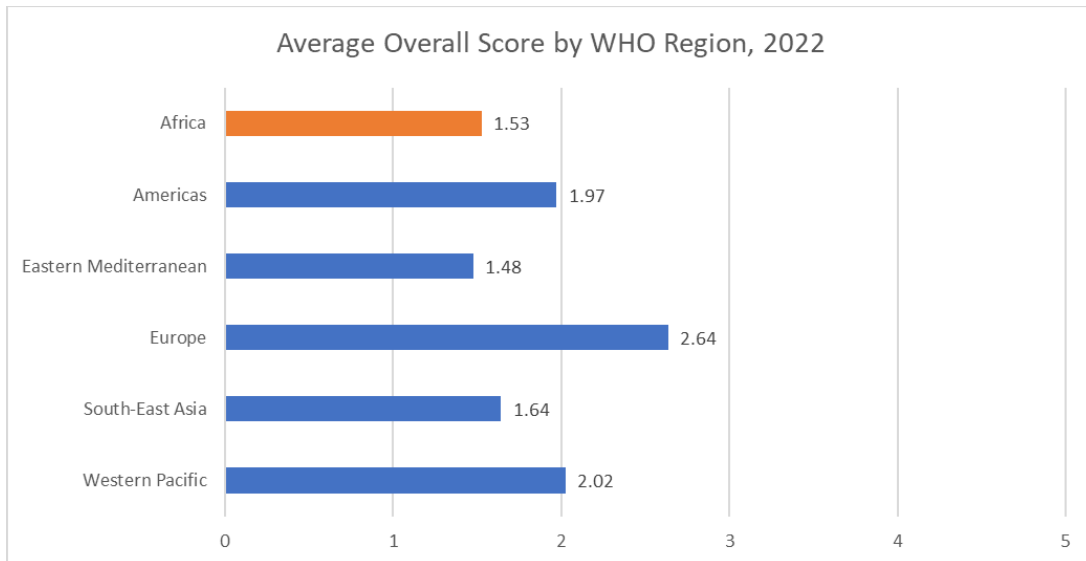


## Cigarette Tax Scorecard: Spotlight on the African Region



### Key Messages

- In the third edition of the Tobacconomics Cigarette Tax Scorecard, the average overall score in the African region was 1.53 out of 5 points. Significant improvement is required as this is lower than all other regions except the Eastern Mediterranean region and the global average of 1.99 points.
- Out of the four components used to calculate the overall score in the Scorecard, African countries performed best on tax structure, with an average score of 2.98 out of 5 points.
- To decrease cigarette consumption and generate more tax revenue, governments must raise excise taxes, which would reduce the affordability of cigarettes and increase the tax share of price. The average scores for these components were only 0.66 and 1.03 out of 5 points, respectively.
- Across Africa, Mauritius performed best with an overall score of 4.13 points, while five countries scored only 0.5 out of 5 points: Congo, Equatorial Guinea, Guinea-Bissau, Mali and Zambia.

