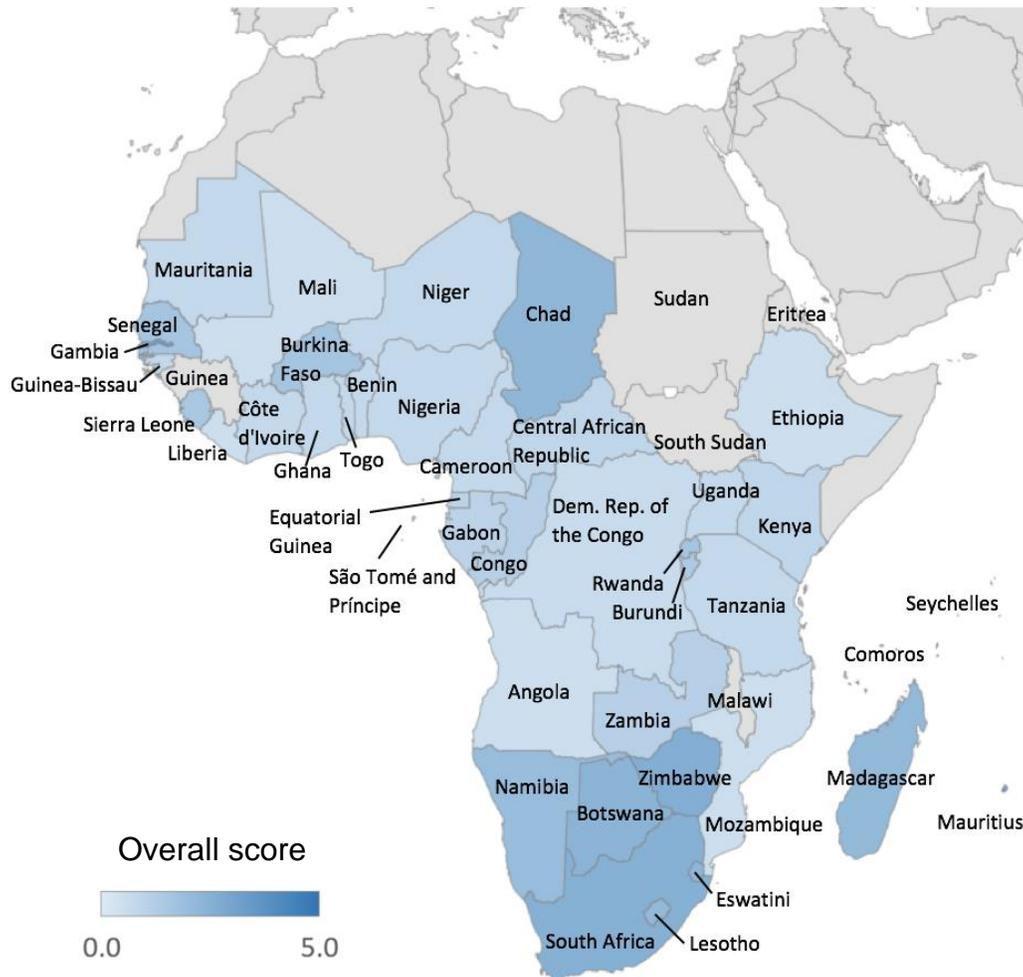


Cigarette Tax Scorecard: Spotlight on the African Region



Key Messages

- In the Tobacconomics Cigarette Tax Scorecard, the average overall score in 2018 in the African region is 1.36 out of 5 points. Significant improvement is required as this is lower than all other global regions.
- Out of the four components used to calculate the overall score in the Scorecard, African countries perform best on tax structure, with an average score of 2.43 out of 5 points. Still, only one country in the region (South Africa) uses the optimal uniform specific excise tax with regular adjustments for inflation.
- The region would benefit enormously from reducing the affordability of cigarettes over time and increasing the tax share of price as the average score in these components is only 0.70 and 0.81 out of 5 points, respectively.
- Across Africa, Mauritius performs best with an overall score of 3.3 points, while five countries score only 0.5 out of 5 points: Angola, Ethiopia, Liberia, Mali, and Mozambique.

