



CSO Position Paper on the 20% Additional Tax on Alcohol and Tobacco (Health Tax) Proposal by the Parliamentary Health Committee.

Introduction:

Uganda's Vision 2040 identifies Human Capital Development (HCD) as a key fundamental for development. The HCD Program primarily contributes to the NDP III objective four which is to: enhance the productivity and social well-being of the population. Nonetheless, the programme as well contributes to objectives (1), which is to: Enhance value addition in Key Growth Opportunities, and (2) which is to: Strengthen private sector capacity to drive growth and create jobs. The HCDP goal is to improve the productivity of labour for increased competitiveness and better quality of life for all.

The health sector contributes mainly to Objective 4 of the HCDP, which is to "Improve population health, safety and management." The total budget proposed for the health sub-programmes in FY 2024/25 is Shs2. 72 trillion (exclusive of KCCA and LGs). This is a decrease of Shs276. 75bn from UGX 3.0trillion approved for FY 2023/24.

Legal Framework on Alcohol Consumption in Uganda

The World Health Statistics 2023 Report ranks Uganda among the leading countries with high alcohol consumption rates. According to the WHO report, it is estimated that Uganda currently consumes 12.2 litres of alcohol per person annually. This is much higher than the African region average of 6.3 litres, and the global average of 6.18 litres per person per year reflected in the WHO global status report on alcohol and health, 2018. Uganda's statistics are particularly worrying because alcohol causes a high burden of disease and has significant social and economic consequences. It is the underlying factor in more than 200 diseases and injuries across the world and has significant social and economic consequences. Alcohol is a major obstacle to sustainable development, negatively affecting 14 of 17 Sustainable Development Goals.

Currently in Uganda, there is an urgent need to put in place an evidence-based, modern 'Alcoholic Drinks Control Law' focused on public health because: Uganda's Alcoholic Drinks Sector was regulated by outdated and colonial laws such as The Liquor Act of 1969[Repealed], The Enguli (Manufacturing & Licencing) Act [Repealed], the Potable Spirits Act [in force] Uganda's National Alcohol Control Policy 2019, calls for review of alcohol control laws and regulations in response to new developments in the areas of social economic development and public health that demand for a more effective alcoholic drinks control policy and legal framework

There is a Vacuum since the main legislation controlling the alcoholic drinks sector – i.e. The Liquor Act of 1969 & The Enguli (Manufacturing & Licencing) Act were repealed by The Law Revision (Miscellaneous Amendment) Act, 2023. An un-controlled Alcoholic Drinks Sector is detrimental to Development & Public Health – so there is need to regulate the 'manufacture, consumption, importation, sale, access to alcohol by persons particularly those below '21' years, advertisement, packaging etc. by way of enactment of world-class, modern legislation Uganda's consumption of Alcohol is one of the highest in the world and currently on top in Africa at 12.21 litres of pure alcohol annually (WHO, 2023) – NB – this is after Uganda's 2019 Policy then at 19.5! Alcohol is the major risk factor for chronic diseases and injuries, accounting for 5.3% (3Million people) of global deaths. Uganda has supported the adoption of the WHO Global Alcohol Strategy in 2010 and the adoption of the WHO global alcohol action plan in 2022. Uganda has also committed to the Agenda 2030 and the 17 SDGs, as well as the Global NCDs Action Plan, adopted in 2013. With each of these decisions, Uganda has made voluntary commitments to improve and accelerate action on alcohol policy. For example, the WHO Global Alcohol Action Plan commits governments to achieve a 20% reduction of per capita alcohol use by 2030 – using high-impact alcohol policy measures.

In SDG 3.5 alcohol is addressed as obstacle to social, environmental, and economic development and reducing per capita consumption by 2030 is the indicator for Uganda and other governments to achieve progress. The Global Alcohol Strategy, the Global NCDs Action Plan, The SAFER Initiative where Uganda is the first ever country partner, and the new Global Alcohol Action Plan all outline the key policy measures to prevent and reduce alcohol harm – these need to be codified in law in Uganda. They are: Raising alcohol prices through excise taxes; placing common sense limits on the presence of alcohol in communities and society, through limiting opening hours, raising the age limit, and reducing the density of alcohol outlets; banning alcohol advertising, sponsorship, and promotion – the three-alcohol policy best buys. In addition, there are two "good buys" in counter-acting alcohol impaired driving as well as providing treatment, recovery services and brief screening and interventions for people with alcohol use disorder and addiction, through the primary healthcare sector.

Especially alcohol taxation has been identified as the single most cost-effective alcohol policy solution but an integrated approach with all three cost-effective, high-impact measures as the proven way to reduce Uganda's heavy alcohol burden.