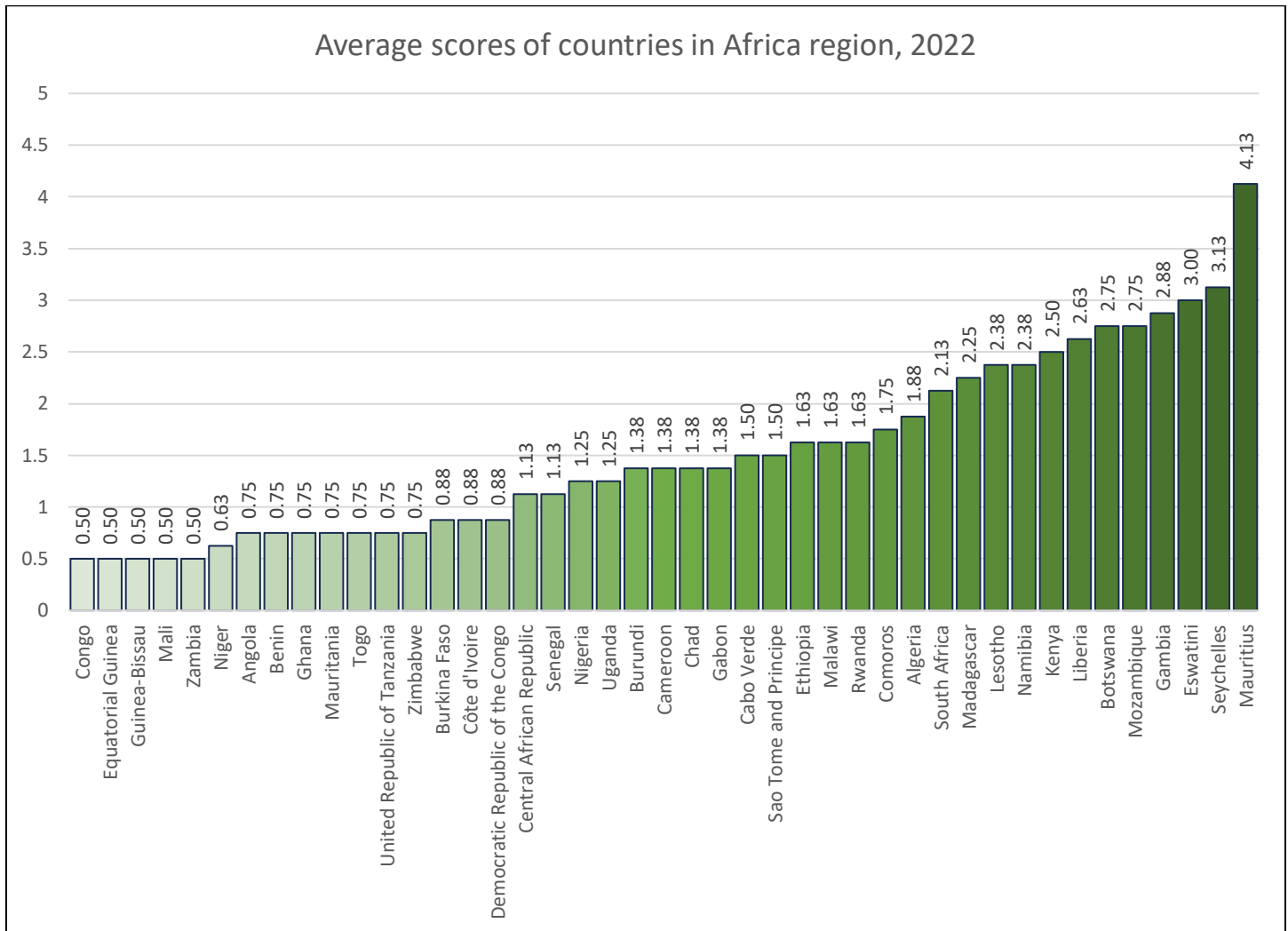
### Introduction

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 with an average score of only 1.53 out of 5 points. Improving cigarette tax policies 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, most countries performed poorly. Only two countries received more than 3 out of 5 points: Mauritius, Seychelles and Eswatini with 4.13 points, 3.13 points and 3 points respectively. A third of the region scored less than 1 point. The lowest performing countries received a score of only 0.5: Congo, Equatorial Guinea, Guinea-Bissau, Mali and Zambia. There is substantial room for improvement in tobacco taxation policies across the region.



