

# Tax on drinks to raise funds for HIV treatment in Uganda

Tuesday 6 November 2018, by [OKIROR Samuel](#) (Date first published: 26 October 2018).

## **Government hails 2% levy on alcohol and water as step towards greater independence from donors**

Taxes levied on alcohol and soft drinks in [Uganda](#) will be used to fund the country's HIV treatment programmes, in a move designed to make the country less reliant on donors.

The government believes \$2.5m a year will be generated from the 2% total tax levies collected from drinks, including beer, spirits and waragi, a local liquor, which will be channelled into a new HIV and Aids trust fund (ATF).

Provision for the fund was included in the [HIV Prevention and Control Act](#), passed in 2014, but the regulations for how it would operate have only recently been passed.

The health minister, Sarah Achieng Opendi, said the move was an innovative and catalytic step towards increasing the government's resources.

"We are happy that finally parliament has approved these regulations [for the fund]. What informed this decision was that [our] HIV response programme is being heavily funded by partners and the international community. The idea was that this is not sustainable," said Opendi.

"We need to have locally generated revenue to deal with the HIV challenge in the country. In the event that there is reduced funding from the international community, we can be able to sustain our own interventions," she said.

At least 68% of Uganda's HIV funding comes from donors, 20% from people living with HIV, and their families, while only 11% comes from the government and 1% from the private sector.

Activists welcomed news that the fund was now operational, although the amount expected to be generated is a fraction of what is needed in the country. According to Karusa Kiragu, UNAids country director for Uganda, more than \$700m is needed each year for HIV treatment and prevention.

"It is true that the ATF will generate limited funds compared to the \$700m-plus needed annually for the Aids response in Uganda. But it is an important step forward," she said.

Sylvia Nakasi, policy and advocacy officer at [Uganda](#) Network of Aids Service Organisations (Unaso), said: "The 2% of the tax on beverages and water to the trust fund is small compared to the need, but it's a start. I believe other options will be identified to grow the fund and address funding

to the HIV response in the country.”

Asia Russell, executive director of the Health Global Access Project, added: “The trust fund will not bridge Uganda’s funding gap – to make a substantial contribution it must be expanded to raise more revenue, for example through progressive taxation such as reversing tax abatement for corporations.

“Uganda must also expand its domestic allocation for health and prioritise funding for life-saving HIV treatment over running a bloated state house.”

Activists have also expressed concern that the fund might be vulnerable to corruption.

“Lives are at stake. The trust fund must be monitored closely, and civil society must blow the whistle at the first hint of wrongdoing.

“A board needs to be appointed to make decisions about how to spend the money,” said Russell.

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### **Samuel Okiror**

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### **P.S.**

The Guardian

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