POLICY NOTE

Managing the Domestic Politics of Health Taxes

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KIVU INTERNATIONAL

Increasing health taxes succeeds when technical analysis is combined with a country-specific political strategy. Without carefully thinking through the politics for reform, tax increases will be unsustainable or unravel in the face of political opposition. Policymakers need to identify the right policy framing, timing, partnerships and communications to ensure the success of health financing policy reform. This brief provides insights on the political management of reform in Southern and East Africa.

KEY POINTS

- **Health taxes are becoming more important** as declining international aid increases pressure on governments to mobilise sustainable domestic financing for health.
- **Governments and development partners cannot just be technical – they need to think about the politics** to ensure reforms are both politically feasible and sustainable.
- **There is no single model for reform.** Different political contexts require different strategies, coalitions and policy sequencing.
- **Political management of reform means policymakers identifying the right framing, timing and partnerships** to maximise the likelihood of durable change.
- **Civil society must be embedded within the policymaking process**. Without them, policymakers will fail to understand local politics and build a sustainable political base of support.
- **Five key questions** to help shape locally specific political strategies are:
    - Are the fiscal rewards of health taxes clear enough? Is the Finance Ministry onside?
    - Have the different political realities of tobacco, alcohol and SSBs been considered?
    - Are the tax increases strategically timed within political cycles?
    - Can a durable, pro-change coalition, help support and defend the increases?
    - Can the public be assured that health taxes will deliver tangible benefits?
- **Without engaging with these political questions, the enormous potential that health taxes represent will not be realised.**

This briefing draws on comparative political economy analysis undertaken by Kivu International during 2025–2026, with support from Cancer Research UK, examining the opportunities and challenges for health tax reform in Kenya, Tanzania, Uganda and Zambia in the context of declining international development financing.

The research combined desk-based analysis with stakeholder interviews to explore how political, fiscal and institutional dynamics shape prospects for health tax reform, and how evidence, stakeholder engagement and locally led political strategies can support durable policy change.

The briefing also draws on lessons from previous health tax reform efforts in Sri Lanka and Nepal and is intended to inform discussions at the Third International Dialogue on Sustainable Financing for NCDs and Mental Health in Manila in February 2027.

The Opportunity – Why This Matters Now:

As countries seek to expand fiscal space for health while international aid declines central, domestic resource mobilisation has become to discussions on sustainable health financing.

Health taxes on tobacco, alcohol and sugar-sweetened beverages (SSBs) offer a rare “triple dividend”: they improve health outcomes, generate government revenue and reduce long-term healthcare costs. Yet, while the technical case for health taxes is well established, implementation remains uneven. Too often, reform efforts assume that presenting compelling public health and economic evidence will naturally lead to policy change. Experience suggests otherwise.

Tax reform is fundamentally political. Success depends not simply on technical design, but on understanding emerging political opportunities, risks, incentives and strategies.

The Philippines' landmark Sin Tax reforms demonstrate what is possible when excise reform is successfully linked to expanded health financing. Policymakers succeeded because they successfully reframed the debate from “higher taxes” to “better health for the poor”; built a diverse pro-reform coalition bridging government, international organisations, civil society and public health groups; and developed a phased implementation strategy to mitigate opposition. But too often, reform progress stalls or is later undermined and reversed. And too often, civil society and international expertise are shut out of discussions about how to tackle these challenges.

The Third International Dialogue on Sustainable Financing for NCDs and Mental Health, to be held in Manila in February 2027, presents a critical opportunity to advance the health taxes agenda. While discussions will predominantly focus on broad themes including generic drug access, strategic purchasing, and global health financing, delegates will have the chance actively elevate health taxes as a central health financing solution, where the agenda allows.

This briefing aims to equip attendees with practical guidance on how health tax reforms can drive sustainable financing, emphasizing that grounding these reforms in country-specific political realities is essential for their design, adoption, and long-term sustainable success.

Local Politics Trumps All – Every Context Is Different

Increasing any health tax is a highly political undertaking at both the popular and elite stakeholder levels. At the popular level they effect consumers, who are of course voters. This can be unpopular especially if wider living standards are a highly salient political issue. At the elite stakeholder level, they affect different parts of the private sector who react strongly to any threat to their interests. The views of powerful ministries, in particular the Ministry of Finance with a concern for jobs and fiscal policy, can either block or enable change.