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

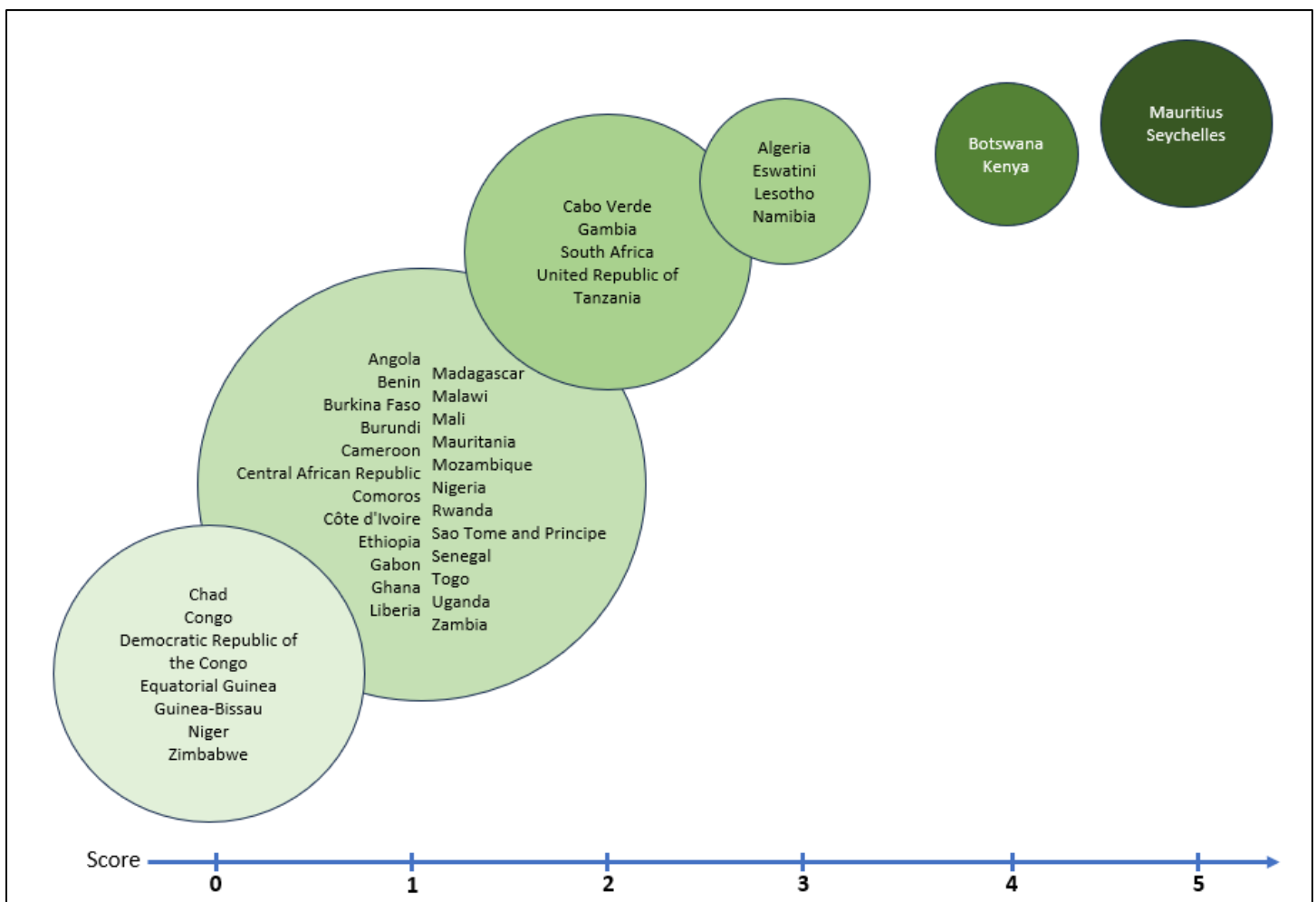
## Key Component Findings

### Cigarette Price

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

The average score in the African region for this component was 1.44 points out of 5. Although Mauritius and Seychelles received the maximum of 5 points for their high cigarette prices, most of the countries in the region scored less than 2 points and seven countries scored 0.

Average cigarette prices (Intl\$ PPP) at \$3.90 in African countries are among the lowest in the world. Average cigarette prices in low-income countries—many of which are in Africa—decreased from 2020 to 2022 by \$Intl PPP 0.16 and cigarettes became more affordable, and thus, accessible to lower-income populations, especially young people.

