

## Economics of Tobacco/Rockefeller Foundation Application

- The primary aim is to set up a two-year research/technical assistance program that would provide support to country-level and regional work on the economics of tobacco/tobacco control in southeast Asia; key topic areas include (but are not limited to):
  - estimating the price and income elasticity of cigarette and other tobacco product demand, ideally using both aggregate and individual level data (the individual level data would be particularly useful for looking at key subpopulations such as youth, the poor, and others)
  - estimating the impact of other factors on the demand for tobacco products, including tobacco control policies, tobacco industry advertising and promotion, socioeconomic/demographic factors, and others, again using aggregate and individual level data if possible
  - issues in globalization including the impact of liberalization of trade in tobacco and tobacco products on tobacco use and tobacco growing and manufacturing; examining similar issues related to privatization of domestic tobacco monopolies and/or entry of tobacco multinationals
  - examining the macroeconomic implications of tobacco growing/manufacturing and of tobacco control; this includes, for example, looking at the impact of higher tobacco product taxes and stronger tobacco control policies on employment in tobacco farming, tobacco product manufacturing, wholesaling/retailing, etc; estimating the inflationary impact of higher tobacco taxes; and more
  - estimating the gross and net health care costs associated with tobacco use, including the public vs. private shares of these costs
  - examining equity issues related to tobacco use and tobacco control, including the differential impact of tax increases on different income groups, the contribution of tobacco to the health gaps between the rich and the poor, the differential health benefits of higher tobacco taxes and other tobacco control efforts, and more
  - examining the impact of tobacco use on household expenditures looking, for example, at tradeoffs between spending on tobacco and spending on food and other necessities, particularly among the poor
  - examining issues related to smuggling, including estimating the share of current tobacco product consumption originating in the illegal market and estimating the impact of higher tobacco taxes and other control policies on smuggling
  - other topics to be determined based on consultations with key participants from the region
- Much of the work that would result would take place at the country level, with the particular foci varying across countries; some work would also be done at the regional level, as appropriate
- The key countries for now include Thailand, Malaysia, Vietnam, and Cambodia; other countries in the region would be invited to participate in regional meetings/workshops and, depending on funding from other international agencies, may eventually become more active participants
- The first major "product" would be a regional meeting in 2001 (most likely April/May) as follows:
  - the meeting would be a workshop/training session on conducting economic analyses of tobacco/tobacco control, with separate training "sessions" on the various topics listed above
  - training sessions would employ existing "toolkits" (such as that being developed by my colleagues and I at the World Bank that covers issues related to obtaining/preparing data, estimating demand, issues in tobacco

- taxation, equity issues, macroeconomic issues, and smuggling) and other standard approaches wherever possible, would use software that participants would have access to in their research, and would include some opportunities for some 'hands-on' work with the software/data
- some topics would require the development of comparable "tools" (such as for tobacco trade liberalization/globalization/privatization, estimation of gross/net health care costs), perhaps in collaboration with the World Bank, WHO, and other international organizations
  - model studies would be identified and included as part of the training materials
  - model research programs would be highlighted, perhaps in a series of case-studies (some are under development - such as for South Africa and Poland; others could be developed for presentation at the workshop); these might include the well-developed work being done in China, South Africa, and for those that are successful, the work supported by the World Bank/WHO that has begun in a number of other countries (Poland, for example)
  - based on preparatory work and on what happens at the workshop, participants would develop a research plan that both addresses their particular country's priorities and is feasible given existing data/resources
  - plans for followup/ongoing technical assistance would be developed during the workshop
  - workshop participants (40-50 persons) would include:
    - several experienced researchers with appropriate expertise for leading the training sessions (possibly Ken Warner, Teh-Wei Hu, Iraj Abedian, David Merriman, Prabhat Jha, and Henry Saffer)
    - researchers with appropriate interests/background from the region (people with good empirical skills, economics training, etc, but not necessarily any background in tobacco research)
    - policymakers from the region
    - NGOs from the region
    - Others?
  - Followup to the workshop would include providing ongoing technical assistance to those in the region conducting the economic research; this could be based on the NET.C model that would involve
    - a web-site containing the various tools, model research studies, model case-studies, key reference materials, links to useful data sources and other relevant web sites, annotated bibliographies, and other helpful information
    - a CD-ROM containing key studies, toolkits, etc. could be developed and disseminated to those conducting the economic research
    - the researchers who led the training sessions and others with appropriate expertise being available for consultation via e-mail/telephone
    - a peer-review process for reviewing manuscripts based on the research resulting from the workshop/funding, electronic dissemination of revised papers through on on-line research paper series
    - a seed grant program that would include peer review by the core researchers and that would provide limited funds for exploratory/pilot research that would result in a larger research proposal to the Rockefeller Foundation, RITC, WPRO, SEARO, World Bank, and/or other international organizations funding this type of research
    - development of a regional center for technical assistance, with some limited seed funding
    - additional meetings, as needed; these would include technical assistance meetings for key government officials that would involve local/regional researchers and others, as well as a limited number of experts on the economics of tobacco

- These activities would be conducted in close collaboration with the Action on Smoking and Health/Thailand initially, and with other appropriate regional organizations, as they are identified over time
- The budget for this would include funds (through a grant to UIC on which I would serve as Principal Investigator/Project Director) for:
  - PI time (approximately 10 percent per year for two years)
  - Project Coordinator time (approximately 50% in year 1; 25-50% in year two)
  - Honoraria for core researchers (Warner, Hu, Abedian, Jha, Merriman, Saffer)
  - Travel costs for PI, project coordinators, core researchers
  - Travel costs for subsequent technical assistance meetings
  - Limited funds for web site development/construction
  - Office costs (telecommunications, postage, basic supplies)
  - Funds for seed grant program
  - Seed funding for regional technical assistance center
  - Limited indirect costs (8-9% of total direct costs)
  - Total costs for the two year program would amount to an estimated \$300,000-\$400,000, depending on the size of the seed grant program and costs of other components