Journal of Biosciences and Medicines, 2022, 10, 122-131
https://www.scirp.org/journal/jbm
ISSN Online: 2327-509X
ISSN Print: 2327-5081

Contribution of the Tobacco Tax to the Financing of Health Systems in Democratic Republic of the Congo

Milambo Kapia Patrice[1], Omombo Cosmas[2], Mbulu Bushebu Sylvie[2], Makombo Wabo Etienne[2], Ngimbi Nzau Valentine[3], Masandi Milondo Alphonse[4]

[1]PNLCT, Kinshasa, Democratic Republic of the Congo
[2]ISTM-Kinshasa/Community Health, Kinshasa, Democratic Republic of the Congo
[3]ISTM-Kinshasa/Occupational Health, Safety and Environmental Management, Kinshasa, Democratic Republic of the Congo
[4]UPN-Kinshasa/Pedagogy and Didactics of Health Sciences, Kinshasa, Democratic Republic of the Congo
Email: pmk.pnlctrdc@gmail.com

How to cite this paper: Patrice, M.K., Cosmas, O., Sylvie, M.B., Etienne, M.W., Valentine, N.N. and Alphonse, M.M. (2022) Contribution of the Tobacco Tax to the Financing of Health Systems in Democratic Republic of the Congo. *Journal of Biosciences and Medicines*, **10**, 122-131.
https://doi.org/10.4236/jbm.2022.108011

Received: June 28, 2022
Accepted: August 13, 2022
Published: August 16, 2022

Abstract

Tobacco is an illicit product sold in the world and involves fatal communicable diseases and deaths. In several countries, tobacco revenue contributes to the health of victims. This study aimed to evaluate the contribution of tobacco taxes to the financing of the health system in Democratic Republic of Congo (DRC) during the period of 3 years (from 2019 to 2021) in order to give some suggestions. A descriptive literature review on the tobacco tax was conducted from three tobacco tax collection services: the services of the General Secretariat of Health in DRC (SGSH), the Program of the National Health Account (PNHA) and the General Direction of Customs and Assizes (GDCA). The analysis revealed that no retrocession and no activity covered by the tax collected on tobacco does not contribute to the financing of the health sector, in order to reduce the burden of households already impoverished by diseases caused by tobacco.

Keywords

Contribution, Tax, Tobacco, Health Financing

1. Introduction

Tobacco is the only product in the world that kills half of its users. More than 8 million deaths each year, of which more than 10% are exposed to passive smoking. The tobacco industry with its strategies of tobacco advertising, promotion

and sponsorship, sells more than 6000 billion cigarettes each year and generates an estimated 614 billion USD in revenue [1].

Tobacco advertising, promotion and sponsorship targets non-smokers and youth. Developing countries, especially where advertising and promotion regulations are almost non-existent and where the concept of tobacco risks is vague, are most at risk. Contest tickets to win concert tickets, free gifts after purchasing a certain number of packages, and free tobacco samples, all aimed at young people, have been shown to be effective. Advertising, especially to low-income populations such as youth and the disadvantages are all marketing strategies used by the tobacco industry to sell many thousands of cigarettes. Because advertising is essential to the tobacco industry's continued expansion, the industry uses every means possible to counter decisions and laws that oppose its interests [2].

Indeed, in many African countries, the industry claims that banning tobacco advertising will not reduce smoking, even though a study conducted in 30 developing countries between 1990 and 2005 found that comprehensive bans resulted in a 23.5 percent decline in per capita cigarette consumption. Even more seriously, evidence gathered in recent years shows that the number of young smokers is increasing sharply in many developing countries. The increase in tobacco use is particularly damaging to educational opportunities, financial stability, and family life. In addition, it often results in greater health care costs for households. For example, street children spend a large portion of their income on tobacco, sometimes choosing tobacco over food [3].

In Niger, for example, students spend an average of 40 percent of their income on cigarettes because of heavy tobacco advertising, promotion, and sponsorship. Despite this performance, GDP per capita remains among the lowest in sub-Saharan Africa (US$ 514 in 2014). The informal economy remains a very important sector. It constitutes half of the economic activity countrywide and encompasses nearly all (97%) within the agricultural sector [4].