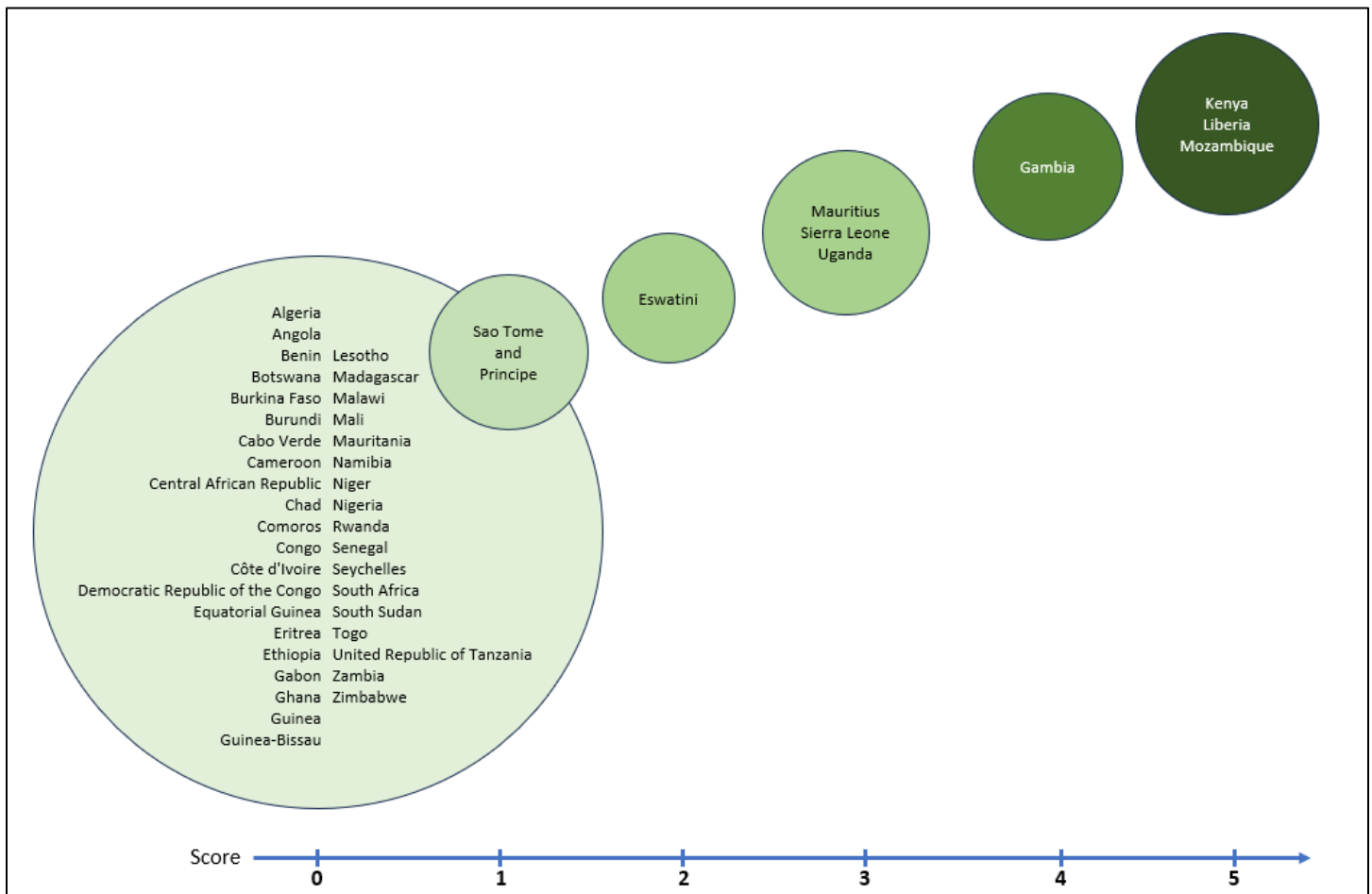


Note: There are insufficient data for Guinea, Eritrea, Sierra Leone and South Sudan.

## Change 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, which is particularly relevant in Africa where many countries are experiencing rapid economic expansion.

