

# Experiences in Earmarking Health Taxes

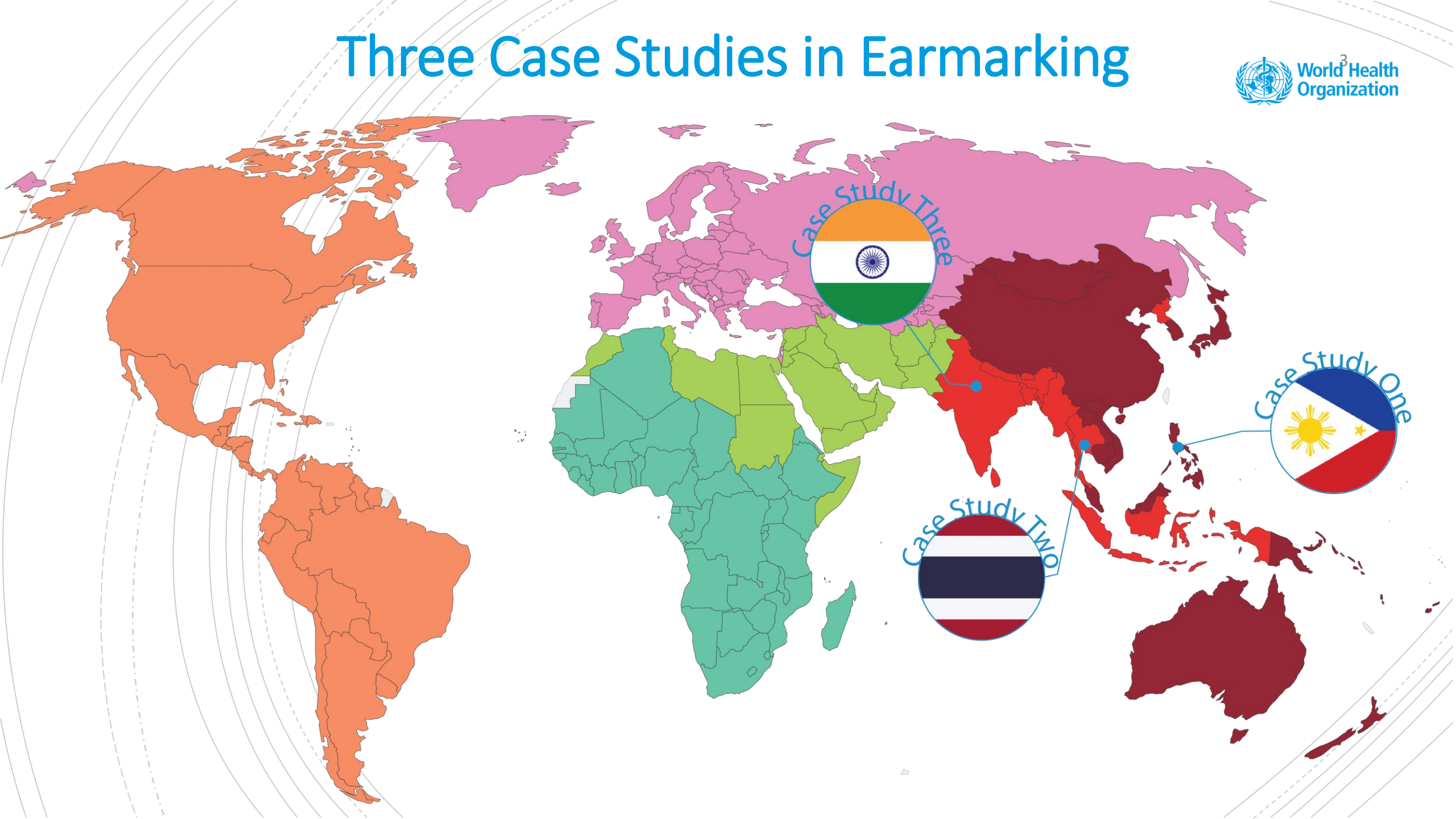
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\* Disclaimer: Views expressed in this presentation are mine alone and do not necessarily represent the views, decisions or policies of the WHO.