Currently, the DRC is experiencing mass poverty with large disparities in income levels between urban and rural areas. However, according to data from the 2012-2013 1-2-3 Survey, when looking at overall incidence, income poverty improved between 2005 and 2012. This survey reports that the number of people with jobs is estimated at 27,700,000, nearly half of whom are women. Employment in the tertiary sector (products and services) predominates in urban areas with more than two-thirds of jobs, 83 percent of which are in Kinshasa. The informal agricultural sector employs 59.7% of the workforce. The industrial sector is present with 20% of jobs. Formal sector jobs account for only 11.5% of all jobs. Because of the heavy reliance on the informal sector, the population is faced with a phenomenon of precariousness that accentuates poverty, misery and anxiety in accessing and using basic social services [5].

In order to improve the financing of the health sector, the 2019-2022 Health Development Plan (PNDS) provided for: "Increasing the financial resources available for the health sector" by improving the system of collection and administration of existing revenues, revising the prioritization exercise in the gov-

ernment budget and aiming to increase the health envelope, as well as studying the feasibility of "taxes on products harmful to health" (alcohol, tobacco) at the national and regional level. It is important to remember that harmful products, especially tobacco and alcohol, are part of the "polluter pays" principle. They must finance the health system [6].

The Democratic Republic of the Congo's external debt has decreased significantly since 2010 when the country reached the completion point of the Heavily Indebted Poor Countries (HIPC) Initiative. The external public debt ratio fell from 75% in 2009 to 18% in 2013, following substantial relief in 2010. The economic environment was expected to see some improvement in resources (revenue) from 2019 due to the expected upturn favored by the combination of a rise in the price of raw materials produced by the country, the international market on the one hand and the application of the new mining framework promulgated during the course of this year as well as the various structural measures (including the 28 measures aimed at reviving economic growth) by the government on the other. It must be said that, despite all the economic changes that the country has undergone, the health system in the DRC is still underperforming and 43% of its financing comes from households [7].

At present, several health structures (medical training) function thanks to the payment of care by the patients. It is therefore with income from the care given to patients that most health centers operate. These health care structures, which are operational without any subsidy from the State, should receive support from taxes on tobacco for health problems related to tobacco. Tobacco, which is responsible for cancer and many other preventable diseases, is therefore adding to the burden of paying for health care in households, which is unacceptable [8].

The research undertaken in this survey has produced comparative results that take into account important elements such as the health budget estimate in 3 years, the sources of funding for the health sector, the analysis of tobacco taxes, the impact of funding tobacco taxes on health, etc.

Readers will also discover in the following lines that this study is the first since the DRC joined the WHO Framework Convention on Tobacco Control (FCTC) and responds to the crying need for evidence for advocacy on tobacco taxation in the Democratic Republic of the Congo.

2. Materials and Methods

1) Nature, period, and framework of the study

This is a descriptive desk study of documents containing information on tobacco in the DRC over a 3-year period from 2019 to 2021.

2) Study population and selection criteria

The study concerns the evolution of the tax on tobacco. To this end, the documents on cigarettes in the services of the General Secretariat of Health in the DRC, the National Health Account Program (PCNS) and the General Directorate of Customs and Excise (DGDA) were consulted.

3) Inclusion criteria

All documents on tobacco in DRC during the period of our study were included.

4) Data collection

We collected data on the economic evolution of cigarettes in Democratic Republic of Congo from three services: services of the General Secretariat of Health in DRC (SGSH), the Program of the National Health Account (PNHA) and the General Direction of Customs and Assizes (GDCA).

5) Expected Impact

The expected results will identify the level of contribution of tobacco taxes to the financing of health systems through retrocession to the national program for the fight against drug addiction and toxic substances in order to meet the "polluter pays" principle required for tobacco.

3. Results

From the documents consulted, we collected the following data:

1) On the economic evolution of tobacco in DRC and in Africa is read through Figure 1

Figure 1 provides ample evidence that economic growth in DRC, as in Africa, is experiencing several difficulties. The economic growth in DRC and Sub-Saharan Africa is increasing although some epidemics which have a negative impact on the budgets of many countries. This may be explained by the new strategies of avoiding the casting of incomes and tax evader.

