ECONOMICS OF TOBACCO CONTROL: WEST AFRICA

Tobacco tax reforms to promote economic development in West Africa

“Although smoking prevalence in many African countries is low, we need to build a body of evidence to support policy change in tobacco control. Policy change will prevent smoking becoming more prevalent, and from claiming more lives.”

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<tr>
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<td>October 2018 – June 2022 (45 months)</td>
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INTRODUCTION

Africa is vulnerable to the tobacco industry. It has a large and young population, rapid economic growth, a desire to attract foreign investment, and weak tobacco control policies. Although smoking prevalence in many African countries is modest, preventing its rise, especially amongst the youth, remains a huge challenge.

Policymakers are often unaware of the win-win benefits of increased tobacco taxation; that is, increasing government revenues while reducing consumption and improving health outcomes for the population. Furthermore, the tobacco industry is very actively lobbying against tobacco taxes, making spurious cases for the wrong type of tax structure, and propagating false arguments about the likely effects of increased taxation, such as exaggerating the likely incidents of tobacco smuggling. Countries often struggle to counter the industry’s claims that tax increases are going to hurt the poor, lead to job losses, and promote illicit trade.

In a positive step, the Economic Community of West African States (ECOWAS) recently adopted new directives for tobacco taxation. This new framework requires a minimum ad valorem excise tax rate of 50% of cost, insurance, freight (CIF) value on tobacco.

Further strong country-specific evidence is necessary to identify room for change in the new directive and the potential impact of this reform, and to refute the claims of the tobacco industry. It is also essential for these results to be communicated to policymakers to promote effective implementation. The project will complement the research conducted by the Centre for the Study of the Economics of Africa project in Nigeria.
THE RESEARCH

The lead for the project is the Economics of Tobacco Control Project at the University of Cape Town, which has contributed to the development of tobacco tax policies and the illicit trade research agenda in many countries.

This project will entail the close involvement of West African researchers and policymakers in designing the research, implementing it, translating it into specific policy recommendations, country by country, and communicating it more broadly. The team will review literature on tobacco taxes, use appropriate statistical techniques to generate evidence, and support fiscal policies by providing solutions for effective tobacco control policies, tailored to the context of the countries being studied.

Their research will identify:

1. Best practices in tobacco taxation, focusing on the impact of tobacco tax increases on tobacco consumption, government tax revenue and industry pricing of tobacco products
2. The economic impact of tobacco control policies
3. Policy barriers to fiscal measures
4. Financing mechanisms for tobacco control

A strong focus of the project is engaging with policymakers and building partnerships between all stakeholders. This will entail networking activities among the researchers and policymakers from a wide range of African countries.

THE IMPACT

Tobacco control is central to meeting the United Nations 2030 Sustainable Development Goals (SDGs), notably SDG 1—to end poverty—and SDG 3—to ensure healthy lives. The project will generate local evidence to support strong economic arguments to inform fiscal policies and provide policy solutions for tobacco control. This will enable policymakers to understand and make use of the evidence for the adoption and implementation of effective control policies.

The evidence generated by this project will give policymakers a rich understanding of the impact of tobacco control policies within a specific country context, empowering them to make impactful change and increase tobacco taxation. More specifically, the team will analyse the potential impacts of the ECOWAS tax directives on the prices of tobacco products, their consumption, and tax revenues.

The projects’ stakeholder network will also protect against the lobbying activities of the tobacco industry; disseminate lessons learned about how to do the research, as well as how to draw the policy conclusions; and to encourage researchers and policymakers in other countries to engage in similar research.

In the long term, the expected impact of the project is a change in tobacco taxation policy resulting in economic development, improved public health and socioeconomic well-being in West Africa.