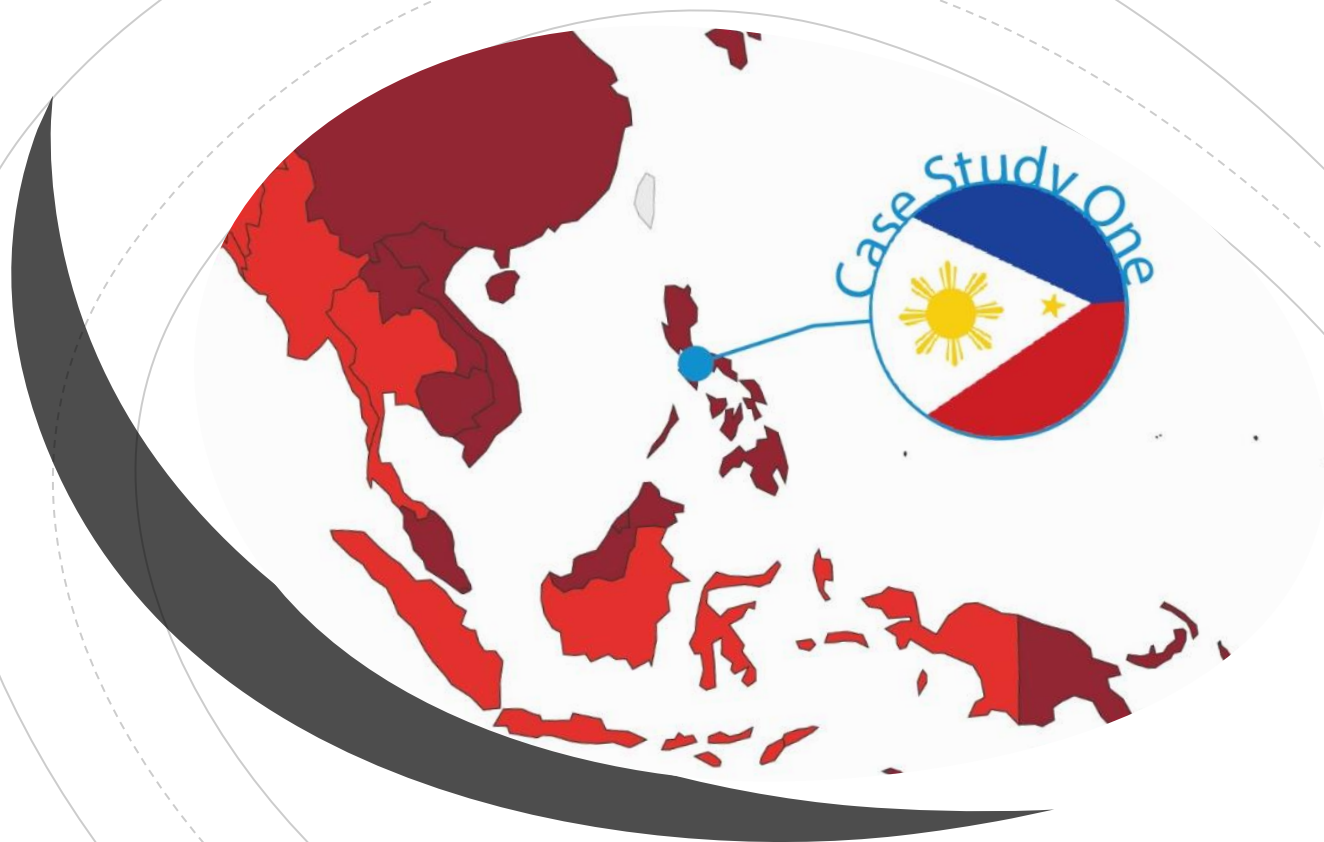
# Key Messages

- **One size doesn't fit all.** Each country should assess whether earmarking Health Taxes works for them based on their specific context.
- **Its not as simple as black and white.** Evaluations of earmarking need to carefully consider an earmark's source and purpose against the backdrop of local conditions and needs, as well as consider issues of additionality and fungibility of funds.
- **Be strategic on how earmarking is deployed and used.** Earmarking can be a powerful tool to unlock political stalemates that can otherwise stifle reforms and also make funding for health available that would have otherwise remained out of reach.
- **Finding a balance between flexibility in the budget and reliability of an earmark commitment (soft earmarking).** Health taxes work best if implemented as part of comprehensive package.

