

NUTRITION FINANCING WEEK

Nutrition for Growth (N4G) Side Event Series

The Fizzy Potential of Fiscal Policies for Nutrition

January 26th 7:00-8:30 am EST



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Kate Mandeville

Senior Health Specialist
World Bank



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Session Objectives

- Inform N4G audience countries and stakeholders of the state of the evidence for fiscal policies for nutrition
- Increase awareness of their potential to improve nutrition

Session Overview

<i>AGENDA</i>	<i>PRESENTERS</i>
Introduction	Kate Mandeville, Senior Health Specialist, World Bank
Fiscal Policies for Nutrition: A Framework	Bethany Warren, Senior Public Health Specialist, World Bank
Fiscal Policies for Nutrition: An Overview	Shu Wen Ng, University of North Carolina at Chapel Hill, USA
Country Discussant	Rasha Alfawaz, Chief Officer for Health Improvement & Promotion, Public Health Authority of Saudi Arabia.
Fiscal Policies for Nutrition: A Vision for the Future	Franco Sassi, Imperial College London, UK
Questions and Answers	Moderated by Kate Mandeville, Senior Health Specialist, World Bank
Dispatch from the Chatbox	Michael Borowitz, Chief Economist, The Global Fund

Bethany Warren

Senior Public Health Specialist
World Bank



Framework of fiscal policies for nutrition

Objective: To create a difference in retail prices between healthy and unhealthy food and drinks



Tax



Subsidy



Incentives



Price control

Promote

Description: Taxes on unhealthy food and drinks

Examples:

- Taxes on SSBs (e.g. Saudi Arabia)
- Taxes on foods high in sugar, salt, or saturated fat (e.g. Bermuda)
- Remove tax exemptions (e.g. British Columbia)

Description: Subsidies for healthy food and drinks

Examples:

- Subsidized fruit and vegetables (South Africa)
- Subsidized tariff on municipal water
- Remove import tariff on fruit and vegetables (Fiji)

Description: Incentives for consumers to buy healthy food and drinks

Examples:

- Fruit and vegetable cash transfers or vouchers (USA)

Description: Price floors on unhealthy food or drinks

Examples:

- Minimum price per gram of sugar in unhealthy products

Demote

Description: Taxes on healthy food and drinks

Examples:

- Exempt healthy food and drinks from VAT or sale taxes (e.g. fruits, vegetables, bottled water)

Description: Subsidies for unhealthy food and drinks

Examples:

- Inclusion of unhealthy products in food subsidy programs (USA)
- Preferential tax rates for advertising of unhealthy products (UK)

Description: Incentives for consumers to buy unhealthy food and drinks

Examples:

- Free refills of SSBs (UK)
- Multibuy promotions on unhealthy products, e.g. “buy one get one free” (UK)

Description: Price ceilings on unhealthy food and drinks

Examples:

- Price caps on household goods includes SSBs (Argentina)

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Fiscal Policies for Nutrition: An Overview



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Shu Wen Ng

Associate Professor of Nutrition

School of Global Public Health,
University of North Carolina at
Chapel Hill



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Fiscal Policies for Nutrition: An Overview

Shu Wen Ng, PhD

University of North Carolina at Chapel Hill

*“The Fizzy Potential of Fiscal Policies for Nutrition”, Nutrition Financing Week (N4G)
26th January 2022*

Fiscal Policies for Nutrition

Create difference in retail prices between healthy and unhealthy foods & drinks

Increase prices to change demand & supply of unhealthy foods & drinks



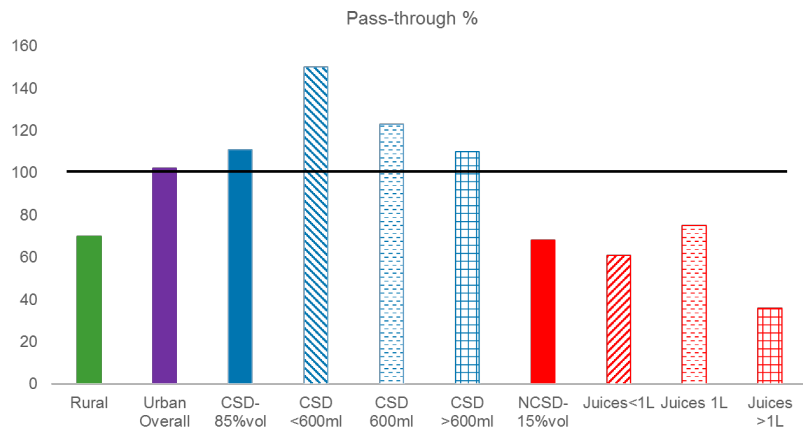
Examples: Mexico, South Africa, US localities