Comments: In light of the data in Table 1, we understand that households contribute 10 times more than the state to health financing. This being the case, households, already impoverished by tobacco, must pay for the care of heart disease, acute vascular accidents, cancers and other non-communicable diseases that have smoking as a determining factor. This situation risks undermining the Universal Health Coverage advocated by the Head of State. This is why it is necessary to reinforce the advocacy in this matter.

a) Demand for health sector financing in the DRC

According to Table 2, the execution rate in the health sector is too low compared to the demand from 2019 to 2021.

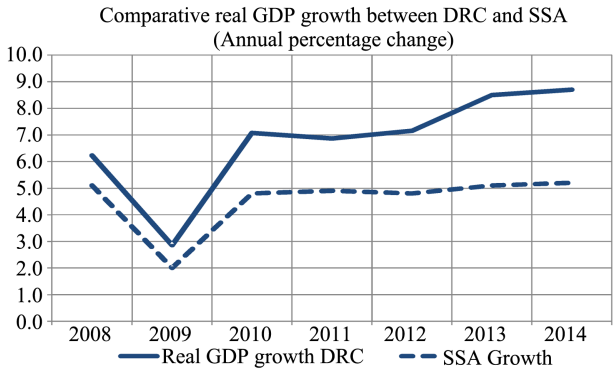

Figure 1. Economic growth in DRC and Sub-Saharan Africa (SSA), 2019-2021.

Table 1. Evolution of current health expenditure from 2016 to 2020.

Source of health financing	2016		2017		2018		2019		2020	
Public Administration	197,333,273	12%	151,592	10%	229,104,864	15%	2,777,002,167	16%	312,434,280	16%
Entreprises	62,862,421	4%	63,868,220	4%	64,890,112	4%	66,187,914	4%	67,511,612	3%
Households	658	41%	692,243,689	44%	705,921,834	45%	748,996,412	42%	852,343,618	43%
NATIONAL NGOS	1,455,158	0%	1,528,359	0%	8,222,418	1%	178,506	0%	1,527,080	0%
Rest of the world	1,621,641,682	43%	1,580,569,898	142%	1,556,175,105	135%	1,785,685,426	100%	1,973,565,070	100%
DCS	1,621,641,682	100%	1,580,569,898	100%	1,556,175,105	100%	1,785,685,426	100%	1,973,565,070	100%

Table 2. Distribution of annual budget requests for the health sector from 2019 to 2021.

Annual requests Years	Years		
	2019	2020	2021
Voted appropriations/Forecast	1056322758843.00	981181938753.00	1477668042748.00
Department's share in % of total budget	11.00	9.77	11.39
Payment/Execution	913682727954.64	1624270757703.16	0.00
Implementation rate	86.50	165.54	0.00
Rate of change in demand	0	−7.113433793	39.88793012

Figure 2 helps to understand that, from 2019 to 2021, the annual budget requests are as follows: 1056322758843.00 CDF; 981181938753.00 CDF and 1477668042748.00 CDF. It may be noted that compared to the 2019 request, the 2020 request had decreased by 7.11% but for 2021 we record an increase of more or less 39.88%. If tobacco tax is respected, this annual budget will increase again.

b) The rate of execution of financing to the health sector in the DRC

VARIABILITY

This point is also important in that it has helped this study to understand how the funding allocated to health contributes to alleviating the burden of households already impoverished by smoking and in income crisis to meet health needs.

The budget execution rate for the health sector, as presented in Figure 3, is 86.50% for 2019 and 165.54% in 2020, while the burden of health care falls even more heavily on households. As tobacco involves morbidity and mortality, a good control and high tax on it may help to resolve this problem.

According to Table 3, tobacco taxes do not contribute significantly to the financing of the health sector. Through the survey, most of these state services have not benefited from the state budget allocated to health, even though they have been programmed. This problem raises other important questions about the execution of the state budget.

