

# CRES POLICY BRIEF



RESEARCH PROJECT ON TOBACCO TAXATION IN WEST AFRICA «FISCAL SOLUTIONS FOR MAXIMUM REDUCTION OF SMOKING IN WEST AFRICA»



## COSTS OF SMOKING IN SENEGAL

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### INTRODUCTION

*The consumption of tobacco products provides tax revenues to governments. It also allows a part of the population to have a job in production factories and in the trade of these products. However, it kills more than seven million people worldwide each year. If the current trend of consumption of these products continues, the deaths that will be directly linked to it could double by 2030. More than 80% of these deaths will occur in developing countries (WHO, 2013). In Senegal, as in the other countries of the Economic Community of West African States (ECOWAS), no evaluation is made of the costs of smoking to enable society to compare them with the benefits in terms of tax revenues and employment generated income. It is in order to provide these comparative elements and to enlighten political decision-making on tobacco that CRES conducted a research entitled «Costs of smoking in Senegal». This policy brief reports on the key findings of this research.*

### METHODOLOGY

The evaluation focused on two categories of costs: direct costs and indirect costs. The direct costs are related to the expenditures made by the Government and the patients in the year. They are different on the one hand to medical costs including expenditure on drugs, medical tests and imaging and on the other hand to non-medical costs related to transport, accommodation and catering. Indirect costs are lost revenues due to work absenteeism due to morbidity and loss of income

caused by the patient's death before retirement.

Six groups of tobacco-related diseases were selected from the list of 26 diseases identified by WHO, taking into account their importance in care statistics in Senegal. These include lung cancer, laryngeal cancer, oral cavity cancer, chronic obstructive pulmonary disease (COPD), ischemic heart disease and stroke.

The data used come mainly from the survey of 14 public

hospitals representative of the Senegal hospital card. Data were collected from a sample of 2001 patients treated and their carers during the year 2017. Other sources of data are hospital records and hospital financial and accounting documents, WHO overall disease burden statistics, the Poverty Monitoring Survey in Senegal (ESPS 2011), and the National Statistics and Demography Survey Agency (ANDS).

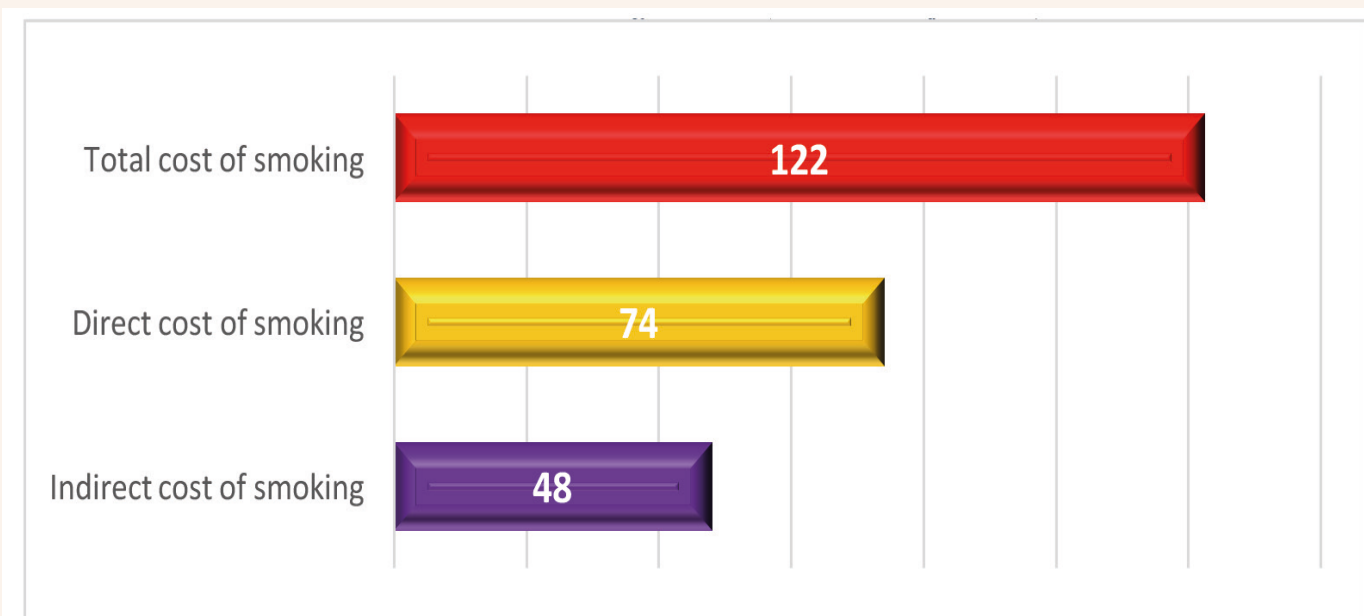
## RESULTS

### *A very high global cost attributable tobacco*

Chart 1 shows that smoking costs FCFA 122 billion to the Senegalese society in 2017. The income losses due to absenteeism of patients and their caregivers at work and those related to

the death of patients before retirement amount to FCFA 48 billion. Direct costs are FCFA 74 billion, divided between direct medical costs (FCFA 69 billion) and non-medical ones FCFA 5 billion).