Lower out-of-pocket prices of healthy options



Examples: Simulations, real-world pilots

Mexico: 1 peso/liter Heterogeneous tax price pass-through



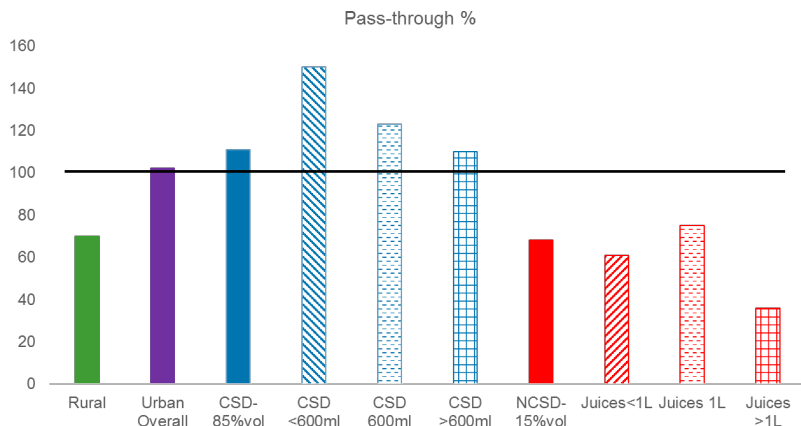
Colchero MA, JC Salgado, M Unar, M Molina, SW Ng, JA Rivera. 2015. *PLOS ONE*; 10(12)

Colchero MA, Zavala JA, Batis C, Shamah-Levy T, Rivera-Dommarco JA. 2017. *Salud Publica Mex*; 59(2):137-146.

Salgado-Hernandez JC, SW Ng. 2019. "Understanding heterogeneity in price changes and firm responses to a national unhealthy food tax in Mexico". *Food Policy*.

<https://doi.org/10.1016/j.foodpol.2019.101783>

Mexico: 1 peso/liter Heterogeneous tax price pass-through



Colchero MA, JC Salgado, M Unar, M Molina, SW Ng, JA Rivera. 2015. *PLOS ONE*; 10(12)
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South Africa: sugar density tax % sugar ↓ > % volume ↓

Larger absolute & relative ↓ among
lower income

1yr post vs pre-announce	Sugar (g/cap/d)	Volume (mL/cap/d)
Taxable – All	-50.8% (-18.9)	-28.9% (-185.2)
Taxable – Lower LSM	-57.1% (-14.0)	-31.6% (229.1)
Taxable – Higher LSM	-44.5% (-8.5)	-26.8% (-156.4)
Non-Taxable	NS	NS