Introduction

The Tobacconomics Cigarette Tax Scorecard evaluates countries' cigarette tax systems based on a five-point rating system that incorporates international guidance and best practices in tobacco taxation. The five-point index uses data from the World Health Organization to score countries on the following four components: cigarette price, changes in the affordability of cigarettes over time, the share of taxes in retail cigarette prices, and the structure of cigarette

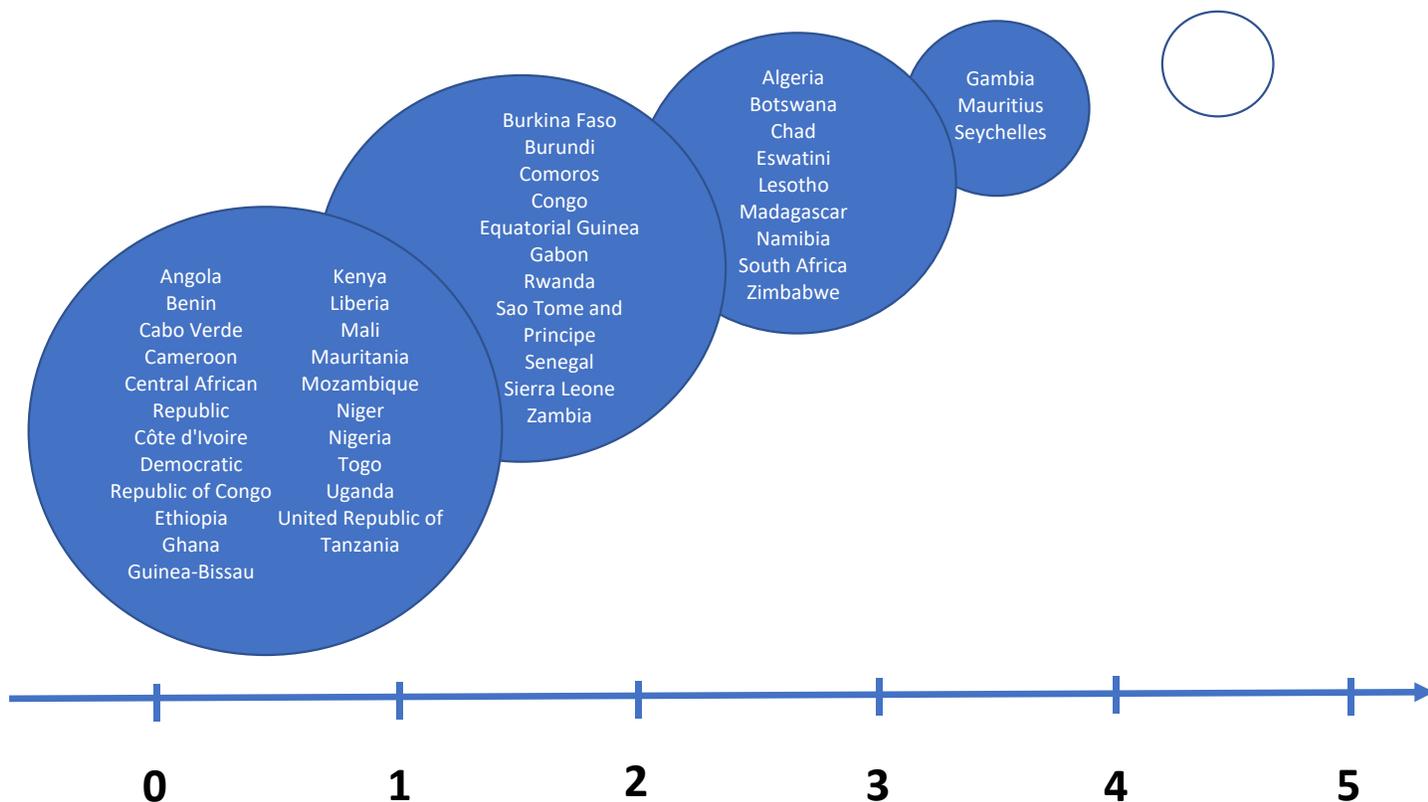
taxes. The total score reflects an average of the four component scores.

The African region performed poorly in 2018, with an average score of only 1.36 out of 5 points. Improving cigarette tax policies in the continent is necessary to reduce smoking prevalence, while raising additional tax revenues for governments.