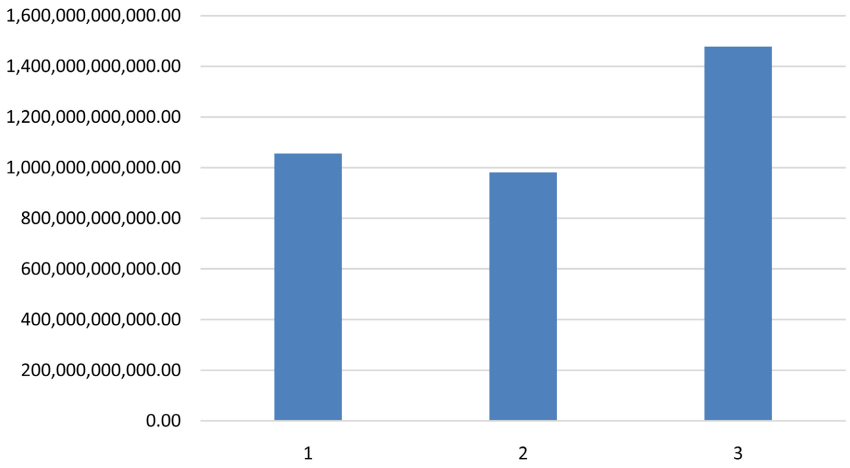

Figure 2. Health sector: appropriations voted/forecast.

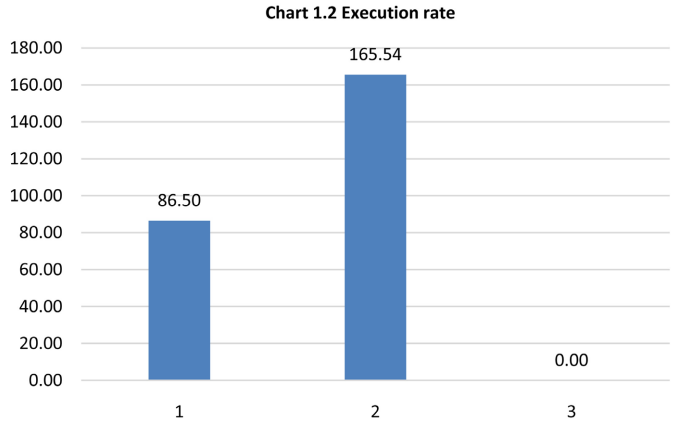

Figure 3. Health budget execution rate.

Table 3. Some acts on tobacco and tobacco products.

Designation of the acts	Fields of action (specific)	Rate in usd
Tax for the destruction of tobacco products (Health/DGDA)	Expired, altered, spoiled, falsified, fraudulent products.	10% of the value of the product to be destroyed.
Various authorizations issued.	Import	5% of the CIF value of the goods per license.
	Manufacture	1% of the ex-factory value
	Export	1% of the ex-factory value
Annual contribution to the prevention and care of health Producer, Importer	Distributor, Importater, Distributor,	1% of turnover payable per quarter.
Annual supervision fee.	Manufacturer	2500.00
	Importater/Exportater	2000.00
	National Distributor/Official (wholesaler)	1000.00
	Provincial Distributor (semi-wholesaler)	500.00
	Retailer (Food, Supermarket)	100.00
	Small retailer (Shop, Kiosk)	20.00

- The disbursement of the budget allocated to health?
- The lack of consideration for health priorities?
- The low level of commitment?

An in-depth study of this matter will shed more light on the execution of the budget allocated to public health.

c) The increase in demand with the Covid pandemic 19

This survey also analyzed this situation to better understand the effects of Covid-19 on the financing of the health system during and after the pandemic.

With regard to the amending Finance Act No. 20/019 of December 24, 2020, which sets the demand for the health sector at 981181938753.00 CDF, this shows a decrease of 7%, but it is in the implementation of the said Act that the effects of Covid-19 can be seen, with an overrun of 65.54%, *i.e.* an implementation of 1624270757703.16 CDF (165.54%); this is justified by the contribution of external partners of 1. 070558322920.92 CDF, or 65.91% in terms of investment from external resources. It should be noted that this external contribution represents an implementation of 291.89% in relation to the commitments of partners entered in the Finance Act, which amounted to 366806733185.00 CDF.

