

# Getting fiscal policies right

## Lessons and recommendations across NCD risk factors

### Executive summary

Mainstreaming noncommunicable disease (NCD) prevention into fiscal policies can save lives, promote equity, and support sustainable development. Yet, incoherent, and poorly designed tax policies and subsidies often fuel consumption and production patterns that contribute to 41 million NCD-related deaths annually, drain resources, and exacerbate poverty [1]. In the current context of debt distress experienced by many countries, well-structured and mutually supportive measures could transform fiscal policy from a missed opportunity into a powerful driver of better public finance, health, and environmental outcomes.

Around 80% of NCDs are preventable and associated with modifiable risk factors: tobacco and alcohol use, unhealthy diets, physical inactivity, and air pollution [1]. NCDs rob households of income *when diseases incapacitate breadwinners or force them out of work to care for sick family members, and exhaust family resources through catastrophic healthcare expenditures, with consequences like having to keep children out of school*. Tobacco and alcohol expenditures crowd out family budgets that could otherwise be spent on nutritious food, education, or housing.

National economies lose from 2-10% of GDP due to NCD-related healthcare costs and productivity losses [2] [3]. Health-harming industries deliberately undermine health policies, making unhealthy products affordable, available, and attractive while enjoying large profits often supported by flawed fiscal incentives. Health is a human right and should take precedence over commercial interests. Fiscal policies must reflect this priority.

Health taxes, recognized by WHO as highly cost-effective interventions [4], remain under-implemented. Their designs often contain gaps that weaken their health impacts and revenue potential. Progress has been slow, with some setbacks in recent years [5]. Tobacco is a leading cause of premature death and disability, but only 3.6% of countries meet WHO's recommended levels of tobacco taxation [6] [7]. Taxes on alcoholic beverages and sweetened beverages (SSBs) remain low [8] [9]. Few countries have implemented excise taxes on unhealthy foods beyond SSBs, despite the importance of disincentivizing diets high in fat, sodium, and/or sugar (HFSS), which are linked to NCDs, including mental health conditions [10].

In contrast, health-harming industries often benefit from fiscal incentives such as direct subsidies, tax exemptions, or lower tax rates. These inconsistencies fuel NCDs, weaken health-promoting tools, and divert investment from other priority areas. Subsidizing unhealthy products, including tobacco, alcoholic beverages, sugar, and fossil fuels, burdens public budgets twice: once by the cost of the subsidy and again by the resulting health consequences and productivity losses.

Globally, over US\$7 trillion are spent annually on fossil fuel subsidies, equivalent to 7.1% of global GDP, often without benefiting the most vulnerable [11]. Removing these subsidies could prevent 1.6 million premature deaths annually by 2030 and generate enough revenue for developing countries to achieve the Sustainable Development Goals (SDGs), including universal healthcare coverage (UHC) and making quality healthcare accessible to everyone without financial hardship [11]. Redirecting health-harming subsidies to health- and equity-promoting policies, such as nutritious food subsidies or measures supporting access to clean cooking, can have substantial benefits.

Mainstreaming health into fiscal policies can reduce expenditures on treating preventable NCDs, leverage human capital, and enhance budgetary and debt management. Freed resources can be channelled to sustainable development and human and planetary health. This report highlights key aspects of fiscal policies for NCD prevention and potential revenue sources for financing NCD responses. It does not aim to provide a comprehensive overview of all fiscal policies impacting NCD prevention. We call on governments to take action to address the growing burden of NCDs by implementing cohesive, health-promoting fiscal policies; policies that save lives.

## Call to action

We call on policymakers to:

- Strengthen multisectoral and multilevel cooperation to ensure coherent, health-mainstreaming policies across all sectors and prevent industry interference.
- Urgently implement well-structured health taxes on unhealthy products, including tobacco, alcohol, SSBs, and other HFSS foods, to significantly decrease the affordability of products associated with NCD risk factors and promote substitution to healthier alternatives.
- Allocate revenues from health taxes to fund broader NCD policies and services.
- Review and refine existing taxes to ensure efficiency, consistency, and alignment with health promotion and NCD prevention objectives.
- Implement environmental taxes to support human and planetary health.
- Remove subsidies and tax incentives that promote the affordability and consumption of unhealthy products and/or create loopholes that aggravate exposure to NCD risk factors and undermine health policies.
- Ensure that measures reducing the affordability of unhealthy products are complemented by targeted, change-enabling fiscal policies, including those promoting access to nutritious diets and clean energy sources.
- Commit to implement a more unified fiscal policy approach for NCD prevention and financing by the 2025 UN High-Level Meeting on NCDs, recognizing its pivotal role in alleviating the burden of non-communicable diseases.

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