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**SUGAR-SWEETENED BEVERAGES AND SUGAR-SWEETENED BEVERAGES TAX
IN NIGERIA: A PERSPECTIVE PAPER**

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ABSTRACT

Sugar-sweetened beverages (SSBs) pose a significant public health challenge globally, and Nigeria is increasingly experiencing the burden of their excessive consumption. This perspective paper examines the multifaceted impact of SSBs on public health in Nigeria, the rationale behind the introduction of a Sugar-Sweetened Beverages Tax (SSBT) in the country, and a critical analysis of its effectiveness and potential implications. While the SSBT is a commendable step towards mitigating diet-related non-communicable diseases (NCDs), its current design warrants re-evaluation to maximise its public health and fiscal benefits. This paper advocates for an upward review of the tax rate, accompanied by robust earmarking of revenue for health initiatives and comprehensive public awareness campaigns, to promote a healthier Nigerian population.

Keywords: *Sugar-sweetened beverages, SSB tax, Nigeria, public health, non-communicable diseases, obesity, diabetes, fiscal policy.*

1. Introduction

Sugar-sweetened beverages (SSBs), encompassing soft drinks, fruit drinks, energy drinks, and sweetened teas, are characterised by their high added sugar content and minimal nutritional value. Their widespread availability, aggressive marketing, and cultural integration have led to burgeoning consumption rates worldwide, contributing significantly to the global burden of non-communicable diseases (NCDs) such as obesity, type 2 diabetes, cardiovascular diseases, and dental caries (World Health Organisation, 2023). Nigeria, as Africa's most populous nation, is not immune to this growing public health crisis. Recent data indicate an alarming increase in SSB consumption, with profound implications for the nation's health and economic landscape.

In recognition of this escalating challenge, the Nigerian Federal Government introduced an excise duty of N10 per litre on all non-alcoholic and sugar-sweetened carbonated drinks as part of the 2021 Finance Act, with implementation commencing in June 2022. This policy, known as the Sugar-Sweetened Beverages Tax (SSBT), was primarily aimed at discouraging excessive sugar consumption and generating revenue for healthcare initiatives. This perspective paper examines the existing evidence on SSB consumption in Nigeria, critically assesses the current SSBT, and offers a forward-looking perspective on how the policy can be strengthened to achieve its intended public health objectives.

Analytically, the paper employs a critical policy analysis lens, supported by a structured synthesis of secondary evidence, to interrogate the design and implementation of the SSBT and to marshal context-appropriate recommendations for Nigeria.

2. Methodology / Analytical Approach

A perspective paper is a scholarly piece that provides a unique vantage point on an existing field of study. Unlike other reviews, it does not aim to cover every piece of literature but rather to critically synthesise evidence to support a specific argument or "thesis." In this context, the paper argues that SSBT are not merely a tax but a foundational one for health development necessary for the realisation of Sustainable Development Goal 3 (Good Health and Well-being).

This perspective adopts a critical policy analysis framework, complemented by a structured synthesis of secondary evidence. The analysis focuses on how fiscal measures—specifically Nigeria's SSBT—shape health behaviours and outcomes, with attention to tax adequacy, price

pass-through, revenue earmarking, public communication, and equity considerations. Evidence was drawn from peer-reviewed scholarship, Nigeria's fiscal and public health policy documents, and grey literature from reputable organisations (e.g., health advocacy groups and multilateral bodies), alongside triangulating insights from expert commentary and high-quality media reportage to reflect policy salience and implementation realities between 2022 and 2025.

Evidence was gathered through purposive searches of academic databases and grey-literature repositories, complemented by manual screening of government publications and national newspapers for policy updates and stakeholder positions. Inclusion prioritised materials directly addressing SSB consumption patterns in Nigeria, SSBT design (base, rate, scope), behavioural and fiscal effects, and implications for non-communicable diseases. Extracted information was thematically organised (tax design and adequacy; revenue use and earmarking; behavioural and equity impacts; implementation and communication) and critically appraised for credibility and contextual relevance. Comparative insights from international experience were used as a benchmark to assess Nigeria's approach and to derive pragmatic, locally adaptable recommendations. Limitations include reliance on secondary evidence and the evolving nature of policy implementation data.

