



The Economics of Tobacco Control Overview



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Objectives

1. Build multi-disciplinary teams of researchers, knowledge brokers and policy makers in generating economic evidence for action
2. Generate rigorous evidence to demonstrate the opportunity that tobacco control provides in LMICs to make an impact on public health and the economic empowerment
3. Engage other donors in opportunities to build individual and institutional leadership in the economics of tobacco control.

Selection Process

- Competitive call for submission of concept notes launched on October 18, 2017 and closed on December 15, 2017.
- 106 concepts notes received, with a good geographic distribution (e.g. Asia, Africa, Latin America and the Caribbean).
- Short listed concept notes reviewed by independent Expert Technical Review Committee.
- 07 projects recommended for funding

Geographic Focus

- Eastern Mediterranean Region (Egypt, Jordan, Lebanon and West Bank)
- Latin America (Argentina, Brazil, Chile, Colombia, Costa Rica, Peru, Ecuador, Mexico)
- **A cross-regional project that covers Mexico, Colombia, India and Philippines**
- Two projects covering West Africa (Nigeria, Senegal, Sierra Leone)
- Two projects covering Vietnam, Philippines and small fellowships across South East Asia

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Mexico, India, Colombia, Philippines

Generate local evidence to demonstrate the impact of higher taxation on health outcomes and poverty using economic tools. The specific objectives include:

- To synchronize local expertise and strengthen research capacity on tobacco economics in each country
- To investigate national and sub-national health and financial protection benefits associated with excise tax increases and compare how these benefits differ by sub-national area (i.e., state, province, etc.) and sex.
- Generate tax diagnostics for each country, and implement them as policy tools to inform decision-making during the planning cycle in each country.
- Determine the factors that influence the uptake and use of data on the impact of fiscal and economic strategies by policy-makers in each country.

Senegal, Nigeria, Sierra Leone (possibility of Ivory Coast and Ghana)

Owing to the limited capacity of member countries to implement complex tax reform in line with these regional directives, further strong country-specific diagnostics are necessary to identify room for change in the framework of the new ECOWAS directive

- Generate local evidence as part of a strong economic rationale to inform fiscal policies and provide policy solutions for tobacco control.
- Employ tobacco-tax simulation models showing the impact of a change in tobacco excise taxes on government revenue and tobacco consumption.
- Explain to policy makers how to use the track and trace systems to control illicit trade and will provide concrete evidence and guidance on the use of earmarking.

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Lebanon, Jordan, West Bank, Egypt

Waterpipe tobacco smoking (WTS) rates in Eastern Mediterranean region (EMR) are one of the highest in the world. Regulatory policies to address tobacco smoking to date largely focus on cigarettes to reduce rates of smoking and smoking related diseases. Evidence to support fiscal policies to reduce WTS is limited. This consortium seeks to:

- Collect information on waterpipe and cigarette smoking prevalence and consumption behaviors.
- Investigating the price elasticity of demand of waterpipe tobacco smoking, vis a vis cigarette as well as the cross-price elasticity of demand for cigarette and WTS
- Understand the impact of fiscal policies on WTS rates, healthcare costs, and national revenue
- Develop a WTS specific toolkit to support researchers in knowledge production and knowledge translation

Philippines and other South East Asian Countries

ASEAN countries are a major transit and transit-destination in the global trade on illicit tobacco including smuggling through free trade zones. But there are challenges measuring the extent of tobacco tax evasion, and where such estimates exist, they often focus on one aspect of tax evasion or do not take into account the multiple forms of tax evasion.

Specific objectives include:

- Generate data on level of evasion, determinants and costs in ASEAN countries, particularly on women from low-income households;
- Pioneer the development of a new tobacco tax evasion index
- Foster a network of policy researchers and economists in tobacco control in Southeast Asia able to produce robust evidence on tobacco tax evasion, and advance evidence-based policy discussions on illicit trade issues;

Vietnam

Vietnam is one of the countries that have the highest prevalence of tobacco use in the world. The Government of Vietnam plans to switch from a purely ad valorem to a mixed excise tax system with an inclusion of VND1000 specific tax in 2020. The effectiveness of this tax policy reform to large extent depend on behavioural responses of tobacco consumers, on market structure and strategic responses made by tobacco companies to influence consumers' behaviour, including pricing strategies.