Regional Findings

Though there is some variation in the overall scores across Africa for 2018, nearly all countries performed poorly. Only three countries receive more than 3 out of 5 points: Seychelles and The Gambia with 3.1 points and Mauritius with 3.3 points. Almost half of the region scores

less than 1 point. The lowest performing countries receive a score of only 0.5: Angola, Ethiopia, Liberia, Mali, and Mozambique. There is substantial room for improvement in tobacco taxation policies across the region.



Note: There are insufficient data for Eritrea, Guinea, Malawi, and South Sudan.

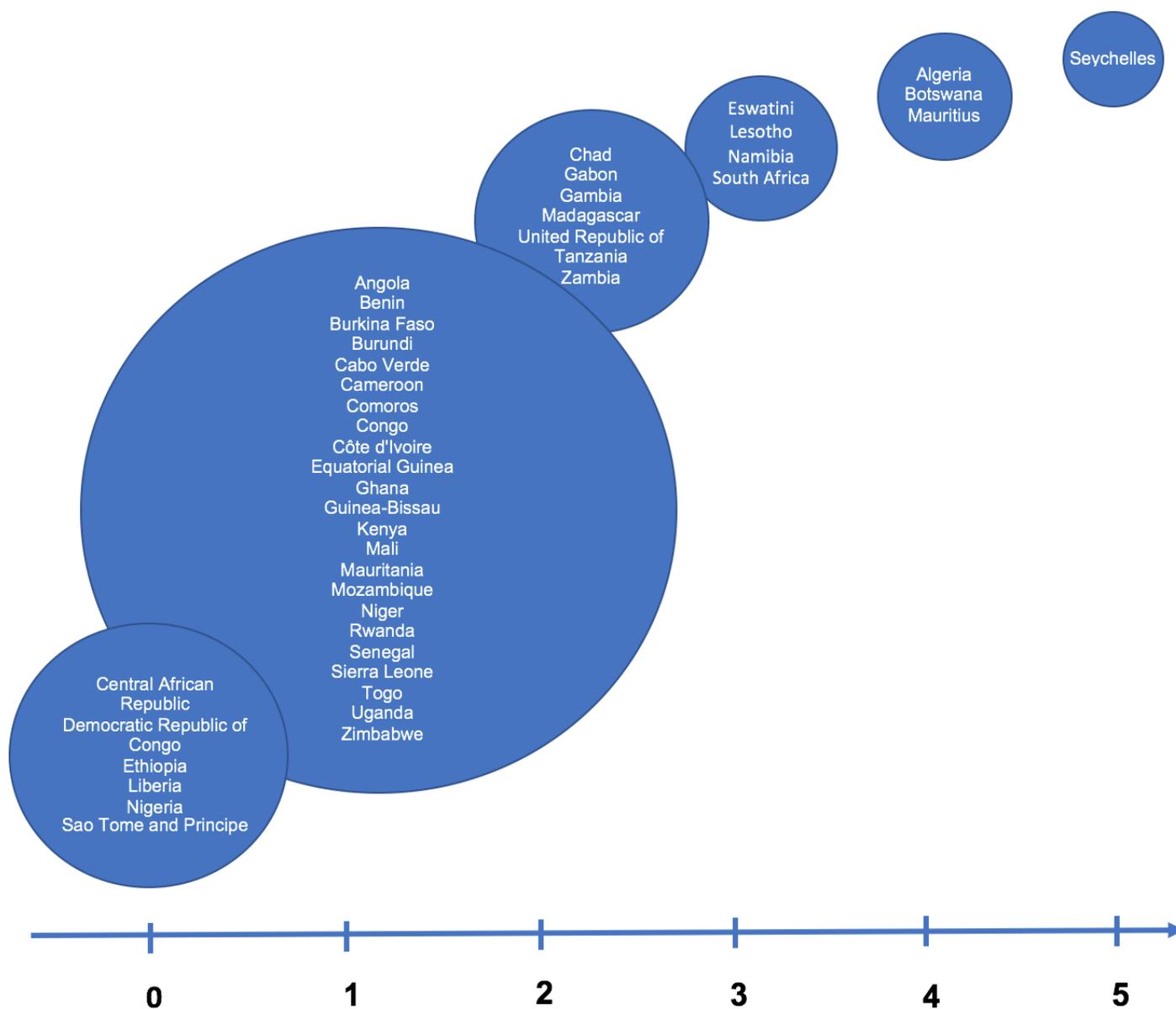
Key Component Findings

Cigarette Price

Price is a key determinant of cigarette use—as the price increases, demand decreases.