Understanding Health Taxes

Health taxes are typically added to liquor, cigarettes, and goods that are considered hazardous to health and development.

Health taxes have a triple win effect:

1. They reduce population-level consumption of health harmful products effectively and in doing so reduce harm and costs caused by these health harmful products. Simply: they yield a massive return on investment.
2. They raise the revenue for the government that can be reinvested in social and health programs.
3. They promote equity because they benefit those people and communities the most who are affected the most by health harmful products.

Because they generate enormous revenue, state governments favour health taxes. Society accepts health taxes because they affect only those who use health harmful products and because people understand generally a) the need to take action on health harmful industries and their products, and b) the benefits of health taxes especially when they are reinvested to address the concrete harm.

When individual states run a deficit, a health tax is generally one of the first taxes recommended by lawmakers to help fill the budget gap. Countries such as Sri Lanka and Philippines for example, have raised alcohol and tobacco taxes to deal with the double burden of debt/ budget deficits and needs to invest in healthcare for all.

A health tax is an excise tax on specific goods and services that are harmful or costly to society. The tax comes at the time of purchase. Some items that often have a health tax include tobacco products, alcohol, and gambling.

Health taxes seek to deter people from engaging in socially harmful activities and behaviours. They also provide a source of revenue for governments. They seek to ensure that the industry that manufactures, sell, and promotes health harmful products pay more for the harm these products cause, instead of letting society pay for the harm, while these industries are extracting wealth and resources from the country.

Takeaways

1. *A "health tax" is an excise tax placed on certain goods at the time of purchase.*
2. *The items subject to this tax are harmful to health, social fabric, and economic development and therefore highly costly to society.*
3. *Examples of health taxes include those on cigarettes, alcohol, gambling, and vaping.*
4. *Health taxes can be implemented at the federal, state, and local levels, and the revenue is used to pay for many different government programs.*
5. *Health taxes are effective at discouraging people from buying these goods, especially younger or lower-income consumers.*
6. *Many countries have used and are using health taxes, for example in the case of alcohol, such as Botswana, South Africa, Ghana, Thailand, Philippines, Sri Lanka, as well as European countries.*
7. *The World Bank, the International Monetary Fund, and the World Health Organization are all recommending governments to increase health taxes because of their TRIPLE WIN effects.*

Need for Health Tax on Tobacco and Alcohol

Alcohol and tobacco consumption pose significant threats to public health and impose substantial economic burdens on societies worldwide. According to the World Health Organization (WHO), alcohol and tobacco use are leading risk factors for preventable deaths globally, contributing to numerous diseases, including cancer, cardiovascular diseases, and respiratory illnesses.

According to a report from [WHO](#) Uganda, the harmful impact of the tobacco industry on the environment and health is vast. Over 15% of boys and 13% of girls aged 13-15 years start smoking annually. It is estimated that tobacco kills 204 Ugandans weekly, which is more than HIV, tuberculosis, malaria, accidents, and crime put together. Despite this high mortality rate, more than 1,020,500 men and 1 in 10 persons in Uganda smoke cigarettes daily, making it an ongoing and dire public health threat. The economic cost is also astronomical; with tobacco use accounting for an estimated USD 126 million in direct medical care for adults and indirect costs due to lost productivity as a result of premature mortality and morbidity.

Alcohol is a major impediment to development in Uganda – both on the individual, community, societal and economic level. Uganda ranks among the highest countries for YEARS OF LIFE lost due to alcohol. Even through the majority of adults in Uganda live free from alcohol consumption, those people who consume alcohol, consume in high-risk ways and extremely heavy amounts. High levels of alcohol use in the population impose unacceptable costs on individuals and the community as a whole. Science continues to uncover its adverse health, social, and economic consequences, some of which interfere with one's personal, or professional life, family, and the wider community, as well as national and regional development endeavours. About 20% of the admissions at Butabika National Referral Hospital are due to alcohol or other drugs. Data from the WHO-commissioned 2014 nationwide

Non-communicable Risk Factor Survey (STEPS) showed that 25.9% of men and 14.3% of women in Uganda were heavy alcohol users. The 2018 WHO Global Status Report on alcohol also indicated a per capita consumption of 9.5 litres in Uganda compared to 6.0 litres in the African region and a prevalence of 5.8% Alcohol use disorders (AUDS) in the Uganda population.

Alcohol is linked to Human Immune Virus (HIV) and Tuberculosis (TB) acquisition. For instance, active TB is 3 times more likely among people who drink more than 40g of alcohol/day (Patra et al., 2014). Additionally, people who use alcohol have been found to be 3-4 times more likely to be non-adherent to their TB treatment (Rehm et al., 2009). This, in turn, can lead to the development of drug resistance and subsequently affect disease progression and mortality.