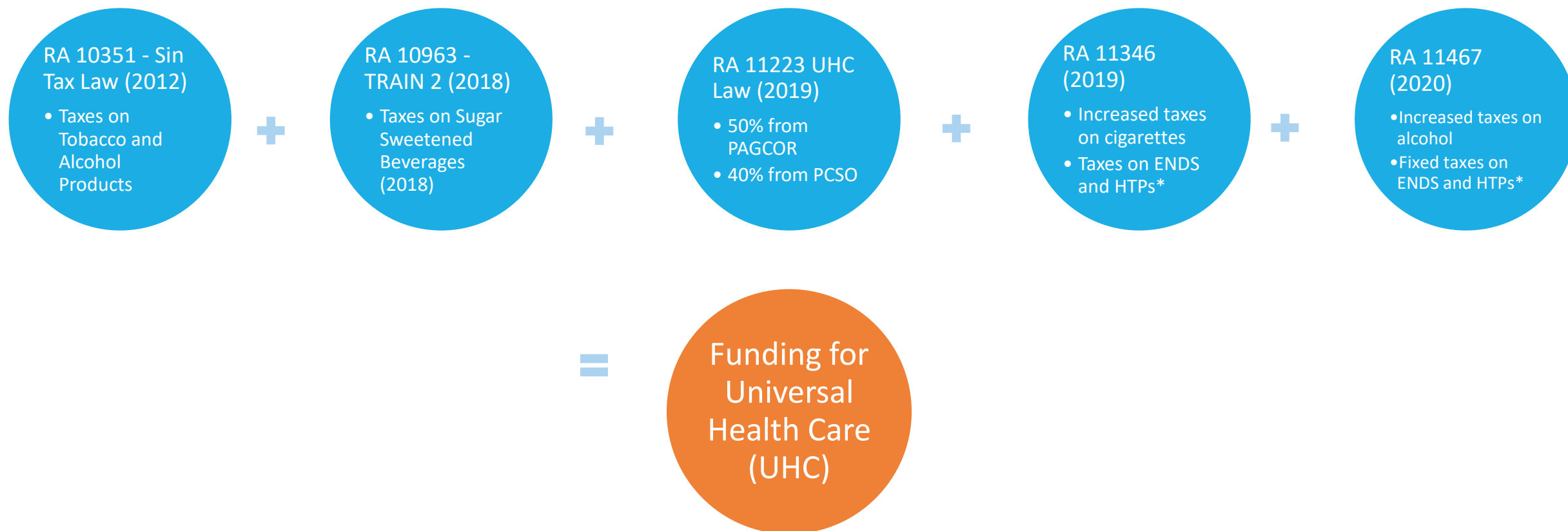
# Three Case Studies in Earmarking



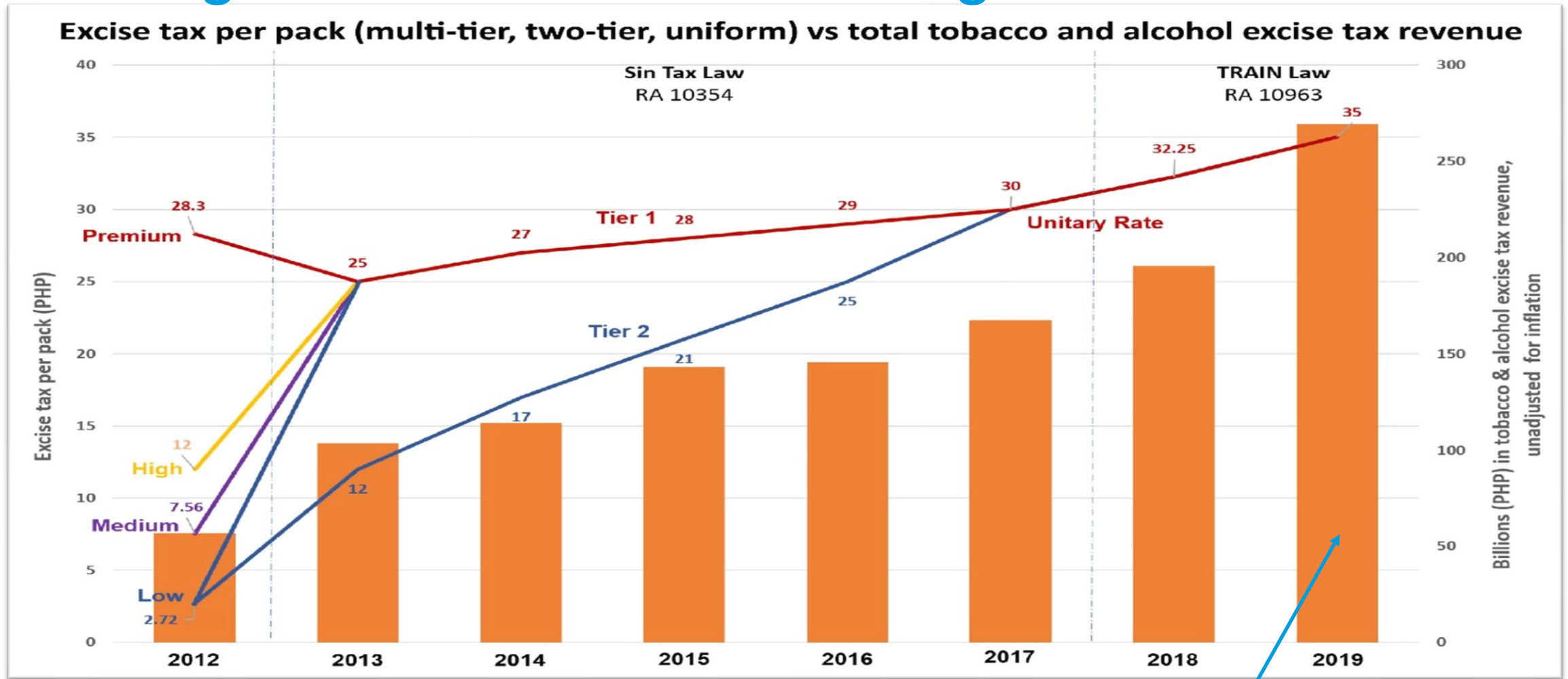
# The Philippines: A Soft Earmark



# Evolution of Earmarks for Universal Health Care (UHC) in the Philippines

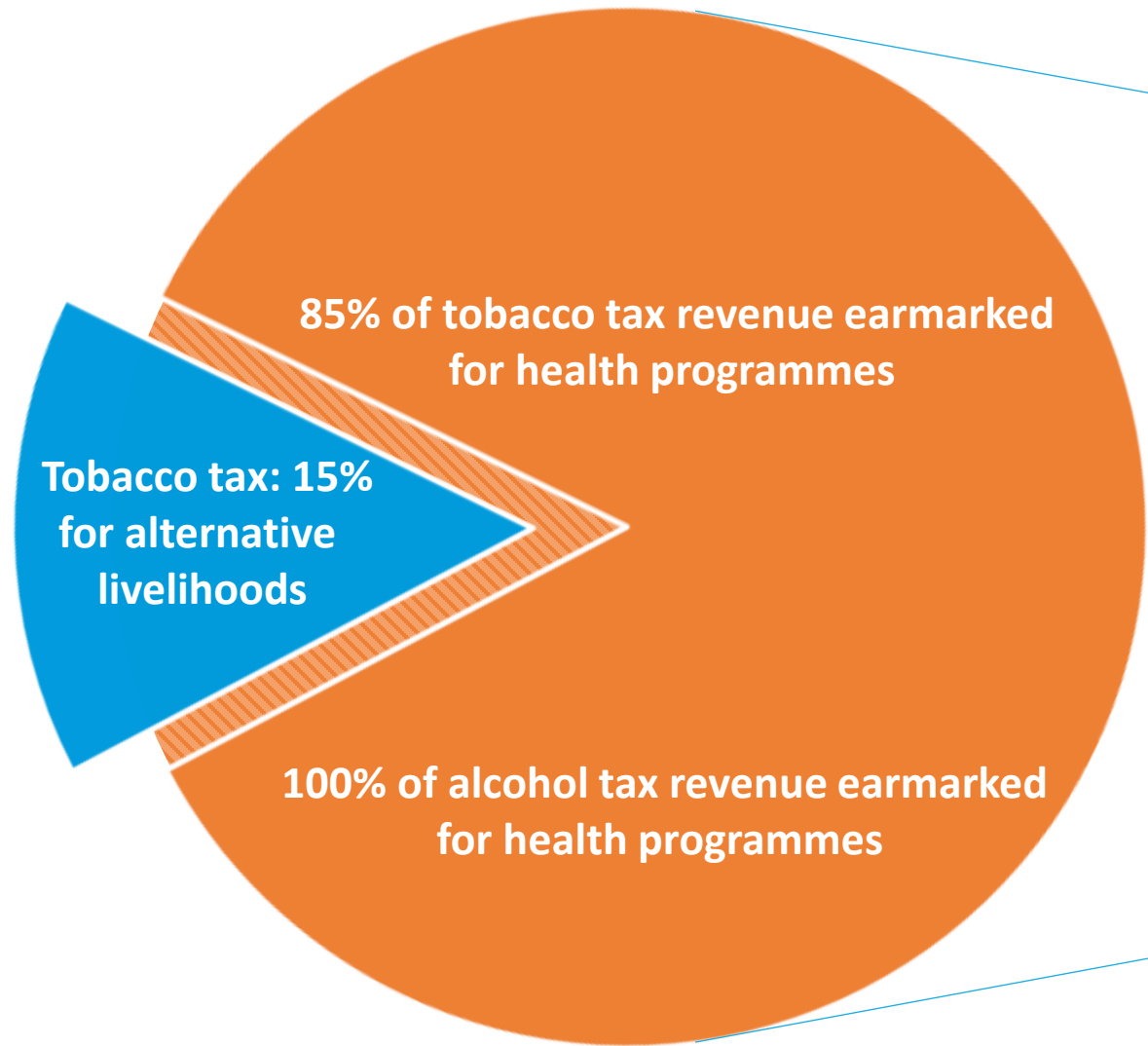