This framework outlines the analytical approach and synthesis methods used to evaluate the public health and fiscal landscape of SSBs in Nigeria. The paper adopts a multidisciplinary analytical lens to evaluate the effectiveness of the Nigerian SSBT. These include the Public Health Lens of mapping the consumption patterns of SSBs against the rising prevalence of Non-Communicable Diseases (NCDs) such as Type 2 diabetes, obesity, and hypertension in Nigeria. The Fiscal/Economic Lens was also used in terms of tax elasticity and design, by assessing the current tax structure, specifically the ₦10 per litre excise duty on SSBs.

The theoretical framework or lens that guides the analysis is the analytical tool of Price Elasticity of Demand (PED). The paper analyses how the current tax translates into retail price increases and whether this increase is sufficient to trigger a "tipping point" in consumer behaviour among Nigeria's price-sensitive demographics (Adepoju, 2024).

Another theoretical framework is the Governance and Accountability Lens in the form of Revenue Earmarking, with a specific focus on evaluating the "Rationale for Earmarking," which analyses

the political and social legitimacy gained when tax revenue is transparently reinvested into the health sector towards funding NCD prevention programs.

These two lenses mentioned above were synthesised by employing Evidence-Informed Policy Analysis (EIPA) (Parkhurst, 2017). Secondary data was identified and collected with global benchmarking from other nations. Then thematic analysis of the burden of disease linking Nigerian dietary shifts to SSB consumption was attempted. The paper then employs an Integrative Synthesis method, which combines data from diverse sources (quantitative impact evaluations, policy documents, and case studies). The synthesis process involved the purposeful sampling of relevant materials related to the study to conclude from the paper's perspective.

3. Literature Review

The contemporary landscape of public health in Nigeria is increasingly defined by a double burden of malnutrition, where the precipitous rise in sugar-sweetened beverage (SSB) consumption serves as a primary driver for an escalating epidemic of metabolic non-communicable diseases (NCDs). Recent scholarship underscores that Nigeria has become one of the fastest-growing markets for carbonated soft drinks globally, a phenomenon fueled by rapid urbanisation, aggressive industry marketing, and the relative affordability of liquid sugars compared to nutrient-dense alternatives (Adepoju et al., 2023; World Bank, 2024).

SSBs and NCDs in the Nigerian Context

Research now identifies a significant correlation between high SSB intake and the early onset of Type 2 Diabetes Mellitus (T2DM) and adolescent obesity in urban centres like Lagos and Kano. Scholars have highlighted that the "nutrition transition" in Nigeria is distinct because it is occurring alongside persistent undernutrition, creating a "syndemic" where the healthcare system must simultaneously manage stunting and SSB-induced metabolic disorders (Olatunji & Bello, 2024).

The ₦10/Litre Levy and Fiscal Erosion

The literature following the first full two years of the SSBT implementation (2023–2025) has transitioned from theoretical projection to empirical critique. A recurring theme in 2024 economic analyses is that Nigeria's hyperinflation has effectively neutralised the ₦10 per litre excise duty

introduced via the Finance Act 2021. Ibrahim and Yusuf (2024) argue that the "real value" of the tax has eroded so significantly that it no longer serves as a price deterrent to consumption. Recent behavioural economics research suggests that while there was a marginal "sticker shock" initially, the specific nature of the tax (fixed volume rather than percentage-based) has allowed manufacturers to absorb costs or downsize packaging to maintain price points, thereby bypassing the intended health impact (National Bureau of Statistics [NBS], 2024; Onyekwere et al., 2023).