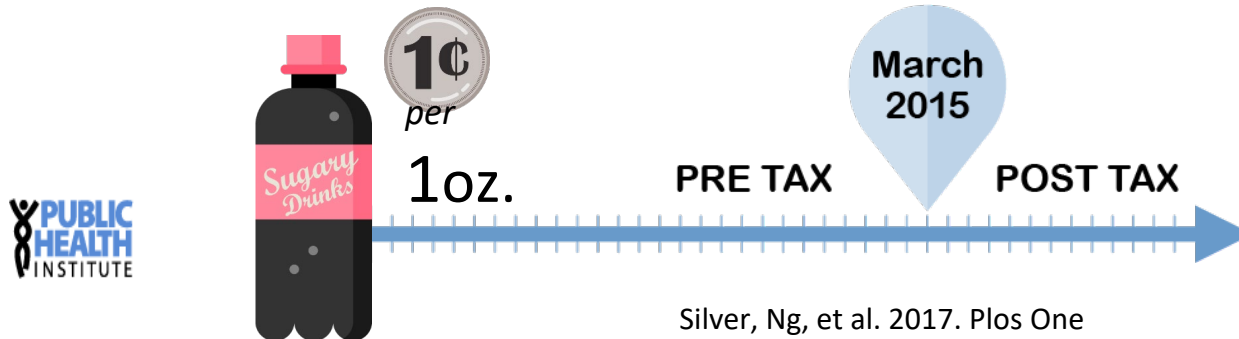
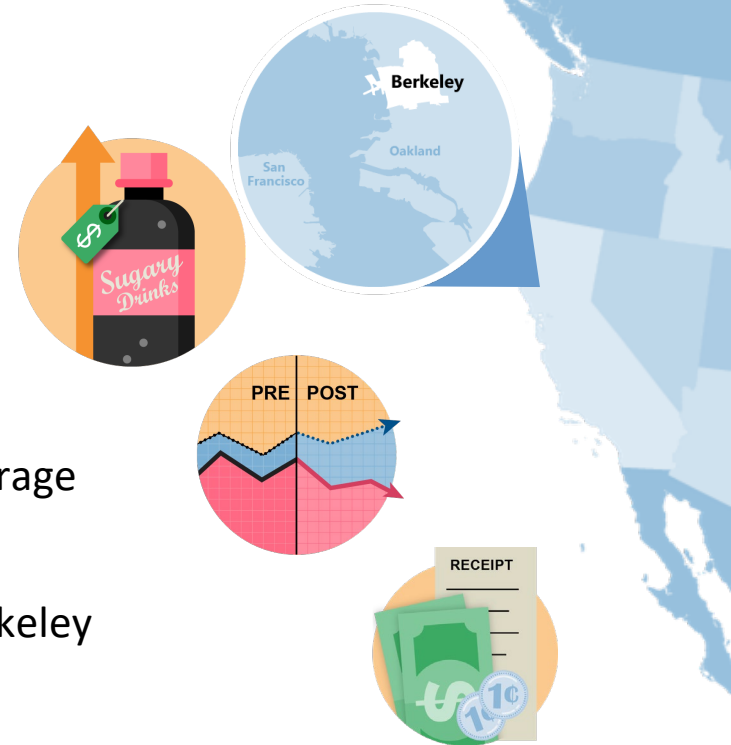
Stacey N, I Edoka, K Hofman, R Swart, B Popkin, SW Ng. 2021. *The Lancet Planetary Health*.
[https://www.thelancet.com/journals/lanph/article/PIIS2542-5196\(20\)30304-1/fulltext](https://www.thelancet.com/journals/lanph/article/PIIS2542-5196(20)30304-1/fulltext)

Win-win-win in Berkeley

Increase in prices of SSBs (but varies by store types)

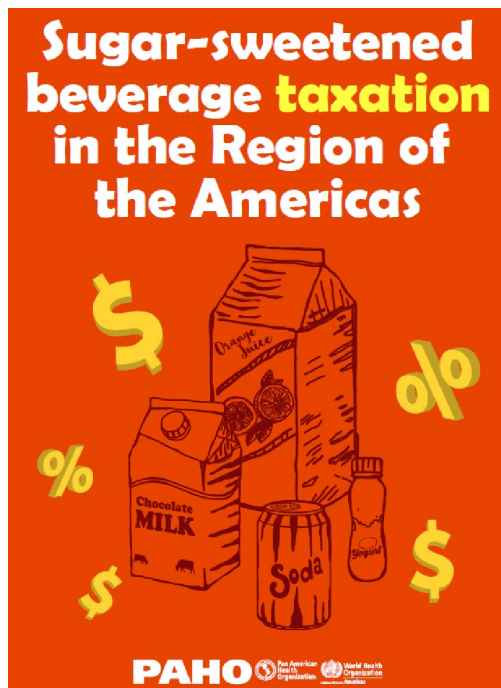
In Berkeley's larger grocery chains, SSB sales fell 10%, but untaxed beverages sales rose 3.5%, such that overall beverage sales rose slightly.