# The 2012 Sin Tax Reform: Tier Simplification, Significant Rate Increases & Large Revenue Gains

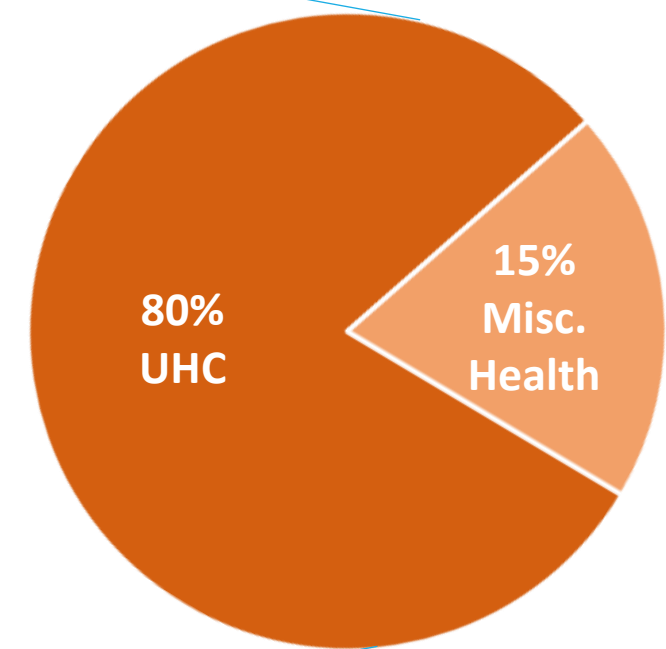


2019 revenue includes revenues from new SSB & taxes, accounting for the substantial increase in revenues from 2018 to 2019

