

## Red Sur-UIC Call for Papers:



### Accelerating effective tobacco taxes in Latin America



DEADLINE extended until JANUARY 22, 2018

The South American Network on Applied Economics/Red Sur<sup>1</sup> and the Health Policy Center of the University of Illinois at Chicago (UIC), opened a call for papers (CfP) on “**Accelerating effective tobacco taxes in Latin America**”.

The objective of this CfP is to increase understanding on effective tobacco tax policies. In Latin America (LA), there have been important tax reforms with the goal of reducing tobacco consumption. However, as tobacco products have become more affordable, these reforms have often fallen short of the intended purposes; and further increases have been blocked by concerns about potential negative economic impacts from tobacco tax increases, which are often fuelled by vested interests. Research commissioned under this call will examine these economic impacts and aim at action-oriented policy proposals based on solid, local evidence.

**The objectives of this call for research proposals are the following:**

- 1) To produce evidence-based research on the impacts of increased tobacco tax policies in Latin America.**
- 2) To disseminate this evidence to policy makers and civil society actors.**

This CfP will fund one research study per country in 5 countries (Argentina, Brazil, Ecuador, Mexico and Peru) with a contribution of USD 35,000 for each in-country research institution, over a maximum period of 8 months (from March 1<sup>st</sup> until October 31, 2018).

For inquiries concerning the content of this CfP please contact Red Sur’s coordination office at [coordinacion@redmercosur.org](mailto:coordinacion@redmercosur.org)

**Submission deadline for proposals is January 22, 2018 at 23.59 hrs.** (Montevideo, Uruguay, GMT -3). Proposals with all required documents should be submitted electronically to [coordinacion@redmercosur.org](mailto:coordinacion@redmercosur.org) with the subject line: **Accelerating Effective tobacco taxes in Latin America**.

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<sup>1</sup> **The South American Network on Applied Economics/RED SUR (Red Sudamericana de Economía Aplicada)** is an independent research network of institutions. For more information see: <http://www.redsudamericana.org/>

## 1. RATIONALE

Every year, about 7.2 million people worldwide die from tobacco use with the vast majority of deaths in low- and middle-income countries. Smokers face a three times greater risk of death compared to non-smokers in similar conditions, resulting in an average loss of at least a decade of life. The harms and dangers of tobacco use accumulate slowly, but quitting smoking produces quick benefits.

Annually, tobacco use costs the world's economies over US \$1.4 trillion in healthcare expenditures and lost productivity. According to the World Health Organization (WHO), tobacco-related illnesses generate high costs for health systems in the region. The cost is estimated to be close to \$33 billion, equivalent to 0.5% of the region's gross domestic product (GDP) and 7% of all Latin America's spending on health services each year. So far, the tax revenue from the sale of cigarettes does not cover half of these costs (World Bank Group 2017).

Tobacco taxes arise in this context as a tool that has the particularity of potentially aligning the objectives of public health and fiscal policymakers. Significant increases in tobacco taxes can curb morbidity, mortality and the cost associated with the tobacco consumption. Evidence from around the world shows that higher taxes and prices lead tobacco users to quit; deter former users from restarting; prevent young people from taking up tobacco use; and even reduce consumption among those who continue to use. The WHO estimates that a 50% tax increase in all countries would prevent about 11 million premature deaths caused by tobacco use

Despite the reductions in tobacco use that follow tax increases, country experiences across the globe show that significant tobacco tax increases lead to increases in revenues. This happens because tobacco taxes account for only a fraction of tobacco product prices (less than half in many countries) and because the reductions in tobacco use are smaller than the increase in price given the addictiveness of the nicotine contained in tobacco products.

Increasing the tax on tobacco could improve the health of the population, increase fiscal resources, and reduce health expenditure, which in turn, if financed with public funds implies an increase in fiscal funding. Tax increases on tobacco products could also benefit the more vulnerable groups. Tobacco tax increases have the greatest impact in reducing tobacco use among young people and low-income populations. Young people are two to three times more sensitive to tax and price increases than adults, which is particularly important given that nearly all tobacco users start during adolescence or as young adults. Similarly, low-income tobacco users are more susceptible to the damaging health impacts of tobacco use because they often lack access to health care and services. Faced with higher taxes and prices, these users are more likely to quit or cut back on their use of tobacco.