No change in store revenue or grocery bill spending in Berkeley stores



Silver, Ng, et al. 2017. Plos One

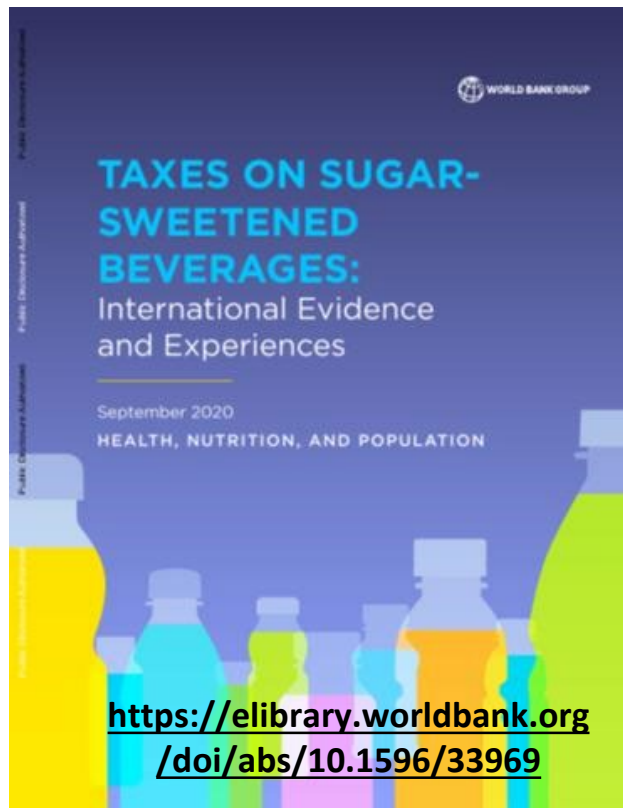
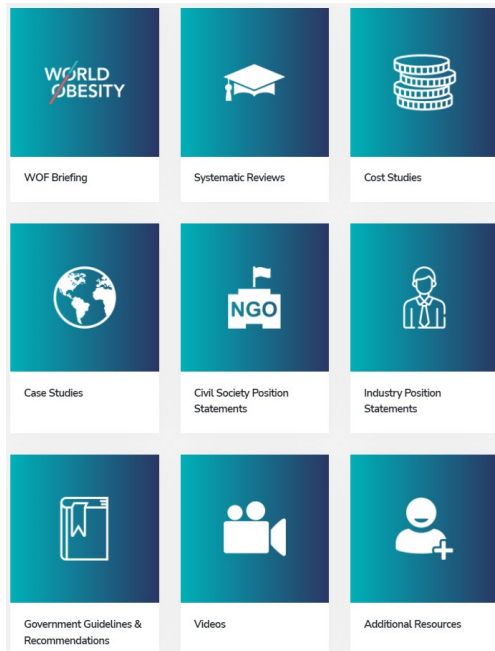
Systematic & Narrative reviews & Meta-analyses



<https://iris.paho.org/handle/10665.2/53252>

<https://doi.org/10.26633/RPSP.2021.21>

<https://www.worldobesity.org/resources/policy-dossiers/>



What do evaluation findings to date suggest?

- Excise taxes are easier to collect, implement and helps with framing
- Industry can pass-through or respond differentially to cost-shift
- Price responsiveness varies (over time & subpops)
- Meaningful taxes if pass-through sufficiently can shift demand for taxed & sometimes untaxed products
- Taxes (+media/education) alone to date is probably not enough to radically slow down and reverse obesity & NCD trends
- No net change in employment
- Context and framing matter

US: How might taxes & subsidies affect demand among high vs low purchasers of SSBs/Fruits & Vegetables (FV)?

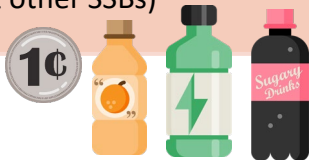
High vs low SSB/FV purchasers may have different demand elasticities

Censored quantile regression



Simulated policies (assume 100% pass-through)

Volume-based 1cent/oz excise tax on SSBs (regular CSD & other SSBs)