Global Comparisons and the "South African Model"

Literature from 2023–2025 increasingly points to the South African Health Promotion Levy (HPL) as a successful regional benchmark. Comparative studies demonstrate that Nigeria's flat rate is significantly lower than the World Health Organisation's (WHO) recommended 20% price increase. Experts argue that for Nigeria to mirror the success of Mexico or South Africa, the tax structure must shift toward an *ad valorem* model or a tiered sugar-content system to incentivise product reformulation (Adeyemi et al., 2023; World Health Organisation [WHO], 2024).

The Earmarking Debate: Transparency and Trust

A major gap identified in the 2024 literature is the lack of "fiscal transparency" regarding the utilisation of SSB tax revenue. Political economy analyses have emerged, arguing that public support for the SSBT in Nigeria is contingent upon the visible reinvestment of funds into the Primary Healthcare (PHC) system. The latest perspective papers advocate for a legislative "ring-fencing" of revenues to fund NCD prevention programs, suggesting that without such earmarking, the tax is perceived by the Nigerian public as a purely fiscal tool for revenue generation rather than a public health intervention (Federal Ministry of Health [FMoH], 2024; Smith & Okon, 2023).

Industry Interference and Policy Resistance

New scholarship has documented the sophisticated lobbying efforts of the "Big Soda" industry in Nigeria. Research indicates that industry actors often use narratives of "job losses" and "economic hardship" to stall proposed upward tax reviews. Scholars emphasise the need for independent, locally-funded research to counter industry-sponsored studies that downplay the health benefits of the tax (Uche & Garba, 2024).

Recent scholarship characterises Nigeria's Sugar-Sweetened Beverage Tax (SSBT) as a strategic dual-purpose instrument designed to facilitate demand reduction while generating sustainable revenue for public health infrastructure (Abdulkareem, 2025; Fagbule, 2025; Ifeanyichi et al., 2023). However, critical appraisals suggest that the current fiscal design is suboptimal. The ₦10 per litre flat rate results in only marginal retail price adjustments that fall significantly short of the World Health Organisation's 20% threshold for behavioural change. Empirical modelling suggests that a more aggressive rate—approximately ₦130 per litre—is required to achieve meaningful reductions in per capita consumption. Furthermore, the fixed-rate structure remains acutely vulnerable to Nigeria's inflationary environment, leading scholars to advocate for percentage-based or sugar-density models to preserve the tax's deterrent value over time (Fagbule, 2025).

The implementation landscape is further complicated by robust industry opposition, often predicated on narratives of economic harm and job losses. Global evidence, however, increasingly contradicts these claims, pointing instead to net positive outcomes for national productivity and health. To counter public scepticism and industry pushback, researchers emphasise the necessity of fiscal transparency; specifically, the "ring-fencing" or earmarking of tax proceeds for non-communicable disease (NCD) prevention is identified as a critical mechanism for building public trust and ensuring policy legitimacy (Abdulkareem, 2025; Ifeanyichi et al., 2023).

Finally, contemporary literature warns against "policy isolationism," asserting that the SSBT cannot succeed as a standalone measure. For maximum impact, fiscal interventions must be embedded within a comprehensive multi-sectoral strategy that includes standardised front-of-pack labelling, aggressive nutrition education, and urban planning initiatives that promote physical activity. Without such complementary interventions, the potential public health dividends of the SSBT remain at risk of dilution.

The introduction of the SSBT in Nigeria aligns with global public health recommendations from organisations like the World Health Organisation (WHO), which advocates for fiscal measures to reduce SSB consumption and improve population health. The primary objectives of the Nigerian SSBT were:

- **Demand Reduction:** By increasing the price of SSBs, the tax aims to discourage consumption, particularly among vulnerable populations, leading to improved health outcomes (Fagbule, 2025).

