products to continue.
- Health taxes are often perceived as punitive, particularly by low-income groups, highlighting the importance of framing them as protective measures for public health.
- Regulatory gaps remain, including limited front-of-pack labelling, insufficient restrictions on marketing and sales in schools, and

fragmented oversight across agencies.

- The potential of the private sector and civil society to contribute to prevention, education, and accountability remains underutilized.

Challenges Identified

Participants highlighted several obstacles that can hinder the effective design, implementation, and impact of health taxes. These challenges reflect structural, political, and coordination-related issues that must be addressed to strengthen domestic resource mobilization and ensure public trust, including:

- Limited fiscal transparency, with citizens often unable to track how health tax revenues are used or what results they deliver.
- Significant structural barriers facing formal industry, such as high production costs, multiple layers of taxation, insecurity,

and weak infrastructure, which can drive de-industrialization and strengthen illicit markets.

- Insufficient coordination among key institutions, including health, finance, trade, customs, regulatory agencies and civil society, resulting in mixed messaging and policy inconsistencies.
- A potential shift in focus caused by renewed external financing and Memorandum of Understanding (MOUs), which may dilute momentum for domestic resource mobilization and postpone necessary policy reforms.

Opportunities and Proposed Actions

Building on these insights, participants outlined several opportunities and actionable steps that governments and stakeholders can take to accelerate effective health tax reforms:

- Develop and adopt clear national frameworks for health taxes that set out tax bases, rate adjustment mechanisms, revenue allocation principles and accountability structures.
- Strengthen regulatory and enforcement capacity, including tracking and tracing systems, joint border operations, and explicit roles for agencies such as customs, drug regulators and food safety authorities.
- Introduce or complete front of pack labelling reforms that provide simple visual cues on high sugar or alcohol content and align with tiered tax structures that reward reformulation.
- Build multi sector coalitions that include private health providers, civil society, academia and media to sustain advocacy efforts, generate evidence and improve public communication.
- Use regional platforms and treaty processes to share lessons on countering industry tactics, litigations and cross border illicit trade.

Implications for Policy and Practice

The plenary emphasized that successful health tax implementation depends as much on governance, enforcement and political

strategy as on technical tax design. Countries will need explicit protections against undue industry influence, coordinated regulatory action to address illicit markets, and communication strategies that build public understanding and support. By drawing on lessons from tobacco control, leveraging private sector and civil society capacities, and embedding transparency into law and practice, African governments can strengthen the credibility and sustainability of health tax reforms and ensure that they contribute meaningfully to universal health coverage and long-term fiscal resilience.

Areas of Consensus, Recommendations and Next Steps.

The roundtable concluded with strong alignment around several overarching messages:

Health taxes are indispensable for sustainable health financing.

Participants agreed that as external funding declines, African countries must increasingly rely on domestic mechanisms. Well-designed excise taxes on tobacco, alcohol and sugar-sweetened beverages represent one of the most viable pathways for generating predictable, pro-health revenue.

Public health objectives must remain the primary purpose.

While revenue mobilization is important, participants agreed that health taxes should fundamentally promote healthier behaviours, reduce NCD burdens and lower long-term healthcare costs.

Transparent revenue-use frameworks are essential.

Clear allocation mechanisms whether through earmarking or structured budget channels are critical to build public trust,

ensure accountability and demonstrate measurable health impact.

Multi-sectoral coordination is non-negotiable.

Participants agreed that health taxes cannot succeed without collaboration across ministries of health and finance, revenue authorities, legislators, regulators, civil society, academia and the media.

Stronger data systems are central to reform.

Participants recognized that

modelling tax impacts, projecting revenue, understanding substitution risks, and designing equitable benefit packages depend on reliable and regularly updated data.

Industry interference is pervasive and requires organized response.

There was shared understanding that the alcohol, tobacco and sugary beverage industries

deploy coordinated lobbying strategies; therefore, governments and public health actors must be equally strategic and evidence-driven.

Recommendations and Strategic Directions

Participants proposed several priority actions that should guide countries in advancing health tax reforms:

Strengthen tax policy design

- Adopt content-based excise structures (examples include, per gram of sugar, per litre of pure alcohol).
- Introduce automatic adjustment formulas to account for inflation.
- Expand taxes to emerging nicotine products and unregulated high-sugar alternatives.

Enhance governance and transparency

- Develop clear frameworks for tracking and reporting the use of health tax revenue.
- Publish annual reports that show the link between tax revenue collections and health outcomes.
- Strengthen parliamentary and civil society oversight.

Build coalitions for reform

- Engage ministries of finance early to ensure alignment with macroeconomic objectives.
- Include regulators (Customs, NAFDAC, NDLEA, food and drug authorities) to address illicit trade.
- Equip civil society and media with evidence to effectively counter misinformation.

Invest in data and monitoring systems

- Improve national capacity for disease burden assessment, revenue forecasting and behavioural analysis.
- Expand cross-country learning networks to compare models and share best practices.

Communicate effectively with the public

- Use clear, relatable messaging that frames health taxes as lifesaving and fiscally responsible.
- Tailor communication to

different social groups to build a broad base of support.

Next Steps and Commitments

Participants and conveners agreed on the following forward-looking commitments:

Development of country-specific action plans

Country delegations will translate insights from the roundtable into national roadmaps, reflecting local fiscal structures, political realities and institutional capacity.

Strengthening regional knowledge-sharing platforms

Organisers will coordinate follow-up sessions, including virtual technical roundtables to enable continued exchange of evidence and progress updates.

Support for legislative and regulatory reforms

Stakeholders committed to

advancing reforms in their countries, including:

- content-based excise tax proposals,
- earmarking or structured allocation mechanisms,
- enforcement frameworks targeting illicit trade, and
- regulatory approaches for

new nicotine and high-sugar products.

Continuous engagement with ministries of finance

Participants emphasized the need to sustain dialogue between health actors and fiscal authorities to ensure policy

coherence and avoid fragmented reforms.

A detailed summary of discussion and emerging recommendations can be found [here](#)

Annexures



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