Ad valorem fruit & vegetable (FV) subsidy

- 30% for SNAP income eligible only
- 50% for SNAP income eligible only



Combined SSB tax + FV subsidies

SNAP = US's Supplemental Nutrition Assistance Program

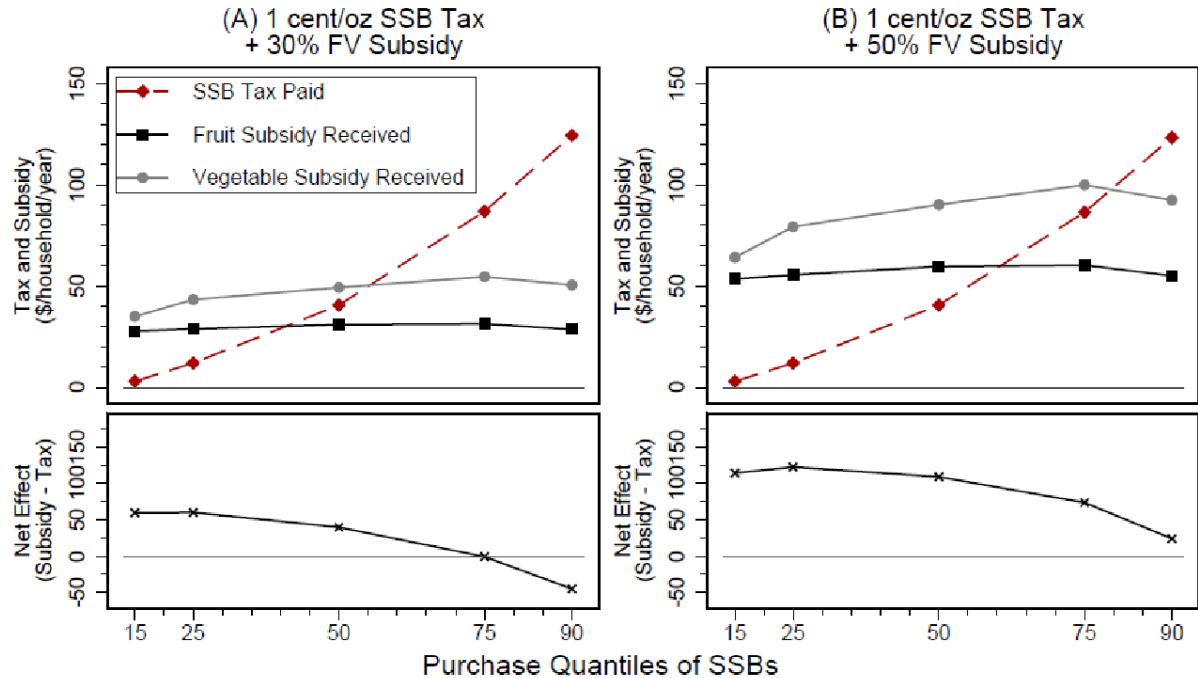
Among SNAP income eligible...

... SSB tax more impactful for higher baseline SSB consumers

... Fruit & Vegetable subsidy balances out 'financial loss' due to SSB tax

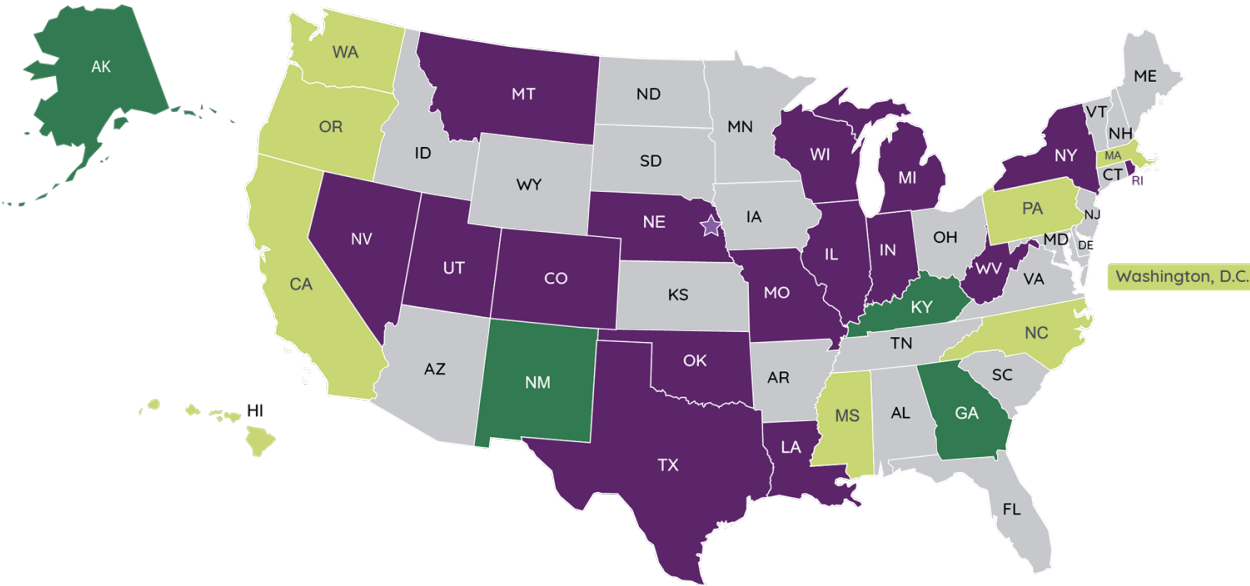
... even among high baseline SSB consumers if subsidies are high enough