2) The appropriateness of the tobacco tax as a source of health financing

Table 4 revealed that the country currently collects several tobacco revenues, which are summarized in the table below

Through Figure 4, all these different incomes (revenues) collected by DRC financial administration, the year 2020 have experienced the exponential growth.

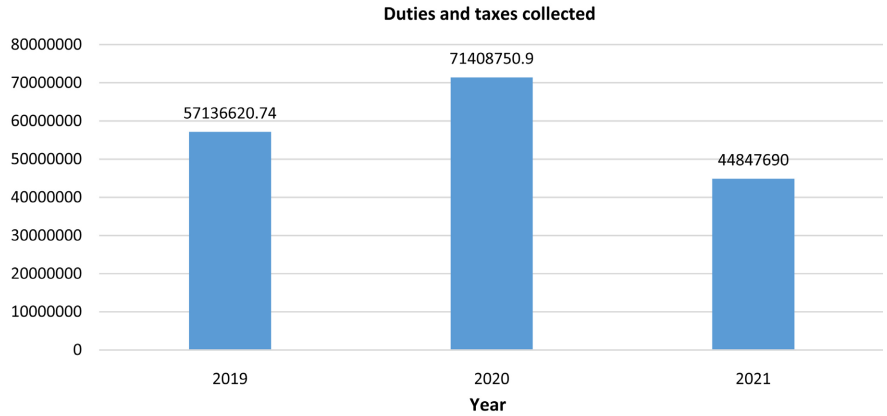

Figure 4. Different incomes and the evolution of duties and taxes collected by the public treasury.

Table 4. Evolution of duties and taxes collected by the public treasury.

Annual Variation	Rights and taxes	Absolute variation	Variation in %
2019	57136620740.00	-	-
2020	71408750899.00	14272130159.00	25%
2021	44847690.00	26561059956.00	−37%
Total variation totale 201-2021	−12288929197.00	−22%	

4. Discussion

1) The impact of the tax on tobacco in the financing of the health system in the DRC

Tobacco is a product that responds very well to the "polluter pays" principle, which stipulates that tobacco is at the root of many health, environmental, financial and other harms and that it should take responsibility for its damages.

Indeed, the revenue generated from tobacco taxes should contribute to the financing of the health sector, especially by supporting the fight against non-communicable diseases (NCDs), to which tobacco is a major contributing factor [9].

Up to this point, the National Program for the Fight against Drug Addiction and Toxic Substances (PNLCT), which has tobacco control as one of its responsibilities, does not receive any funds from tobacco taxes to improve its means of control [10].

The discussion in this study focuses on the fundamental questions raised initially in this research, including

a) The identification and analysis of different sources of health sector financing

Following the example of other countries, the survey allowed us to identify exactly the sources of financing for tobacco products in the DRC and that several other innovative acts initiated by the Ministry of Health are to be added to the nomenclature.

Nevertheless, the analysis reveals that the health sector had been more funding during the Covid-19 pandemic and after Covid-19 the health will need are still enormous.

Health financing is still precarious and households contribute over 43%.

b) The collection of the tobacco tax as a source of financing for the health sector in the DRC

Yes, tobacco is an important source of financing for universal health.

In the DRC, although this source is important, its exploitation suffers from several problems, namely

- The non retrocession of the fees collected on tobacco control taxes to the Ministry of Health;
- Several acts on tobacco not integrated in the public finance law;
- Little research on this important issue and several non-transparent data from the financial administration services etc.

These problems make the management of the funds collected from tobacco taxes opaque, which until now have not been retroceded to public health as in other countries.

It is therefore necessary to deepen the issue in DRC through other studies and advocacy.

c) The identification of collection services in the DRC's financial administration

The DGDA and the DGRAD are identified as the main services that collect tobacco taxes.

Unfortunately, none of these services retrocedes to the public health sector [10].

An interministerial decree is needed to mobilize the health sector.

d) Health system activities covered by tobacco tax revenue

Health system activities are not covered by the tobacco tax in the DRC.

Today, the tobacco tax is an opportunity to mobilize funds for the health sector in order to finance Universal Health Coverage for the Congolese.