Chart 1 : The total cost attributable to smoking in 2017 (in billions of CFAP)



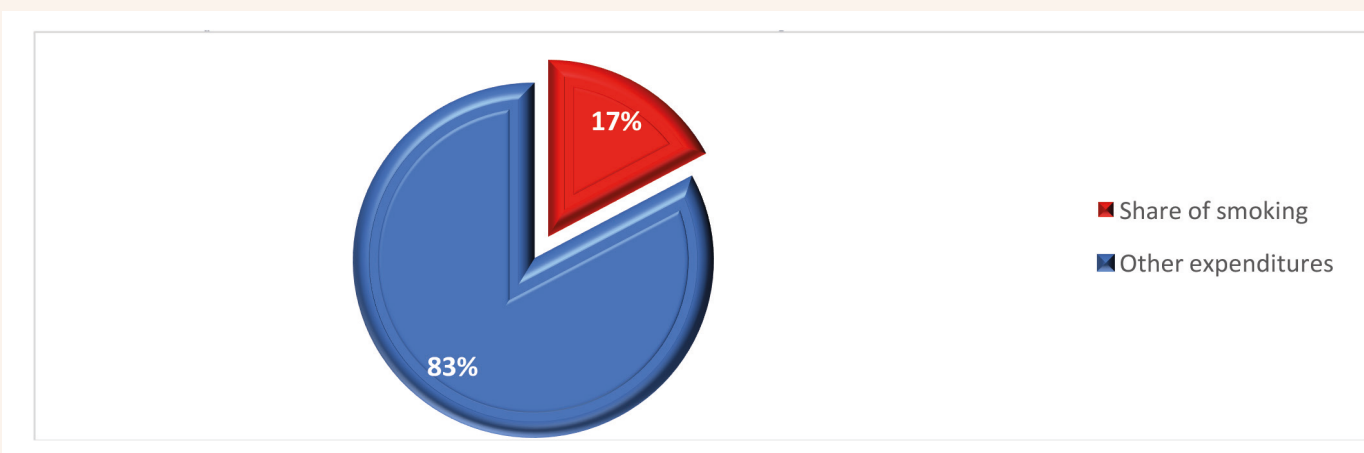
Source: Survey of the Costs of Tobacco-Related Diseases in Senegal, CRES, 2017.

### *A significant part of the health budget used to cure smoking-related diseases*

If we consider the part of the direct costs of smoking supported by the Government, 51 billion FCFA, we notice that it represents a large proportion of the national budget allotted to the

health sector. Chart 2 shows that 17% of this budget are used to treat patients with non-communicable diseases caused by tobacco products.

Chart 2 : Share of Direct Cost Attributable to Tobacco in Public Health Expenditures

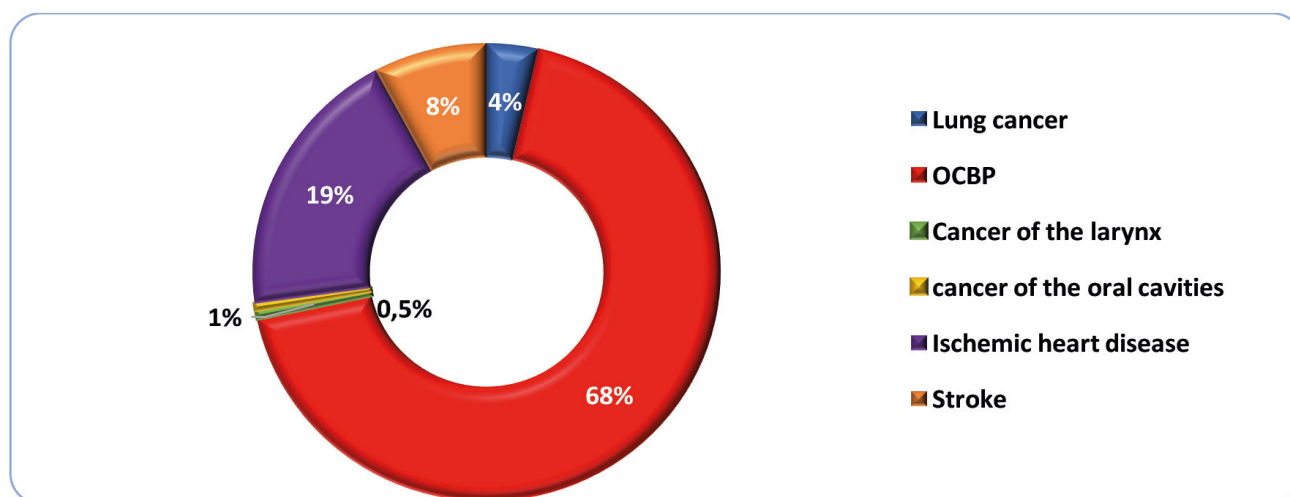


### Lower costs for cancers

When we examine the distribution of the costs attributable to tobacco among the six selected diseases, it appears that the largest share is due to OCBP (Chart 2). Their treatment represents 68% of this total cost. This predominance is due to their higher prevalence compared to other diseases. Ischemic heart disease is the second

group of tobacco-related diseases, constituting 19% of the total cost. Cancers have the lowest share of the total cost of smoking. Lung cancer, of which tobacco is the main risk factor, constitutes only 4% of the total cost. Patients suffering from this cancer are usually diagnosed very late.