(I) 100% Tax Pass-Through



US example (simulations to pilots with evaluations)

GusNIP 2019–2020 Grantees by Project Type



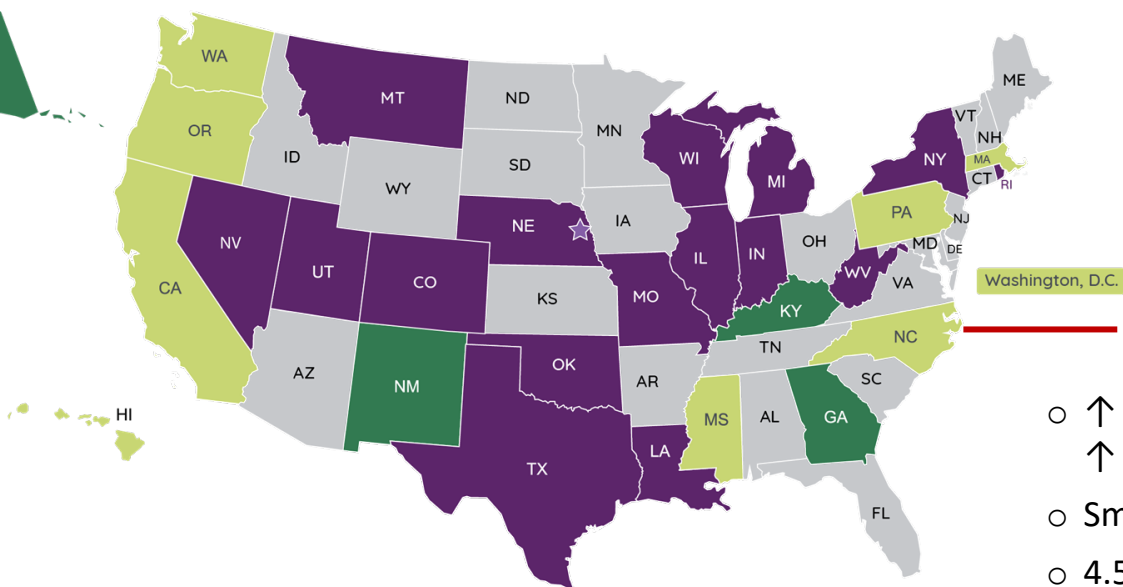
Estimated contribution multiplier:

- 1.1-1.6 for incentives spent at retail food stores (1.1 to 2.9 if scaled state-wide)
- 2.4-3.1 for incentives spent on farm-direct sales (farmers' markets, farm stands, community supported agriculture)

The Economic Contributions of Healthy Food Incentives
[https://www.spur.org/sites/default/files/2021-02/economic contributions incentives 2 2 21.pdf](https://www.spur.org/sites/default/files/2021-02/economic%20contributions%20incentives%202021.pdf)

US example (simulations to pilots with evaluations)

GusNIP 2019–2020 Grantees by Project Type



~ 3,000 SNAP beneficiaries recruited from FQHCs with diet-sensitive health condition receive \$40/month for Fruit & Vegetables (no additives) for 12-24months



- ↑ spending on total FV by ~\$28/month, ↑ total FV by ~1.4 servings/day
- Small ↓ spending on SSB
- 4.5% reduction in the share of their expenditures on foods to discourage

Berkowitz SA, N Curran, S Hoeffler, R Henderson, A Price, SW Ng. 2021. "The Association of Food Purchases with a Fruit and Vegetable Subsidy Program for Low-Income Individuals". *JAMA Open Network*

Produce prescriptions as a form of incentive

- Systematic review & meta analysis of 13 studies show 22% increase in FV intake (+0.8 servings), some health outcomes
- Add to evidence around whether healthy food incentives
 - support healthier diets among targeted population
 - provide other spillover/positive 'wins' for retailers & healthcare cost savings
- If possible, funded through existing mechanisms
 - Scale-ability under federal food assistance programs (SNAP) and/or federal health programs (Medicaid, Medicare, Veterans Affairs, Tri-Care)
 - Under private health insurance
 - State-level options