For 2018, the average score in the African region for this component was 1.49 points out of 5. Seychelles is the only country in the region to

receive the maximum of 5 points for their high cigarette prices. Most of the countries in the region score less than 2 points and six countries score 0. These findings show that cigarette prices are very low across the region, contributing to higher smoking prevalence.



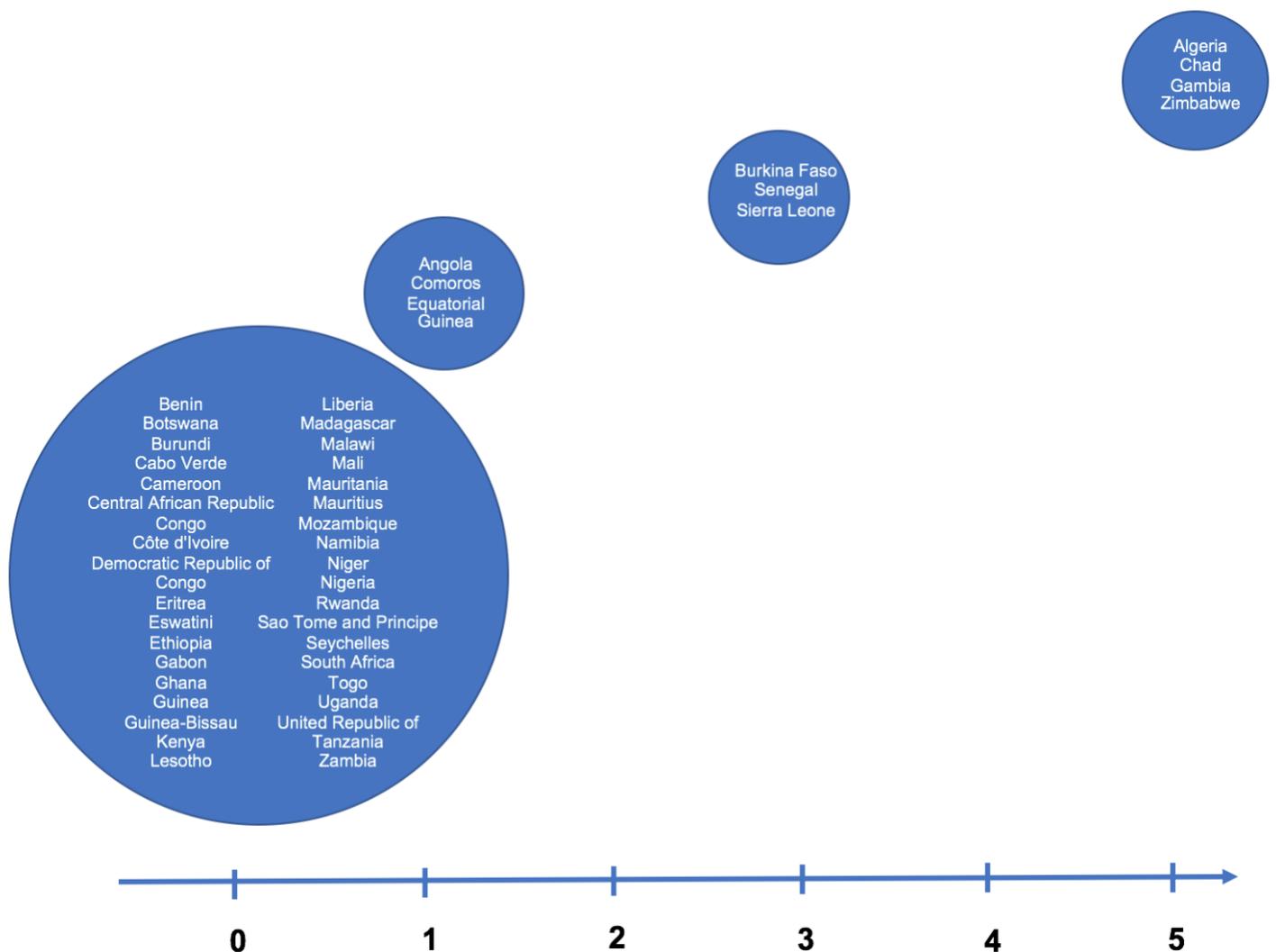
Note: There are insufficient data for Eritrea, Guinea, Malawi, and South Sudan.