The issue of tax collection on tobacco products and the financing of the health system is a capital question requiring evidence for the creation of innovative funds to support Universal Health Coverage in the DRC. It is part of the polluter pays principle because tobacco products and their derivatives are at the root of the very high morbidity and mortality [11].

This first cross-sectional study in this area of tobacco control has provided a snapshot that will allow researchers to deepen with appropriate analysis in order to strengthen the advocacy for increased taxes on tobacco.

This research had 3 main stages:

- The development of the protocol and its validation;
- The collection of data in the services concerned;
- Data analysis and presentation of results.

5. Conclusions

From 2019 to 2021, annual budget requests for the health sector have remained variable with a slight decrease in 2019 and an increase of more or less 39.88% in 2021. The budget execution rate for the health sector, as presented in **Figure 3**, is 86.50% for 2019 and 165.54% in 2020, while the health burden falls even more on households, go figure.

Although they do not cover all the revenue, tobacco taxes are collected in the DRC. Unfortunately, of all these different revenues collected by the DRC financial administration, none is allocated to public health to meet the sacred principle mentioned above "the polluter pays.

Nevertheless, tobacco taxes are an opportunity to finance universal health coverage.

Some relevant assumptions were revealed in this survey, namely

- The non-retrocession of the fees collected on tobacco control taxes to the Ministry of Health;
- The other acts on tobacco not integrated in the public finance law;
- The lack of research on this important issue and several non-transparent data from the financial administration services etc., thus making the management of funds collected on tobacco taxes opaque, which until now has not been retroceded to public health as in other countries.

In light of this research on tobacco taxes and the financing of health systems

in DR Congo, we recommend

- To the Ministry of Public Health, Hygiene and Prevention/PNLCT;
- Continue to advocate for the signing of the inter-ministerial decree (health-finance), which taxes tobacco acts (importation; identification, compliance control, etc.);
- Ask for retrocession on the tobacco taxes currently collected by the DGDA to reinforce tobacco control;
- Reinforce awareness on 100% smoke-free spaces and the ban on tobacco advertising;
- Continue to advocate for the ratification of the protocol on the elimination of illicit trade in tobacco products in the DRC.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

References

[1] OMS (2012) Protocole pour l'Elimination du Commerce illicite des produits du tabac. *COP* 5, Séoul, 12 November 2012, 72 p.

[2] Kane, Y.D., *et al.* (2006) Connaissances des risques liés au tabagisme chez des patients hospitalisés à la Clinique de Pneumologie du CHN de Fann de Dakar. *Revue des Maladies Respiratoires*, **23**, 219-225.

[3] Ruiz, M.L.F., *et al.* (2003) Evolution of the Prevalence of Smoking among Female Physicians and Nurses in the Autonomous Community of Madrid, Spain. *Gaceta Sanitaria*, **17**, 5-10.

[4] Touré, N.O., *et al.* (2011) Le tabagisme chez le personnel médical et paramédical dans quatre grands hôpitaux de Dakar. *Revue des Maladies Respiratoires*, **28**, 1095-1103. https://doi.org/10.1016/j.rmr.2011.03.017

[5] Yazidi, A., *et al.* (2002) Tabagisme dans les hôpitaux de Casablanca: Connaissances, attitudes et pratiques. *Revue des Maladies Respiratoires*, **19**, 435-442.

[6] MSPHP/DEP (2019) Plan National de Développement Sanitaire Recadré (PNDS) 2019-2023. Kinshasa.

[7] MSPHP/PNLCT (2020) Directive 7 sur les produits de tabac enregistrés au MSPHP. Kinshasa.

[8] OMS (2003) Convention carde de l'O.M.S sur la lutte antitabac, initiative pour un monde sans tabac, Appia 20, Genève, Suisse.

[9] MSPHP/PNCNS (2019) Rapport sur les comptes Nationaux de la santé. Kinshasa.

[10] MSPHP/PNCNS (2020) Rapport sur les comptes Nationaux de la santé. Kinshasa.

[11] PNLCT (2021) Directive 7.15. Liste des établissements tabacicoles enregistrés, Ministère de la santé publique, Hygiène et Prévention, Kinshasa.