The project focuses on the following:

- Evaluating the effectiveness of tax policy changes, both ad valorem increases and specific taxes on tobacco consumption;
- Monitoring and analyzing tobacco industry response strategy (if any) and how the tobacco industry response strategy influences consumers' choices and behaviours.

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Argentina, Brazil, Chile, Colombia, Costa Rica, Peru, Ecuador, Mexico

Different studies have shown that in Latin America tax revenues from tobacco barely cover 37% of smoking-attributable health expenditures. However, these studies have not included indirect costs or illicit trade effects, leading to a significant underestimation of the economic and disease burden related to tobacco.

The project will:

- Provide information on the burden of disease attributable to tobacco, in both its health and economic impact, including productivity costs, in 8 Latin American countries
- Provide information on the existing gap in each of these countries between revenue currently obtained from tobacco taxation and the tobacco related economic burden, including illicit trade effects
- Provide information on the expected impact of tax increases in terms of population health benefits and in its economic impact.

Nigeria

Nigeria's fiscal policies for tobacco control appears weak, with a newly approved excise tax rates amounting to an excise tax burden of about 16 percent relative to the 75 percent benchmark recommended by the World Health Organization. There is an urgent need for effective evidence-based tobacco control policies in Nigeria to curb the emerging tobacco use epidemic.

The project will be:

- Estimating the optimal tobacco tax rates and structure
- Assessing the economic costs and impact of tobacco use across different groups as well as cost-effectiveness of tobacco control interventions
- Identifying the impact of tax changes on illicit trade as well as cost-effective measures of curbing illicit trade on tobacco products

Gender Framework

1. Transmission	1. Outcome	1. Policy Tool/Response
<p>Gender</p> <p>↕</p> <p>Age</p> <p>↕</p> <p>Income (and other socio-economic characteristics)</p> <p>↕</p> <p>Time (lifetime and generational)</p>	<p>Smoking incidence</p> <p>↕</p> <p>Illness (disease burden)</p> <p>↕</p> <p>Poverty (catastrophic health spending / income weighted health spending)</p>	<p>Smoking cessation interventions</p> <p>Taxation</p> <p>Regulation (advertising, labelling etc)</p> <p>Illicit trade / access</p> <p>Health care interventions</p> <p>HH economic support (income weighted)</p> <p>Tobacco control policy making processes</p>

Key Questions for Gender Analysis

To what extent does the project generate data/information on the interaction between different

- For instance, is AUB able to tell us how much difference there is in levels of waterpipe smoking across genders for each age group. And can this be broken down into differences for at home waterpipe smoking and café smoking.
- For instance INSP project/GTEC is interested in learning how gender and time (intergenerational) affects poverty. And even then, intergenerational poverty is dependent on smoking incidence and disease burden of current and past generations.

How does a better understanding of these inter-relationships in a context help inform the effectiveness of different choices in the policy tool bag?

- For instance, does AUB's analysis actually tell us that the price sensitivity is lower for café smoking (since it is seen as a social activity and thus “worth more”), but that this sensitivity is different for young women vs older women?
- What does the difference in smoking rates between different age cohorts and across different income levels tell us? Can this be extrapolated to model how much tax rates have to increase with rates of economic growth?

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Gender in policy development

To what extent do policy choices, have to be adapted to gender and other considerations?

For instance, for those groups who are most price sensitive, taxes are extremely cost efficient – but the here also the degree of price sensitivity matters to ensure taxes are appropriately high.

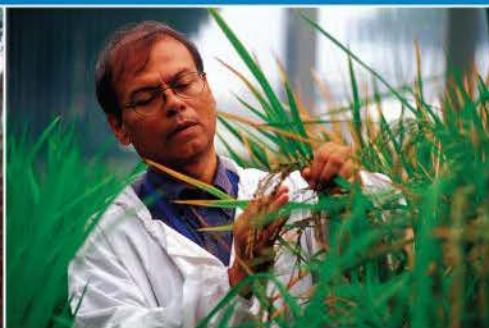
But if there are other elements (for instance smoking seen as a feminist activity) it could depress the price sensitivity and may require a complementary policy intervention.



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