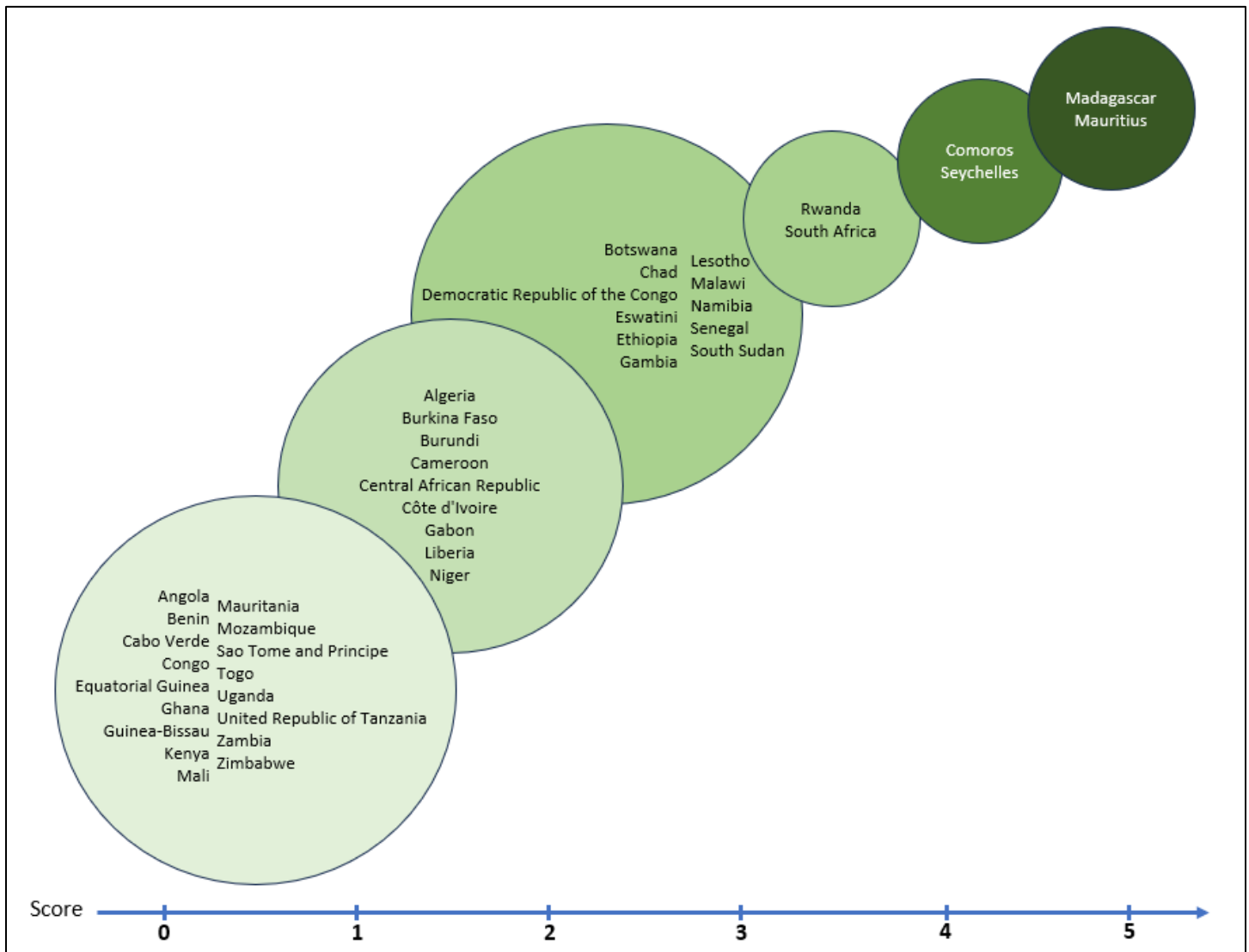
This component of the score requires considerable improvement in Africa as the average score was only 0.66 out of 5 points. Although Kenya, Mozambique and Liberia received 5 points, meaning affordability was significantly reduced between 2016 and 2022, 38 countries did not earn any points. Countries in the region should follow the example set by top performers in this component by significantly raising excise taxes on cigarettes.



## 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.

With a score of 1.03 out of 5 points, this component requires attention. Madagascar and Mauritius led the region, receiving 5 points and 4.5 points respectively. On the other hand, 17 countries scored 0, indicating that the tax share of price is generally very low across the continent and governments are missing out on crucial revenue that could be allocated to pro-development programs like health and education.