# 2012 Reform: Health Tax Earmarking Breakdown

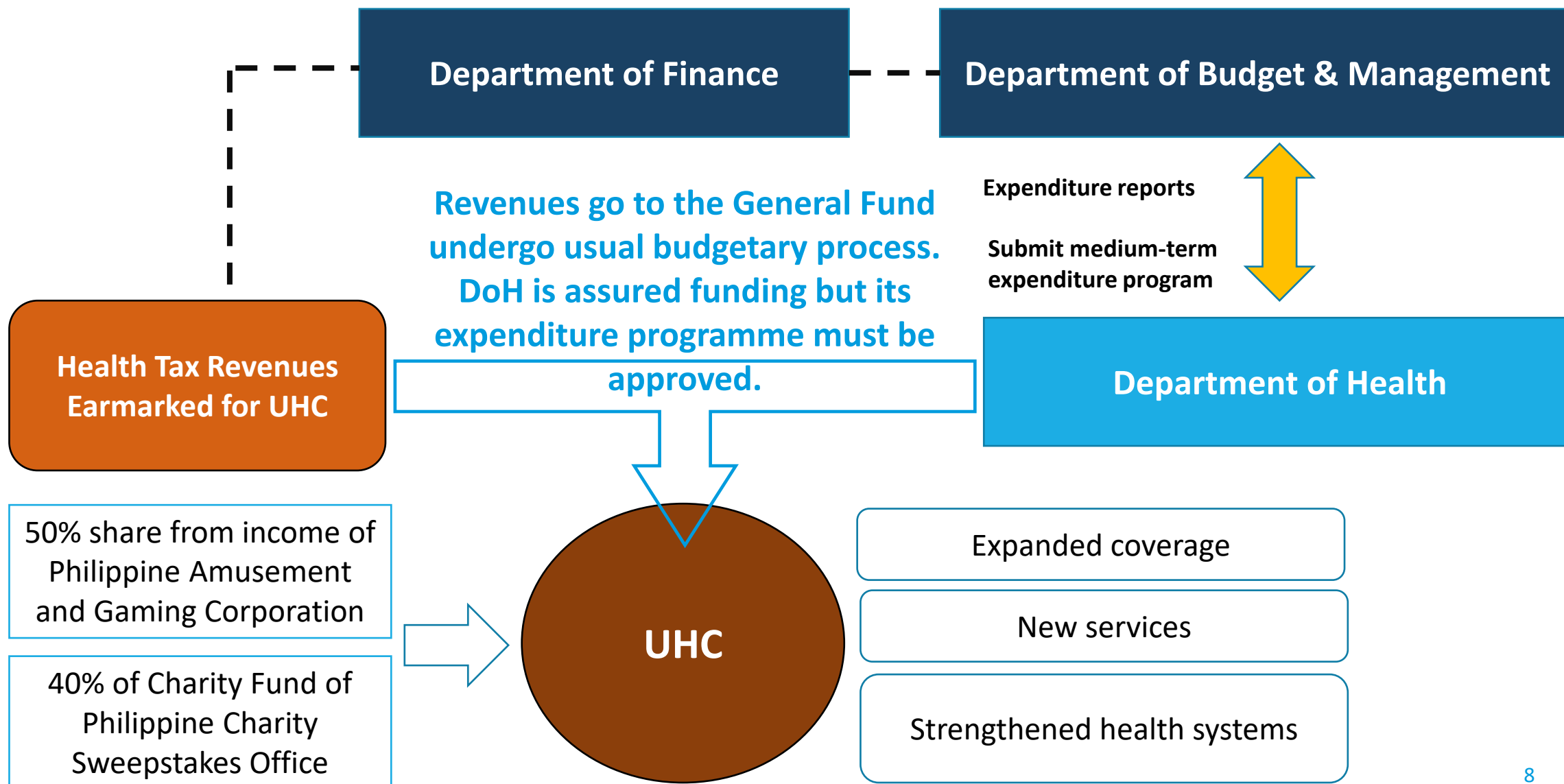


**As a percentage of incremental tax revenue**



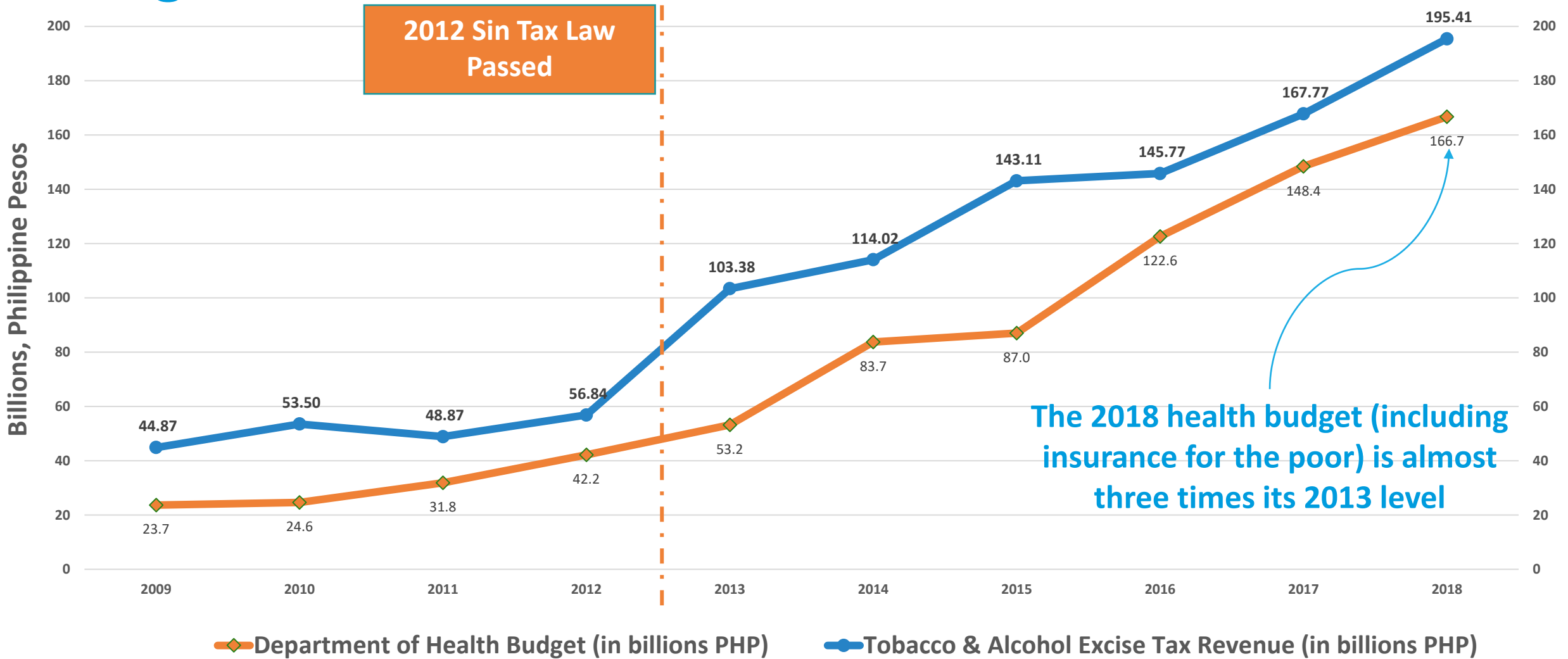
**As a percentage of the total health programmes earmark**