Moving the needle with what we know

- Unhealthy drink taxes: Have ample evidence, but designs can be further improved if policymakers & politicians commit
- Unhealthy food taxes: to be discussed by Franco
- Healthy food incentives: Early stages, but some evidence already.
 - Need pilots using different mechanisms to improve implementation & reach different subpopulations & context.
 - Options for other settings will vary (e.g., school feeding programs, conditional cash transfers)
- Gaps in knowledge on longer term and intergenerational impacts
- Synergistic impacts with other policies

THANK YOU!



shuwen@unc.edu



[@ShuWenNg](https://twitter.com/ShuWenNg)



www.globalfoodresearchprogram.org

Rasha Alfawaz

**Chief Officer for Health
Improvement & Promotion
Public Health Authority of Saudi Arabia**



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Fiscal Policies for Nutrition: A Vision for the Future



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Franco Sassi

**Chair in International Health
Policy and Economics,
Director of the Centre for Health
Economics & Policy Innovation
Imperial College Business School**

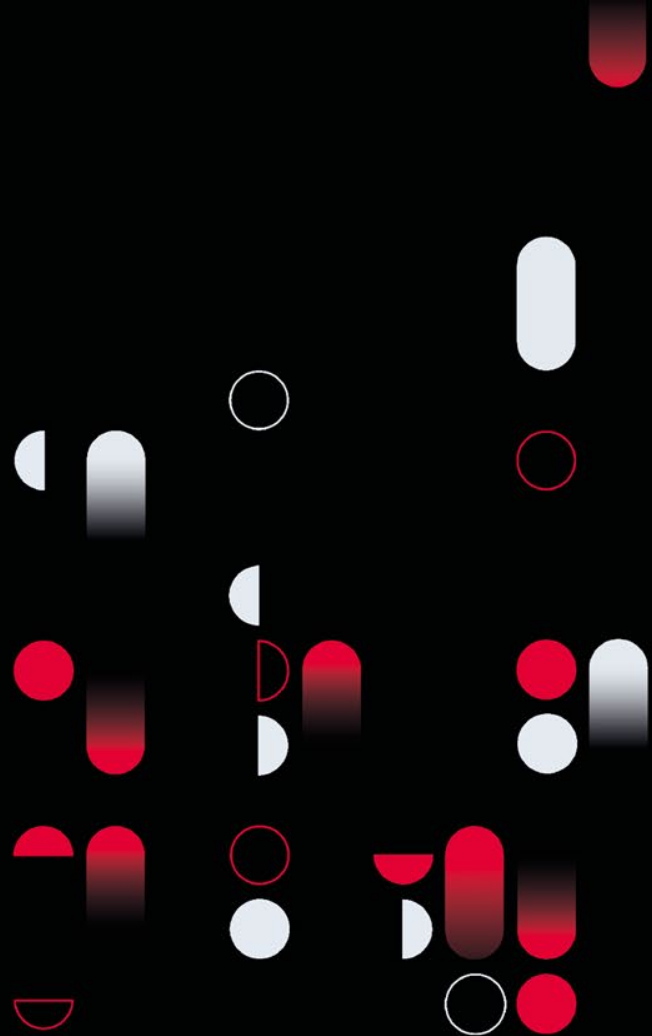


Fiscal Policies for Nutrition: A Vision for the Future

Prof. Franco Sassi

*Centre for Health Economics and Policy Innovation,
Imperial College Business School, London, UK*

“The Fizzy Potential of Fiscal Policies for Nutrition”,
Nutrition Financing Week (N4G)
26th January 2022



Taxes on Sugar-sweetened Beverages (SSBs)

- Being adopted widely
- Good evidence that they reduce SSB consumption
- Initial evidence that a more sophisticated (tiered) design may incentivise beverage reformulation
- But, small difference in people's overall diets, at best

Taxes on Foods High in Sugar, Salt and Fat (HFSS)

- Less talked about, less often evaluated
- Used in a number of small jurisdictions, repealed in three northern European countries, most prominent current examples are in Mexico and Hungary
- Limited evidence base on their impacts
- Impacts on consumption of taxed foods are plausible, but impacts on overall diet are uncertain

Existing HFSS Food Taxes (16 identified)

When implemented?	9/13 in the last 10 years + 3 repealed
What target?	Products containing sugar: 9 (2 repealed) Products containing fat: 5 (1 repealed) Energy dense products: 2 Products containing salt: 2
Tax design	10 ad valorem 6 specific
Tax type	6 import duty (all island states) 8 excise tax 2 VAT/sales tax