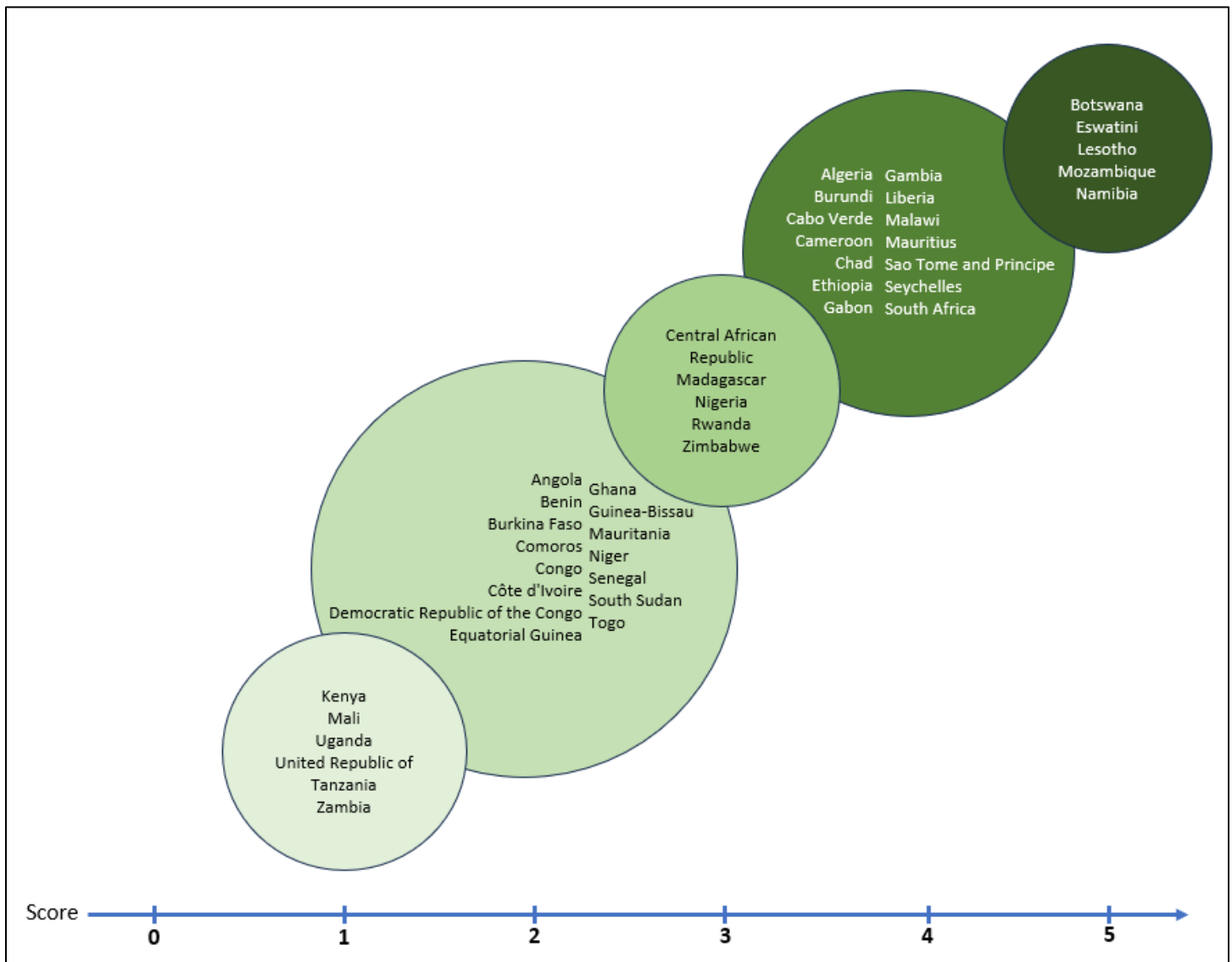


Note: There are insufficient data for Eritrea, Guinea and Sierra Leone.

