

GETTING THE PRICE TAG: COSTING ACTION AND INACTION ON TOBACCO CONTROL

FACT SHEET

Tobacco control efforts are directly aimed at reducing tobacco use and the associated diseases and early deaths, but tobacco use also imposes enormous indirect and opportunity costs impacting country economies.

There is a common misperception that reducing tobacco use is solely the responsibility of Ministries of Health whereas, in reality, a whole-of-government and whole-of-society approach is essential for tobacco control to be successful.

An effective **strategy to get the attention of all units of a government** is to calculate the cost to the economy associated with the tobacco epidemic and compare this figure with the cost of implementing policies and programmes to address it.

Having clear and reliable answers to the following questions helps to make the case for tobacco control as a national priority:

- How is tobacco use affecting our country's economy and economic growth?
- How much does it cost for good faith implementation of the FCTC?

The costs of the tobacco epidemic

The economic toll of tobacco use is devastating at global, national and household levels. The most obvious costs are for treating the diseases caused by tobacco: cancers, heart and lung diseases and myriad other non-communicable diseases (NCDs). However, these **direct costs** of increased healthcare expenditure are only part of the picture.

In addition, there are the **indirect costs** of the lost productivity due to illness and premature death, fire

COP6 DECISION 17

In October 2014, the Convention Secretariat, WHO, UNDP and the World Bank were requested:

- to continue to develop **comprehensive tools to cost WHO FCTC implementation** and make them available to Parties to be used at country level, adapted to the national context;
- to develop and make available **a methodological tool to assess the economic impact of tobacco use** on the disease burden and health systems, as well as other related social, environmental and economic costs affecting poverty and development, including the health and economic costs of not controlling tobacco consumption.

damage, environmental damage and the intangible suffering of the victims and their families. Finally, there are the **opportunity costs**, as every household and society gives up the opportunity to buy something important when valuable resources are spent on tobacco.

Quality data on how much tobacco use currently costs national economies is important. This data should be accompanied with **projected future costs** should current trends in tobacco use continue and no action is taken to curb it.

These projected estimates are particularly important for settings where the tobacco epidemic is spreading fast, such as Asia and Africa, and in countries where the government is taking on increasing responsibility for health care costs.



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Building on previous work, the World Health Organization (WHO) published in 2011 the **Economics of Tobacco Toolkit**¹ to provide step by step guidance on different techniques to estimate smoking-attributable mortality, morbidity and health-care expenditures.

The tool provides alternative estimation techniques, recognising that in many countries data is limited. More recently, additional toolkits have been published on other important aspects of economic analysis².

Costs of tobacco control

The WHO Framework Convention on Tobacco Control (FCTC), together with its guidelines, provides the basis for national tobacco control legislation and action plans. But every plan to implement and enforce legislation needs a budget if it is to be put into practice. Some useful work has been done in this area and needs to be translated into action at country level.

WHO developed **a tool for financial planning** (over the period 2011-2025) to forecast resource needs for NCD prevention, including tobacco control³. The tool is intended to “enhance traditional budgeting mechanisms in countries and provide new information to development agencies about the resources needed to tackle the growing burden of NCDs”⁴.

To date, the tool has been used to produce a global ‘price tag’ for a set of ‘best buy’ NCD interventions, in 2011. According to the WHO website, work is underway to incorporate an NCD component into a much bigger **costing tool called OneHealth**, a collaboration between many UN agencies⁵.

¹ WHO. 2011. Economics of Tobacco Toolkit: Assessment of the Economic Costs of Smoking. Available at: http://whqlibdoc.who.int/publications/2011/9789241501576_eng.pdf

² World Bank (2013): Economics of Tobacco Toolkit: tool 2-7

³ WHO. 2011. Scaling up action against non-communicable diseases: How much will it cost? Available at: http://www.who.int/nmh/publications/cost_of_inaction/en/

⁴ *ibid*, p. 5

⁵ More information is available at: <http://www.who.int/choice/onehealthtool/en/>

⁶ WHO. 2011. Scaling up action against non-communicable diseases: How much will it cost? p.17

Calculating return on investment

Conveying the cost of inaction, and action, to policy-makers and to the public are both important exercises. The impact of both figures is multiplied if they can be used together to emphasize the cost-effectiveness of tobacco control measures.

With these data at hand, the tobacco control community will be better equipped to advocate for accelerated implementation of the FCTC and to counter the arguments of the tobacco industry.

The total annual cost of four population-based demand reduction measures of the FCTC, including overall programme management and media support, was projected to be US\$0.6 billion for all low- and middle-income countries, or US\$0.11 per capita⁶.*

*smoke-free policies, tobacco taxes, package warnings, advertising bans

International commitments

At the last major international meeting on tobacco control – **the sixth session of the Conference of the Parties (COP6) to the FCTC** – governments recognised the need to further develop these economic arguments.

The FCTC Secretariat, WHO, World Bank and the UN Development Programme (UNDP) were asked to continue to develop various economic tools that can be used at country level⁷. Unfortunately, no budget was allocated, nor was a timeline established to guarantee that these tasks will take place⁸.

To fulfil COP6 commitments, the FCTC Secretariat and other inter-governmental organisations will need to step up their work and ensure that the developed tools can be easily applied in countries of different socio-economic levels, using already existing data.

⁷ COP6 decision FCTC/COP6(17)

⁸ COP6 decision FCTC/COP6(27)