Chart 3 : Share of cost attributable to tobacco by disease

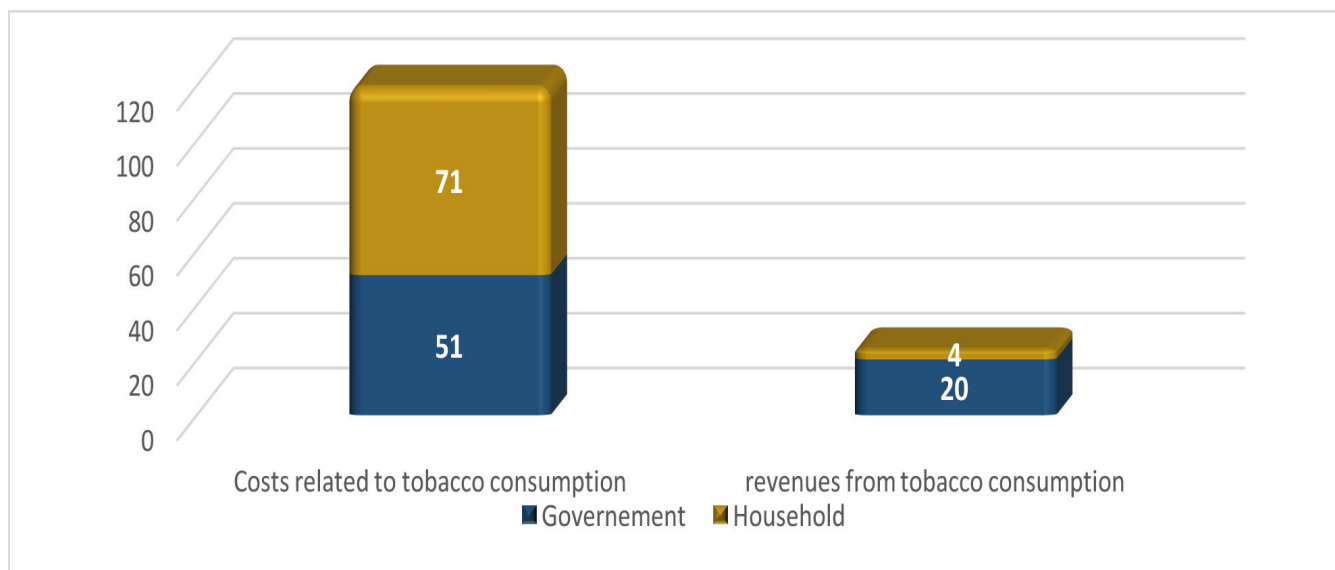


Source: Survey of the Costs of Tobacco-Related Diseases in Senegal, CRES, 2017.

### Costs well above the contributions of the tobacco industry

The consumption of tobacco products contributes to the economy through the tax revenues collected, the payrolls distributed and the commercial benefits derived from their commercialization. If we stick to the first two sources of revenue, the government tax revenue from tobacco products was 20 billion FCFA and the payrolls distributed by the tobacco industry 4 billion FCFA. Thus, smoking cost CFA 123 billion to the Senegalese society in 2017 while it brings only 24 billion FCFA francs. If the total cost is broken down by category of economic agents, households bear a larger share of the total costs of smoking than the government. They lose 71 billion FCFA annually, while the government loses only 51 billion FCFA.

Graphic 4 : Annual cost and income from tobacco consumption in Senegal (in billions of FCFA)



Source: Survey of the Costs of Tobacco-Related Diseases in Senegal, CRES, 2017.

### **Recommendations**

The results of this research make it possible to formulate three main recommendations.

- 1) Senegalese government must regularly increase taxes on tobacco products in order to discourage their consumption and collect tax revenues at a level that makes it possible to offset a large part of the costs.
- 2) The government must enforce non-tax measures such as the ban on smoking in public places, the ban on advertising on tobacco products, the posting of health warnings on cigarette packets.
- 3) Civil society organizations, as well as companies need to educate people and workers about the dangers of tobacco use.

The Research Center for International Development (IDRC) has funded the Consortium for Economic and Social Research (CRES) to conduct an action research on the taxation of tobacco products. This phase is entitled "Tax solutions for an optimal reduction of smoking in West Africa". One of the objectives of this phase was to evaluate the costs of tobacco-related diseases in Senegal.

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