## Tax Structure

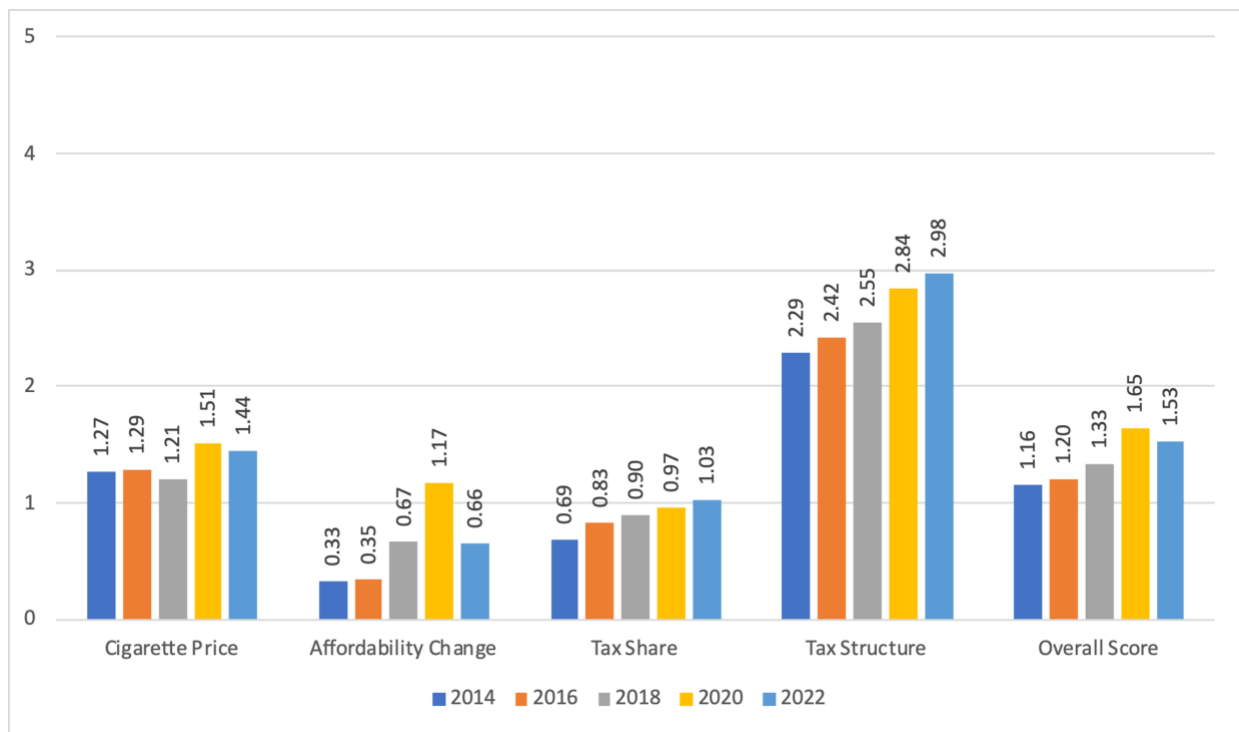
Tax structures vary in effectiveness when reducing tobacco use and collecting tax revenues. Uniform specific excise tax systems that at least adjust annually for inflation are generally the most effective and easiest to administer.

The African region performs relatively better in this component of the score, with an average of 2.98 out of 5 points. Botswana, Eswatini, Lesotho, Mozambique and Namibia received all 5 points, while fourteen countries followed with 4 out of 5 points. Yet, five countries lagged the rest of the region, scoring just 1 point out of 5. Most countries in the region have significant room for improvement in this component.



Note: There are insufficient data for Eritrea, Guinea and Sierra Leone.

## Scores Over Time



Note: There are insufficient data for some components of the score for: Eritrea and South Sudan in all years, Malawi in 2016 and 2020, Cameroon, Eswatini, Guinea, Guinea-Bissau, and Liberia in 2014, Angola, Central African Republic, and Lesotho in 2016, Guinea in 2018, Central African Republic, and Guinea-Bissau in 2020.

Between 2020 and 2022, the average overall score in the WHO African region decreased slightly, from 1.65 to 1.53 points. In that period, only tax share and tax structure components of the score increased minimally and the average scores of the rest of the components decreased.

Kenya saw the largest increase in the region with the overall score going from 0.88 to 2.50 points, followed closely by Gabon, whose score increased 0.63 points. Botswana and Togo saw the largest decreases in the region, from 4.13 to 2.75 and 1.88 to 0.75, respectively. About one fourth of the countries in the region experienced small, insignificant increases during this time. However, 15 countries saw no improvement, and overall scores decreased in 13 countries between 2020 and 2022.

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.