Exactly how these political factors play out will be different from country to country. But drawing on a detailed 2025–26 comparative analysis across four African country case studies and from experience of successfully increasing tobacco tax in Sri Lanka and Nepal, this brief suggests five key questions to help achieve politically sustainable increases in health taxes.

Civil Society Engagement is Critical

At both national policymaking levels and at international dialogue levels, it is critical that policymakers and technocrats transparently and meaningfully engage with civil society actors.

Such open engagement is crucial for enabling policymakers to better understand the domestic political context and landscape and avoid political economy pitfalls. Collaboration is also important for strengthening the perceived legitimacy of reform proposals in the eyes of the public and building a sustainable base of political support.

Ahead of the Manila Dialogue, we urge country teams to engage with civil society partners to help shape the discussions and output products.

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Five Key Questions for Policymakers

Experience from Southeast Asia and latest analysis across Kenya, Tanzania, Uganda and Zambia points to a consistent conclusion: successful health tax reform depends not simply on good technical design, but on ensuring reforms are tailored to local political realities and become embedded within domestic political processes. Policymakers should ask themselves the five questions below as they develop new strategies for health system financing.

1. Are the fiscal rewards of health taxes clear enough?

Health tax reforms are usually most likely to succeed when they are presented as practical instruments for strengthening domestic resource mobilisation, improving fiscal resilience and supporting national development priorities, while also delivering significant public health benefits. This stems from the greater political influence usually exerted by Ministries of Finance than by Ministries of Health. For health reform policymakers, the key is therefore to integrate health tax reform into wider fiscal and budget strategies rather than treating it as a standalone public health initiative**. Political economy analysis helps policymakers identify how reforms should be framed, and what arguments are most likely to resonate, to ensure top-level political buy-in.**

2. Have the political realities of each specific excisable product been considered?

Policymakers must avoid assuming that all health taxes should be pursued simultaneously, or in the same order across countries. It is not always advantageous to collectively batch tobacco, alcohol, sugary-beverage or unhealthy food into one bracket of 'health taxes'. In Zambia, for example, proposing higher SSB taxes risks associating health taxes generally with broader cost-of-living pressures, undermining the wider reform agenda. In Kenya and Uganda, however, alcohol tax reform has the potential to tap into existing public concern about negative health impacts and social problems. **Political economy analysis helps policymakers identify which reforms are most politically feasible in a particular context, allowing reforms to be sequenced in ways that maximise both the likelihood of adoption and their long-term sustainability.**

3. Are the tax increases strategically timed within political cycles?

Political opportunities for reform are rarely constant. Elections, fiscal crises, budget negotiations and leadership transitions all shape the likelihood of policy change. Policymakers who understand these political cycles can sequence reforms more effectively, using quieter political periods to build evidence, strengthen institutional consensus and prepare legislation, while taking advantage of post-election or fiscal reform windows when political space is greatest. **Political economy analysis can help policymakers identify not only *what* reforms are feasible, but also *when* conditions are most favourable for implementation.**

4. Can a durable, pro-reform coalition, help support and defend the reform?

Ensuring sustainable policy reform success depends on building broad domestic consent and demand so that reforms continue to command political support over time. Embedding reform within domestic coalitions makes it more resilient to electoral change and industry pressure. Policymakers need to proactively engage and collaborate beyond government with civil society, the media, researchers, and other trusted domestic institutions to publicly make the case for reform. Too often, civil society is shut out of the policy reform process at both national and international levels. **Political analysis can help policymakers identify the individuals, organisations, and strategies key to building supportive political coalitions.**

5. Can the public be assured that health taxes will deliver tangible benefits?

Demonstrating how additional revenues contribute to visible national priorities is hugely beneficial for building public confidence in the health system reform agenda. To translate tax wins into tangible healthcare improvements, policymakers must address a persistent leak in the reform pipeline: progressive tax increases too often generate revenue for general treasury coffers without yielding commensurate budget increases for health. To overcome this disconnect, **policymakers can use political economy analysis to understand how and when to embed earmarking in legislative design and frame it not as a restriction on treasury control, but as a strategic mechanism to build political consent for revenue collection.**

Asking These Questions Can Guide Action: Country Case Studies

The table below outlines example reform strategies for policymakers across four case study country to demonstrate how these questions should be considered.