Changes in Cigarette Affordability

To reduce demand, cigarettes must become less affordable. As cigarettes become less affordable, consumers buy fewer and many will stop buying them altogether. As part of this effort, at a minimum, cigarette prices must be updated for inflation and income growth.

This component of the score requires the most improvement in Africa as the average score for

2018 is only 0.70 out of 5 points. Although Algeria, Chad, Gambia, and Zimbabwe receive 5 points, meaning affordability was significantly reduced between 2012 and 2018, 36 countries did not earn any points. Countries in the region should follow the example set by top performers in this component.

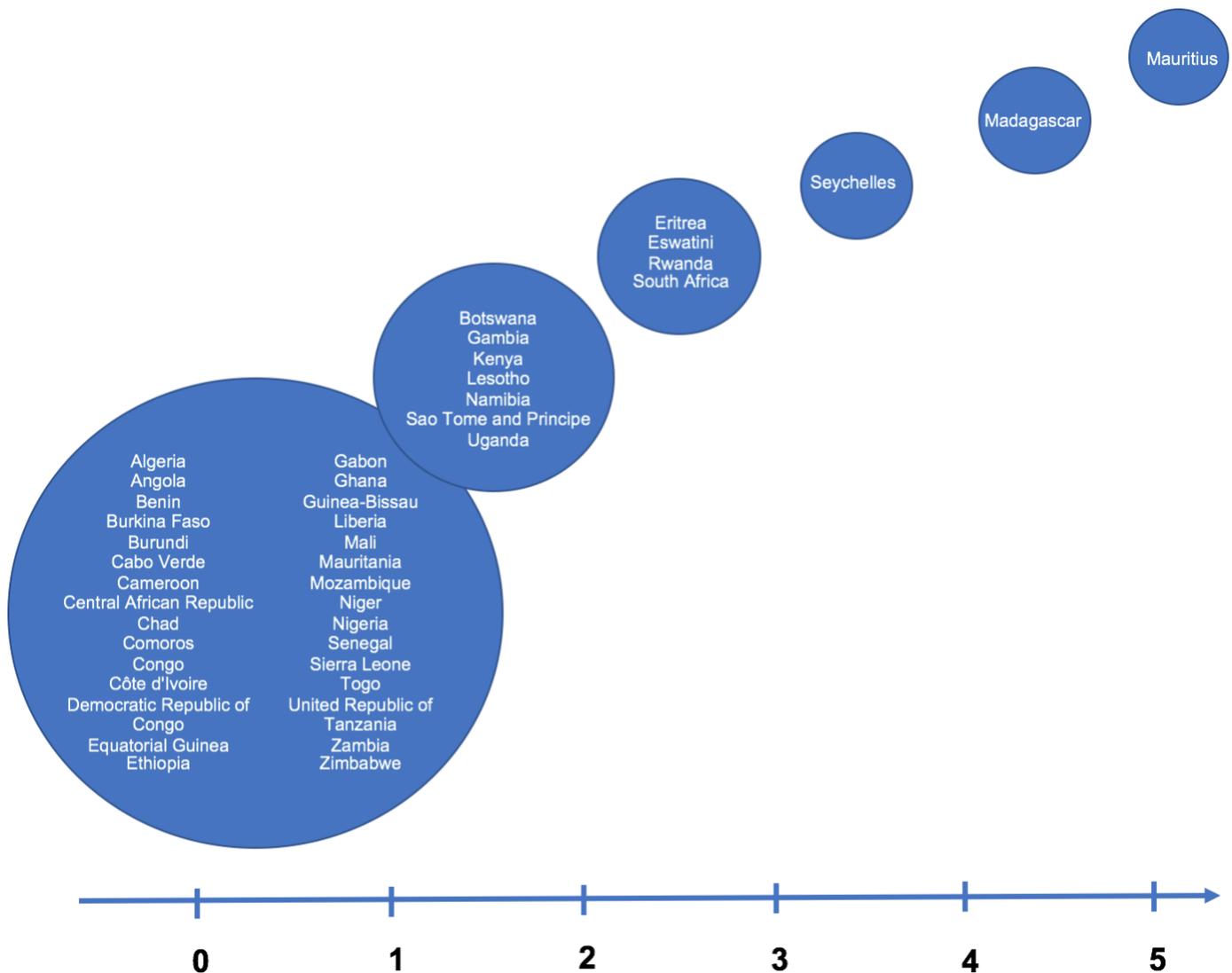


Note: There are insufficient data in South Sudan.