Despite considerable evidence supporting higher tobacco excise taxes, policymakers have been slow to adopt such taxes. This failure is largely driven by concerns about potential economic consequences from tax increases and the lack of a close and unbiased examination of several policy options that could be successfully implemented to address any underlying concerns. Currently, few countries are implementing the WHO recommendation to discourage tobacco use by imposing excise taxes on tobacco that account for at least 70% of the final consumer price. Recently, Chile and Argentina have reached this minimum, but both countries present some of the most affordable cigarettes in the world.

## 2. RESEARCH SCOPE

The proposed study should rely on original in-country research from one of the following countries: Argentina, Brazil, Ecuador, Mexico and Peru. Based on the information that already exists in the 5 focus countries, research proposals should identify new areas of research to fill in-country evidence gaps in one of the following areas:

- Alternative strategies for reducing affordability of tobacco products, such as indexation of taxes to offset inflation and rising incomes, incremental increases, etc.
- Social and economic costs of tobacco use, including healthcare expenditures, lost productivity, etc.
- Supply side effects of increased tobacco taxes, including labor, farming, and/or manufacturing impacts.

- Impacts of increased tobacco taxes on inequality, in particular progressivity and poverty impacts of tobacco production and use.
- Use of tobacco taxation as an instrument to reduce tobacco consumption targeted to support achievement of the Sustainable Development Goals (SDGs).
- Tax administration and compliance aspects related to tobacco taxation including tax avoidance, evasion and illicit trade.

### 3. REQUIRED RESEARCH OUTPUTS

The resulting papers will be published as Red Sur - Country Research Institution - UIC/Tobacconomics Working Papers, and their main conclusions and policy recommendations will be part of Policy Briefs and a Regional Comparative Study containing policy recommendations towards effective tobacco tax policies in LA.

### 4. ELIGIBILITY

Eligible countries for this CfP are Argentina, Brazil, Ecuador, Mexico and Peru. This CfP is open to research centers/institutions and think tanks based in the countries of each study. Institutions from other LAC countries or other regions do not qualify. However, researchers from other regions can participate with research teams from proposing institutions in the 5 target countries.

Research institutions may present proposals individually or jointly with other institutions from the same country.

For administrative purposes, RED SUR will request that each institution signs a letter of agreement, which will require a separate budget per institution, with the [format and guidelines](#) required in this call.

### 5. SELECTION

The selection will be carried by a panel formed by experts from Red Sur and UIC. The selection process will be finalized by February 12, 2018.

### 6. FUNDING

**The funding for each research project is USD 35,000.** This includes all research costs, a minimum of USD 1,500 for the purpose of dissemination of the findings and the organization of in-country stakeholders' meetings, and a 10% of indirect costs for the research center/institution presenting the proposal.

In addition, Red Sur will cover the costs (travel and accommodation) for at least one member of the research team to two technical workshops.

### 7. PROPOSAL PRESENTATION REQUIREMENTS AND DOCUMENTATION

**Submission deadline for proposals is January 22, 2018 at 23.59 hrs. (Montevideo, Uruguay, GMT -3).** Proposals with all required documents should be submitted only electronically to [coordinacion@redmercosur.org](mailto:coordinacion@redmercosur.org) with the subject line: *Accelerating effective tobacco taxes in Latin America*.

In order to participate in this Call, **research institutions based in Argentina, Brazil, Ecuador, Mexico and Peru should submit a proposal in English, Spanish or Portuguese**, including:

1. A Summary (half a page).
2. The proposal's objectives (general and specific).
3. A justification of the policy relevance of the research and analysis of the proposal's policy implications.

4. Methodology and data sources (explained in detail). The methodology should also include the strategy for the implementation of the proposals of the studies.
5. Expected products and results.
6. Plans for national debate-workshop on research findings with policy makers and civil society actors, explaining which stakeholders may be involved and the institutional capacity to it.
7. Activity plan.
8. The composition and background of the research team. Please attach CVs and clearly label relevant experience. Maximum 3 pages per researcher.
9. Bibliography.
10. Project budget in a separate document following the suggested [format available here](#).

The proposal **shall not exceed four thousand words** (excluding CVs, budgets and bibliography).

## 8. MILESTONES

- Deadline for submission of proposals: January 22, 2018.
- Expected communication of selected proposals: February 12, 2018.
- Research initiation: March 1<sup>st</sup>, 2018.
- Kick off research workshop: March, 2018.
- First draft of country studies: June 29, 2018.
- Final version of country studies: October 31, 2018. The maximum duration of the research projects will be of 8 months.
- Final workshop and in-country stakeholders' meetings: Dates to be defined.

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--[Access a broader bibliography list here](#)--

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