- **Revenue Generation:** The tax is also intended to generate revenue for the government, with calls for these funds to be earmarked specifically for public health initiatives, including the prevention and management of NCDs (Abdulkareem, 2025; Ifeanyiichi et al., 2023).

The current SSBT levies a N10 per litre tax on all non-alcoholic and sugar-sweetened carbonated drinks. While the intent is laudable, its initial design has raised questions regarding its potential effectiveness.

Analysis and Discussion of the Study

The following section provides a critical analysis of Nigeria's Sugar-Sweetened Beverage Tax (SSBT), highlighting design limitations, implementation challenges, and policy implications based on recent literature.

- **Tax Rate Too Low:** The ₦10 per litre levy results in negligible price increases, far below the WHO's recommended 20% threshold for meaningful consumption reduction. Evidence suggests a rate closer to ₦130 per litre (~39%) would significantly curb intake (Fagbule, 2025; CAPPA, 2025).
- **Design Vulnerability:** A fixed-rate tax erodes under inflation, weakening its deterrent effect. Experts advocate for percentage-based or sugar-density taxes to maintain real value (Fagbule, 2025;).
- **Industry Pushback:** Beverage companies oppose the tax, citing job-loss fears, despite global evidence showing net positive economic impacts. Lobbying for graded tax structures adds complexity to implementation (Abdulkareem, 2025).
- **Revenue Transparency Issues:** Civil society demands clear earmarking of SSBT revenues for NCD prevention and treatment to build public trust and maximise health benefits (Abdulkareem, 2025; Ifeanyiichi et al., 2023).
- **Risk of Substitution:** Higher taxes could drive consumers toward cheaper, unregulated alternatives, underscoring the need for complementary measures (Punch Newspapers, 2025).

- Need for Comprehensive Strategy: SSBT alone cannot solve Nigeria’s nutrition challenges. Integration with education, food labelling, healthier alternatives, and urban planning is essential for sustainable impact.

4. Future Perspectives and Recommendations

The above clearly underscore the urgent need for Nigeria to strengthen its fiscal and public health strategies to curb the rising burden of diet-related non-communicable diseases. The current Sugar-Sweetened Beverages Tax (SSBT), while commendable, is insufficient to drive meaningful behavioural change or generate adequate revenue for health interventions. Therefore, the perspective of this paper is that policymakers should consider the following:

1. Upward Review of Tax Rate that is the SSBT to align with global best practices based on the WHO-recommended thresholds to ensure price elasticity discourages excessive consumption.
2. Revenue Earmarking should mandate transparent allocation of SSBT proceeds to fund preventive health programs, nutrition education, and treatment of NCDs.
3. There should be Public Awareness Campaigns towards implementing nationwide education initiatives to shift consumer behaviour and promote healthier alternatives.
4. The implementation of Regulatory Synergy by integrating SSBT with complementary measures such as front-of-pack labelling, restrictions on marketing to children, and incentives for low-sugar product reformulation.
5. There should be robust monitoring and evaluation mechanisms to track tax implementation, consumption trends, and health outcomes to inform iterative policy adjustments. By adopting these measures, Nigeria can leverage fiscal policy as a powerful tool for health promotion, reduce the economic burden of NCDs, and advance progress toward Sustainable Development Goal 3 (Good Health and Well-being).

6. Conclusion

The rising consumption of sugar-sweetened beverages in Nigeria presents a grave public health concern, contributing significantly to the increasing burden of non-communicable diseases. The introduction of the Sugar-Sweetened Beverages Tax is a commendable initial step, reflecting a commitment to safeguarding public health. However, its current impact is limited by an inadequate tax rate and a lack of clear earmarking of revenue. To truly harness the potential of this policy, an

urgent and substantial increase in the tax rate, coupled with transparent allocation of funds to health initiatives and comprehensive public education, is essential. By taking these decisive steps, Nigeria can mitigate the health risks associated with SSBs, fostering a healthier population, and building a more sustainable healthcare system.

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