# The “Soft” Earmark for UHC: How it Works





# The Reform's Impact: Significant Revenues for Health



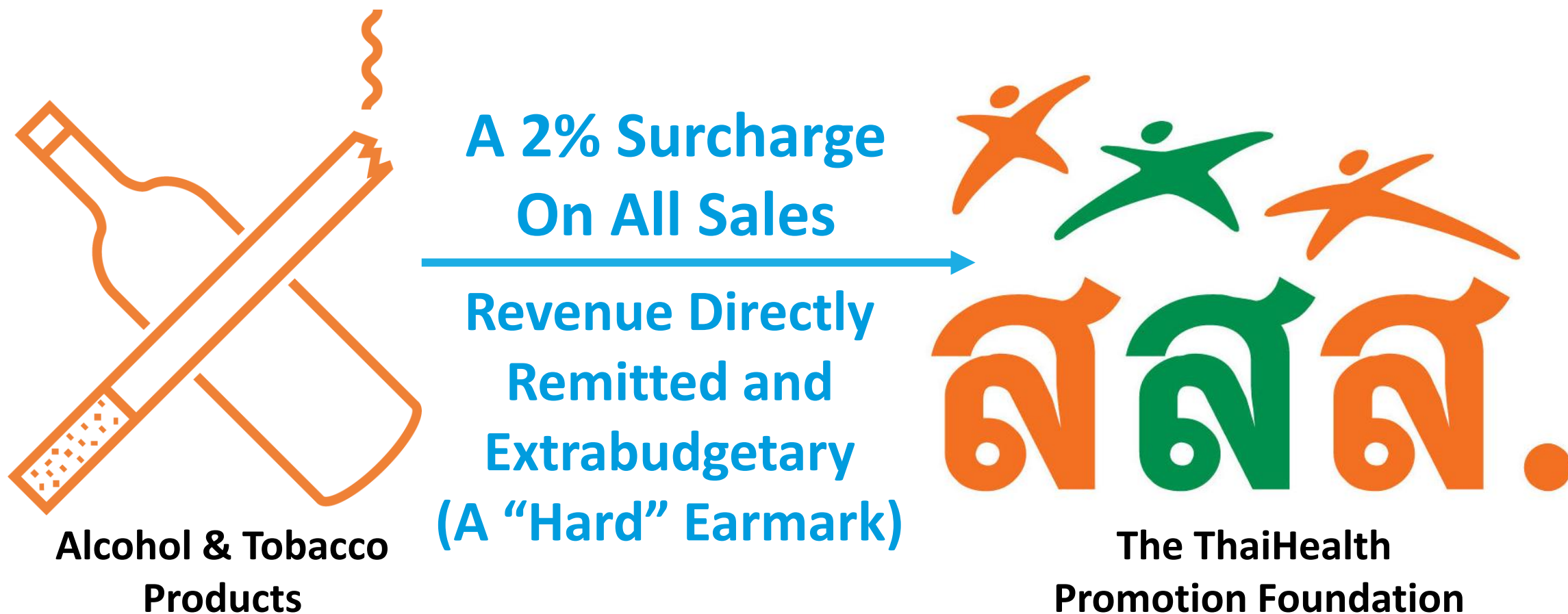
# ... And a Win for Equity! Expansion of Funding towards Health Insurance Premiums for the Poor



# Thailand: A Hard Earmark



# Funding ThaiHealth Since 2001: An Earmarked Alcohol & Tobacco Surcharge



# How the Earmark Works

ThaiHealth is an autonomous organisation

Budget of US\$120 million/year but represents only 0.9% of govt. exp on health



Funds directly expended on projects to improve health—mostly in collaboration with NGOs

