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Tobacco Consumption and Household Expenditure in Togo: Unveiling the Economic Impact and the Need for Targeted Anti-Smoking Interventions



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Key Takeaway

The consumption of tobacco in Togo has significant economic and health implications, with a particular impact on low and middle-income households in rural areas. The study “Effet d'éviction de la consommation du tabac sur les dépenses de ménage au Togo” reveals that tobacco expenditure displaces essential household spending on housing, cooking energy, hygiene, education, and entertainment. The study recommends targeting anti-smoking initiatives towards low- and middle-income rural households, implementing a mixed taxation system for tobacco products, strengthening measures against illicit tobacco trade, and improving the availability of recent, detailed statistics on tobacco and its derivative products for informed policy decisions.

1. The issue

Tobacco consumption is a significant public health concern with far-reaching economic and social implications. In Togo, the prevalence of smoking is not insignificant, with rates estimated at 0.9% among women and 10.6% among men aged 15 to 49 years.

Beyond the well-documented health risks associated with tobacco use, including lung cancer, heart disease, and stroke, the economic impact of tobacco consumption is also substantial. The economic cost of smoking in Togo is estimated at 2,410 million FCFA. This cost is composed of direct costs related to healthcare expenditure, such as hospitalizations and treatments for smoking-related illnesses, and indirect costs related to productivity loss due to morbidity and premature mortality.

Moreover, tobacco consumption can have a significant opportunity cost for households, particularly those with modest incomes. Money spent on tobacco can displace essential household spending on items such as food, education, healthcare, and transportation. The addictive nature of tobacco can lead users to permanently alter their consumption habits and the allocation of their often-limited financial resources.

Despite the existence of some research on the topic, most studies on tobacco in many parts of the world do not focus on determining the nature of the displacement that occurs due to tobacco-related expenditure. In Africa, there are relatively few empirical studies providing evidence in this regard. This scarcity of work on the topic seems to be pronounced in Togo. The question of whether tobacco expenditures tend to displace essential household expenditures is therefore relevant to be examined.

2. Key findings and implications

Effects of tobacco expenditures on the housing, cooking energy, hygiene, education, and entertainment:

The study found that tobacco expenditures have a displacement effect on the budget shares allocated to housing, cooking energy, hygiene, education, and entertainment in Togolese households. Specifically, an increase of 1000 FCFA in tobacco expenditure leads to a reduction in the budget shares allocated to these five expenditure categories, ranging from 0.00003 for entertainment to 0.009 for housing.

Effects of tobacco expenditures on food:

In addition, tobacco expenditures were found to stimulate the share of food in the household budget. An increase of 1000 FCFA in tobacco expenditure increases the food budget share by 0.006. However, the changes induced on the budget shares are generally very small, likely due to the low proportion of tobacco-consuming households in the overall sample (5.44%) and the low average annual household expenditure on this product (1582 FCFA, or only 0.07% of total expenditures).

Effects of tobacco expenditures on information and communication, transportation, health, clothing, alcohol, and gambling:

The study also found that tobacco expenditures have no effect on the budget shares allocated to information and communication, transportation, health, clothing, alcohol, and gambling.

The displacement effects found in the study imply that tobacco expenditures limit Togolese households' ability to afford housing, cook food properly, maintain hygiene, improve their education level, and engage in entertainment. These limitations can have negative consequences on the well-being of household members, including insecurity against climatic hazards and other dangers, lack of comfort provided by housing equipment, malnutrition-related diseases, sanitary consequences due to lack of hygiene, reduced chances of human capital accumulation, and negative impact on mental health and cognitive abilities developed through games and entertainment.

Need for targeted efforts in the fight against tobacco use:

The study's findings underscore the need for targeted efforts in the fight against tobacco use, particularly among low- and middle-income households in rural areas.

These households are most affected by the displacement effects of tobacco expenditures and are typically faced with multidimensional poverty constraints due to the lack of health, education, and transportation infrastructure.

Implementation of a mixed taxation system for tobacco and its derivative products:

Furthermore, the study supports the implementation of a mixed taxation system for tobacco and its derivative products. Such a system would be more effective than the current ad valorem tax system and would lead to a significant reduction in smoking prevalence in Togo. By constraining households to reduce their tobacco expenditures, they would be able to increase their budget shares allocated to housing, cooking energy, hygiene, education, and entertainment.

3. Main policy recommendations

Target anti-smoking efforts towards low- and middle-income rural households:

The study found that the displacement effects of tobacco expenditures are most pronounced among low- and middle-income households in rural areas. Therefore, anti-smoking efforts should be directed towards these households. This could involve tailoring awareness campaigns to rural areas and specifically targeting influential peer networks within these communities, such as groups of friends, families, neighbors, or entire villages.

Implement a mixed taxation system for tobacco and its derivative products:

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Strengthen the fight against illicit trade in tobacco products:

The study recommends strengthening the fight against illicit trade in tobacco products by improving the control of their mandatory secure marking. This would involve enhancing monitoring and enforcement mechanisms among distributors across the country.

Improve the availability of recent and detailed statistics on tobacco and its derivative products:

The study highlights the need for more recent and detailed data on tobacco and its derivative products. It recommends conducting a national survey specifically dedicated to collecting data on these products. This would provide reliable indicators for tracking the results of anti-smoking efforts and inform future policy decisions.

4. Further reading:

For more detailed information, please refer to the full study:

Effet d'éviction de la consommation du tabac sur les dépenses de ménage au Togo [*Crowding-out effect of tobacco consumption on household expenditure in Togo*]

[<https://caderdt.com/wp-content/uploads/2022/04/Rapport-sur-leffet-deviction-de-la-consommation-de-Tabac-sur-les-depenses-de-menage-au-Togo.pdf>]



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**THE AFRICAN CAPACITY BUILDING
FOUNDATION (ACBF HEAD OFFICE)**

2 Fairbairn Drive, Mount Pleasant, Harare, Zimbabwe
Tel: (+263-242) 304663, 332002
Cell: +263 772 185 308 - 10
E-mail: root@acbf-pact.org

**ACBF REGIONAL OFFICE,
WEST & CENTRAL AFRICA**

3rd Floor, The Rhombus, Plot 24 Tumu Street,
Kanda Estates, Accra, Ghana
Tel : +233 540122013
E-mail : accra@acbf-pact.org

**ACBF REGIONAL OFFICE,
EAST & SOUTHERN AFRICA**

ACK Garden House, 2nd Floor, 1st Ngong Ave, Nairobi, Kenya
Tel: +254 (20) 5160052
Cell: +254 727 116 276
E-mail: nairobi@acbf-pact.org



www.acbf-pact.org