Alcohol is associated with many other dangers, including a strong connection alcohol and poverty (Lwanga-Ntale, 2007), violence (Tumwesigye et al., 2012b) road traffic injuries (Tumwesigye et al., 2016) and a range of communicable diseases (Ocamo et al., 2008) and non-communicable diseases such as mental illness (Naamara and Muhwezi, 2014), liver and heart disease (Schwartz et al., 2014);

The costs of harm due to alcohol to society are also substantial. Families often bear the burden of the social impacts of alcohol in terms of domestic violence and deprivation. Alcohol use is strongly associated with boda-boda injuries yet the cost of treating a victim of boda-boda injury was estimated to be as high as USD 369 (Galukande et al., 2009). Such situations require comprehensive policy measures to reduce alcohol related harm, for the entire society (Ramstedt et al., 2015).

Note: WHO [Framework Convention on Tobacco Control](#) calls on parties (Including Uganda) to implement evidence-based tobacco control policies, which include Article 8 (protect the public from exposure to tobacco smoke), and Article 13 (tobacco advertising, promotion and sponsorship (TAPS)).

CSOs need to Support in Health Promotion (Entry Point)

The issue of alcohol and tobacco consumption is one of paramount concern to public health. As civil society organizations (CSOs) dedicated to promoting the well-being of our communities, we firmly support the Health Committee's proposal for a 20% tax increase on alcohol and cigarettes. This position paper aims to provide a comprehensive rationale for this tax increase and to garner support from the government and relevant stakeholders. *“The Health Committee noted that over the years Health Development Partners have supported the Health Care system, especially in the areas of immunization, HIV/AIDS, TB, Malaria control, and Infrastructure development. However, the Committee is concerned about the shrinking resource envelope due to global factors and a shift of priorities. In light of the constrictive fiscal space, the committee observes that the Government of Uganda should consider some innovative domestic financing mechanisms to generate some additional revenue for the health sector”.*

Potential Revenue Benefit of Proposed 20% Additional Tax on Alcohol and Tobacco to Government

Increasing health taxes on harmful products such as alcohol and tobacco smoking can have multifaceted benefits for society. Health taxes are levied on products and activities that are considered detrimental to individual health or society as a whole. By raising taxes on these items, governments aim to discourage their consumption to bring down harm and costs, while simultaneously generating revenue that can be allocated towards public health initiatives, education programs, or other beneficial endeavours. In the case of alcohol and tobacco, which are known to contribute to a range of health problems, including addiction, cardiovascular diseases, and various types of cancer, as well as massive social and economic harms, increasing health taxes serves as a preventive policy solution to lower Uganda's burden caused by alcohol and tobacco. Higher prices resulting from increased taxes help prevent onset of consumption of the young and help people either quit or reduce their alcohol and tobacco intake, in this way reducing overall consumption and thus mitigating associated health, social, and economic risks.

Moreover, the revenue generated from higher health taxes can be substantial, as evidenced by the projected increase from US \$95.3 million in FY2022/23 to US \$726.49 million in FY2026/27. This additional revenue can be channelled into various areas of public spending, such as healthcare infrastructure, addiction treatment programs, health promotion programs, anti-smoking campaigns, and initiatives aimed at preventing alcohol use among youth. Furthermore, the implementation of health taxes aligns with broader public health objectives and can contribute to the overall well-being of society. By discouraging harmful behaviours and funding initiatives

that promote healthier lifestyles, governments can work towards reducing the burden of preventable diseases and improving the quality of life for their citizens.

Recommendations and Way Forward

1. Advocate for the swift passage of legislation to enact the proposed tax increase on alcohol and cigarettes.
2. Collaborate with government agencies, healthcare providers, and community organizations to implement comprehensive public health initiatives aimed at reducing alcohol and tobacco consumption.
3. Monitor the impact of the tax increase through ongoing research and evaluation and adjust policies as necessary to maximize effectiveness.

Conclusion:

Many low- and middle-income countries use health taxes to address their respective burden of alcohol and/or tobacco harm and to invest the additional revenue in much needed programs. World leading experts in the World Bank, the IMF, the WHO, and civil society recommend using alcohol and other health taxes to achieve the goals for sustainable development – that are also enshrined in Uganda’s Vision 2040.

In conclusion, the proposed 20% tax increase on alcohol and cigarettes represents a critical step towards addressing the public health crisis posed by alcohol and tobacco consumption. By implementing this policy, we can reduce the burden of alcohol and tobacco-related diseases, save lives, and promote the well-being of our communities.

We urge government officials and stakeholders, including CSOs to support the Health Committee’s proposal and to prioritize public health in their policy making decisions. Together, we can create a healthier, safer future for all.