Taxes on HFSS Foods

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Health Taxes on Food and Non-alcoholic Beverages

Existing taxes have been revolutionary, and so are the countries that have been able to implement them

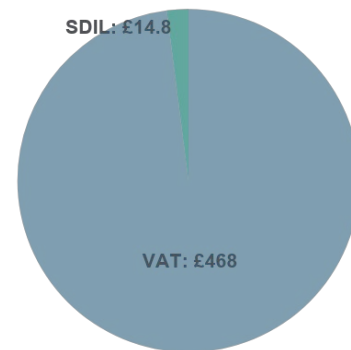
Today, we must build on success stories and take stock of the evidence

Current taxes are small and unlikely to have a big impact on people's diets, the risk of unwarranted substitutions is high

The evidence points to the need for a holistic system of fiscal incentives based on a suitable nutrient profiling model

Working, where possible, within the existing general consumption tax envelope

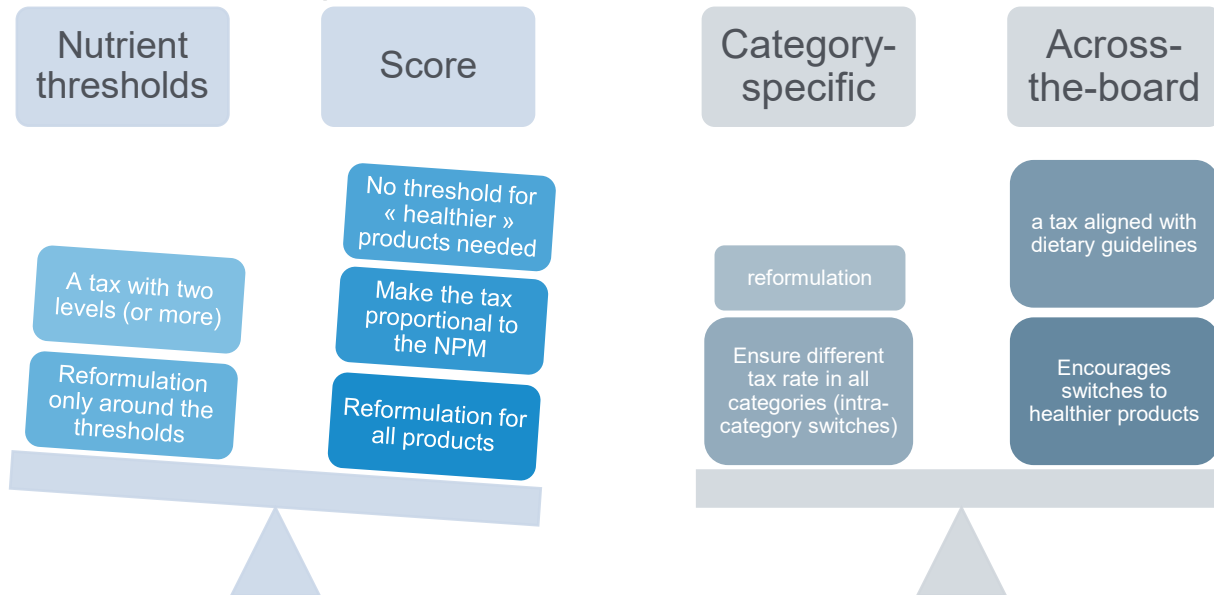
Taxes on food and non-alcoholic beverages paid by a UK household in a year



Source: CHEPI analysis of LCF 2018/19 and NDNS 2016/17

Nutrient Profiling Models (NPMs) and Food Taxation

A NPM is a food classification system based on nutrient composition



Also to consider:

- Nutrients considered in the NPM
- Reference amount (100g/100kcal)
- Availability of nutrients/component used (labels)

A new Vision for Consumption Taxes on Food and Non-alcoholic Beverages

- A single, ad valorem, tax applied to all foods and beverages
- Tax rate differentiation based on NPM scores
- Effective tax rates would vary between individuals (has benefits and risks)
- A salient tax, strengthened by complementary behavioural incentives based on a consistent approach (e.g. food labels, advertising regulation, other nudges)
- Combined with regulatory measures complementary to taxation (e.g., below cost promotion bans; quantity discount bans, etc.)

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Dispatch from the Chatbox



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Michael Borowitz

Chief Economist
The Global Fund



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Thank You!



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