Tax Share

High tax share of price is generally a good indicator of cigarette tax effectiveness and is essential to raise government tax revenues from cigarettes.

The average for this component of the score in Africa is 0.81 out of 5 points. Mauritius leads the region in this component, receiving all 5 points. On the other hand, 21 countries score 0, indicating that the tax share of price is generally very low across the continent.

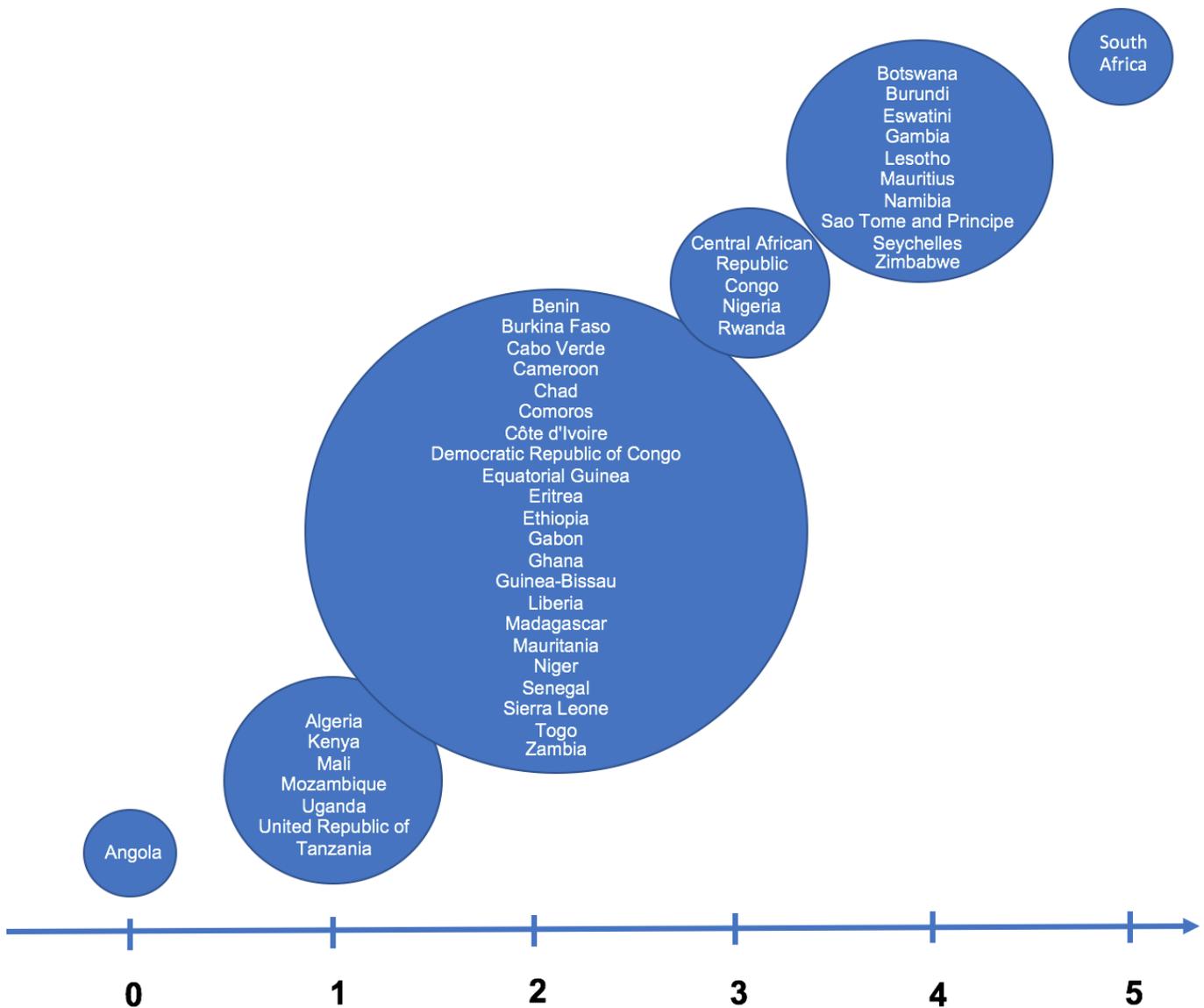


Note: There are insufficient data in Guinea, Malawi, and South Sudan.

Tax Structure

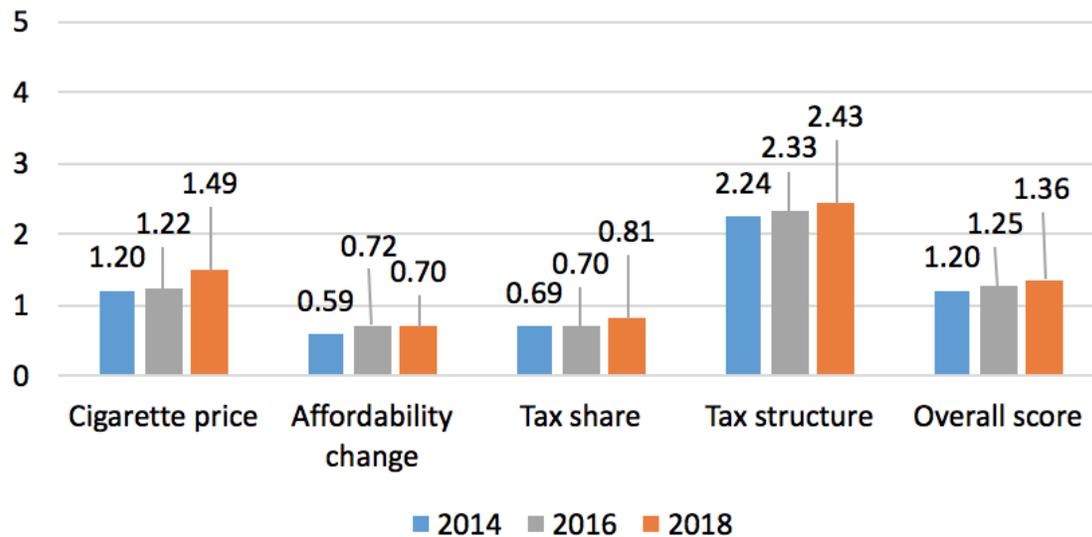
Tax structures vary in their effectiveness when it comes to reducing tobacco use and collecting tax revenues. Uniform specific excise tax systems that at least adjust annually for inflation are generally the most effective and easiest to administer.

The African region performs relatively better in this component of the score, with an average of 2.43 out of 5 points. Still, only South Africa receives all 5 points, and ten countries follow with 4 points. Angola lags behind the rest of the region, scoring 0. The majority of countries in the region have significant room for improvement in this component.



Note: There are insufficient data for Guinea, Malawi, and South Sudan.

Scores Over Time



Note: There are insufficient data for Eritrea and South Sudan for some components of the score in all years; Cameroon, Eswatini, Guinea, Guinea-Bissau, and Liberia in 2014; Angola, Central African Republic, Lesotho, and Malawi in 2016; and Guinea, and Malawi in 2018.

Between 2014 and 2018, the average overall score in the WHO African region increased only slightly, from 1.20 to 1.36 points. Each of the components of the score increased minimally in that period as well, with the largest improvement in cigarette price scores. Algeria saw the largest increase in the region with the overall score going from 0.9 to 2.5 points, followed closely by Chad and Sierra Leone, whose scores increased 1.5 points. Côte d’Ivoire and Mozambique saw the largest decreases in the region, from 1.5 to

0.8 and 1 to 0.5 points, respectively. Most of the countries in the region experienced small, insignificant changes during this time.

Countries in Africa should seize the opportunity to substantially improve their cigarette tax policies. Doing so would improve population health and governments could also reap significant fiscal benefits through increased tax revenues.