The central lesson across these four countries is clear: technical solutions alone are insufficient. Political economy analysis helps governments understand which reform strategies are most likely to succeed in their own political context.

Country	Key Context	Recommended Reform Strategy for Policymakers
Kenya	Severe fiscal pressures and politically sensitive tax environment following the 2024 Finance Bill protests. Government needs revenue but remains cautious about further tax increases ahead of the 2027 elections	Health taxes will need to be framed both internally and publicly as targeted fiscal measures rather than broad tax increases and sequenced to exploit a post-election window of opportunity in late 2027; an evidence base and public coalition will need to be in place.
Tanzania	Government has already linked excise revenues to Universal Health Coverage and remains interested in further reform. There is strong executive commitment to health financing but constrained civic space for advocacy and fierce resistance from tobacco-growing regions.	Technocratic policymakers should engage with civil society and experts to develop the country-specific political economy analysis and evidence that will be needed to overcome internal political barriers and successfully link health taxes to the political priority of UHC and health-sector commodities.
Zambia	Significant excise increases were introduced in 2025 in response to acute fiscal and IMF pressures. Recent reforms face organised industry efforts to reverse them, while political demand for increased health spending remains relatively weak throughout the 2026 election cycle.	Policymakers should work with Zambia Revenue Authority and civil society to demonstrate the positive revenue impacts of the 2025 changes to politically cement the reforms, whilst health officials will need to simultaneously work to strengthen internal and public domestic political support for linking future health tax revenues more closely to health financing.
Uganda	January 2026 elections passed relatively smoothly; government is now focused on financing the infrastructure projects upon which it grounds much of its political legitimacy. Alcohol taxes already generate substantial government revenue, but wider health taxes remain under-utilised.	Free from electoral spending pressure, Ministry of Finance officials can emphasise the fiscal benefits of increasing tobacco and alcohol taxation to help government balance its books after the expensive election campaign

Lessons from Previous Successful Health Tax Reforms

From 2019-2024 Cancer Research UK and Kivu International partnered to successfully drive major tobacco tax increases in Sri Lanka and Nepal through locally led, politically smart strategies. In a new paper, Professor Duncan Green explained how by collaborating with local think tanks the programme was able to secure transformative wins, including three consecutive excise tax hikes in Sri Lanka and a cumulative tax increase of over 50% in Nepal, elevating tobacco control into national party manifestos and public debate.

The successes came down to the adaptation of reform and advocacy strategies to fit each country's unique political and institutional structure. In Sri Lanka, tax hikes were reframed in the eyes of government actors as essential fiscal recovery measures during the nation's economic crisis, aligning with IMF conversations. In Nepal, the think tank collaborated with government insiders to support budget negotiations while partnering with major media outlets to build a pre-reform public coalition.

Across both contexts, informal coalitions across civil society, media and government and pre-emptive research effectively countered industry lobbying, demonstrating that flexible, locally owned reform yields far greater policy impact than rigid, externally imposed templates.

Conclusion

As governments seek new ways to finance health, health taxes will become increasingly important. But technical evidence alone is rarely sufficient. Success stories from Southeast Asia and new political economy analysis from East Africa suggest that the success of health tax reform depends on embedding technical solutions within local political realities. Political analysis provides governments with a practical framework for understanding how reforms can be framed, timed, sequenced and sustained.

For policymakers and development partners attending the Manila Dialogue, the implication is that **investing in political economy analysis and locally led political engagement is not simply a complement to technical expertise, but a prerequisite for achieving durable and politically sustainable health tax reform.**

For further reading, see:

- ‘Taxing Tobacco in Nepal and Sri Lanka: What Locally-Led Reform Actually Looks Like’ (LSE's Activism, Influence and Change Blog, June 2026)
- ‘The Global Health Community Needs to Take Domestic Politics More Seriously’ (LSE's Activism, Influence and Change Blog, December 2025)

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