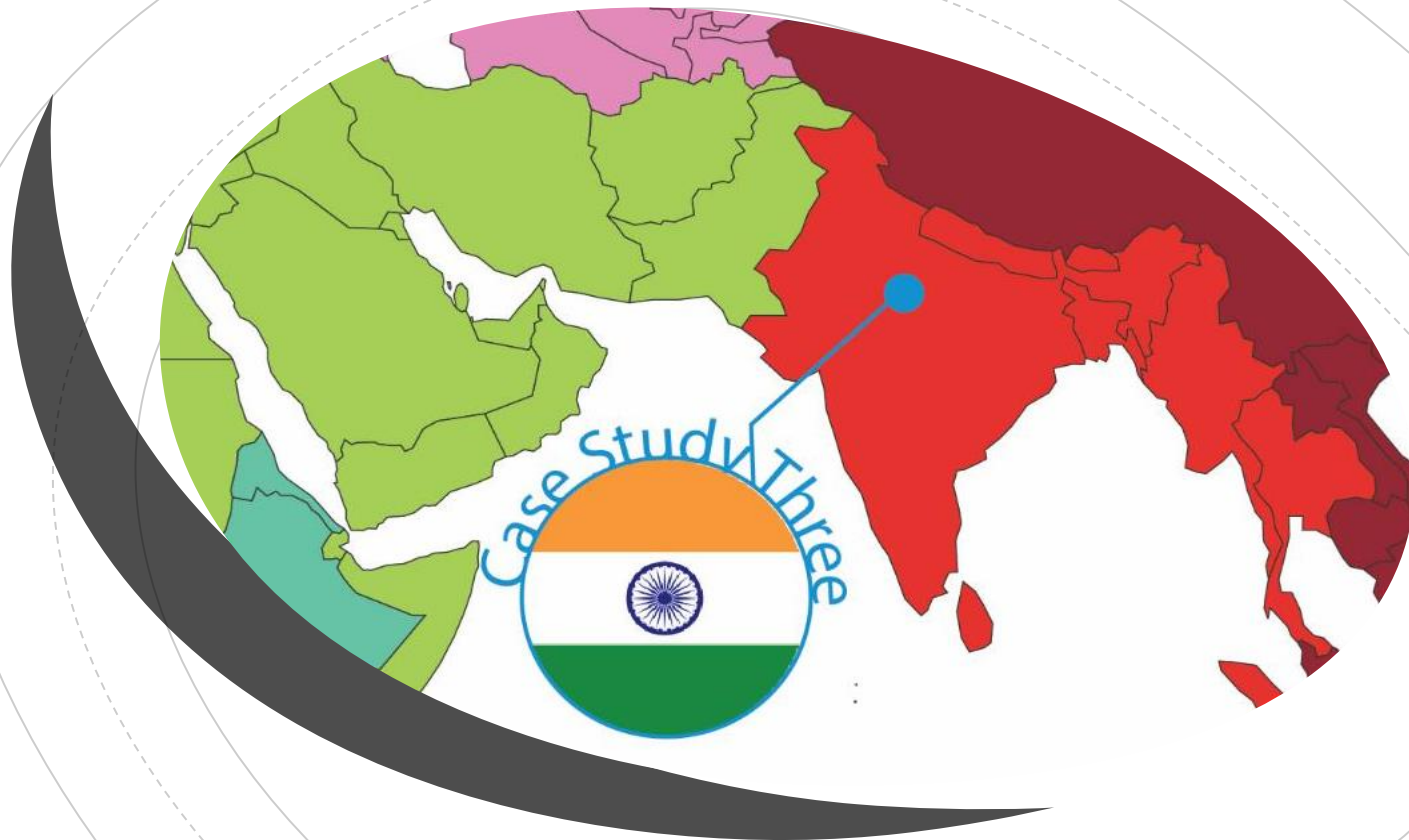


Over 1/3 of funds are dedicated to prevention of the three primary risk factors: tobacco use, unsafe alcohol use and unsafe driving

Projects funded include research, community programmes, advocacy and mass media campaigns

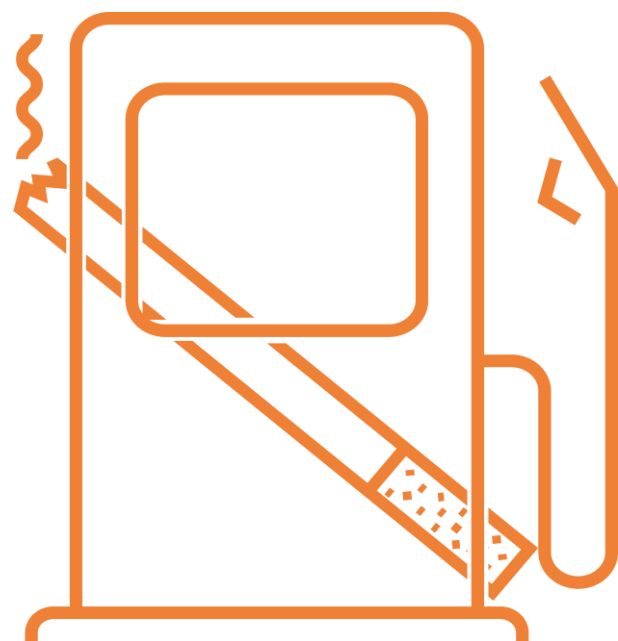
The Board sets ThaiHealth's policies, strategies and budget

**Governing Board:**  
Led by PM, Minister for Public Health & an independent expert



# India: A Hard Earmark for an Emergency Relief Fund

# The National Calamity Contingent Duty on Tobacco, Fuel and Motor & Vehicles



**Tobacco, fuel,  
motor vehicles**

**Various ad valorem &  
specific excise rates**

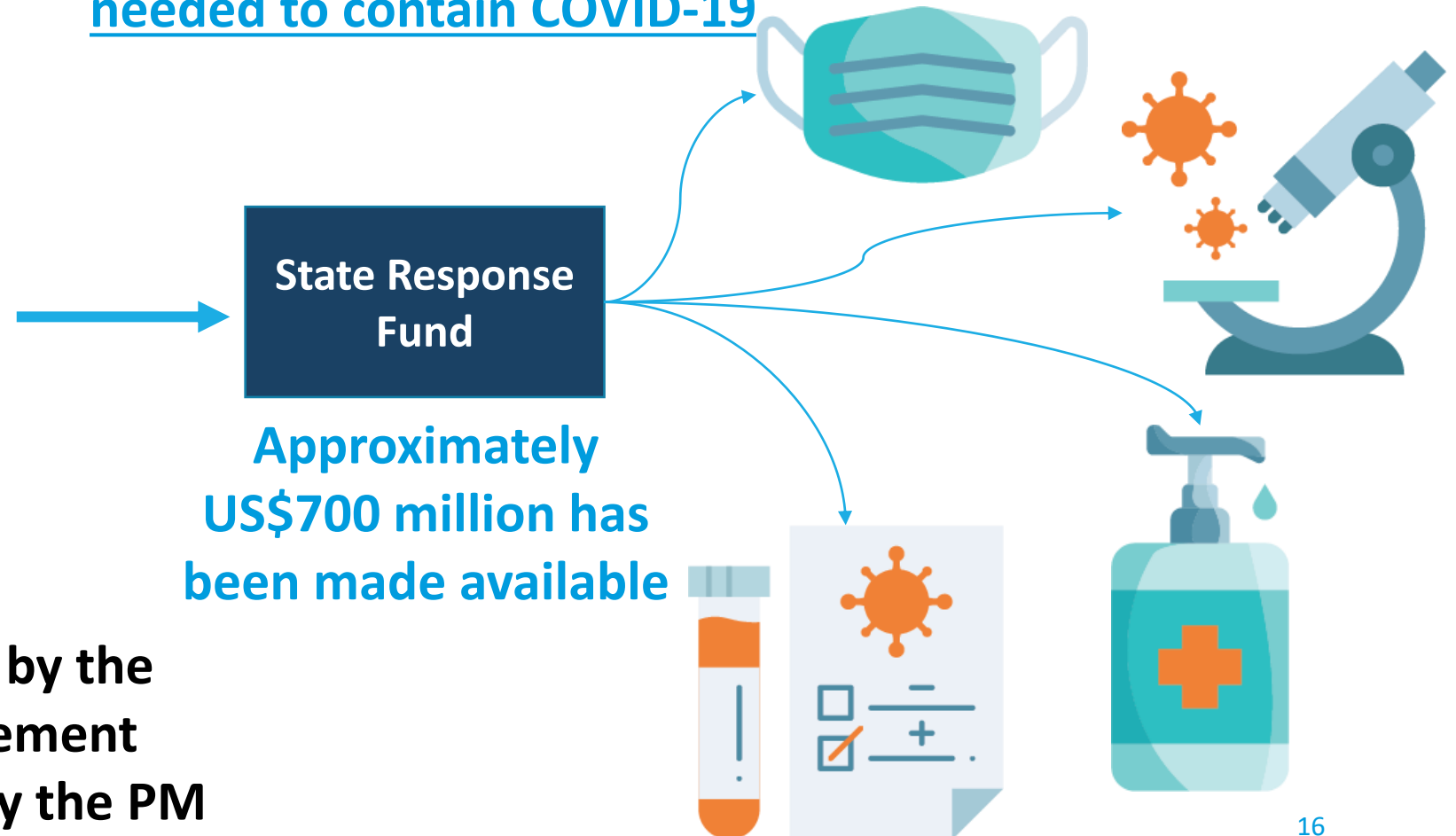
**Duty Directly Remitted  
(A “Hard” Earmark)**



**The National Disaster  
Response Fund (NDRF)**

# How the Earmark Works: COVID-19 Case Study

In March 2020, the central government declared COVID-19 a disaster and made up 35% of releases from the 2019-2020 fiscal year available for the purchase of medical supplies needed to contain COVID-19



**The NDRF is administered by the National Disaster Management Authority which is chaired by the PM**



# Strategic Questions

- **Has the earmark enabled increases in Health Taxes?**

- In the Philippines, framing as a health measure with revenues earmarked for health, made possible significant increases in taxes than would otherwise not be possible if framed as a revenue measure.
- In Thailand and India, the earmark was added to existing Health Taxes and was not a nexus for significant increases in Health Taxes; however ThaiHealth would likely not have been established without the earmark.

- **Would the increases in health expenditures have happened without the earmarks?**

- Depends on extent to which spending from non-earmarked sources changes in response to the earmark (potential for offsetting) and the overall change in the level of public spending
- In the countries shown, earmarked funds are relatively small in comparison to government expenditure on health (e.g. 0.9% in Thailand) and even smaller in terms of GDP
- Close collaboration between Health and Finance officials is key.

Thank you!  
[www.who.int/tobacco/economics](http://www.who.int/tobacco/economics)

