

Tobacco Taxation Factsheet: The Gambia



Population: 2.3 million

Country income classification: Low-income

Regional economic affiliations: Economic Community of West African States (ECOWAS)

Sources: World Bank Population Totals, 2018 and World Bank Country and Lending Groups, 2019.

Tobacco use causes more than 8 million deaths globally each year, with more than 80% of the world's smokers living in low- and middle-income countries. The cost of tobacco in West Africa, both in terms of the negative impact on public health and the economy, will continue to grow if governments do not take decisive action to limit its use. Increasing tobacco excise taxation is the most effective way to reduce tobacco consumption and improve health outcomes, while also raising government revenues. This factsheet examines the case for increasing tobacco taxation in The Gambia.

Source: World Health Organization Tobacco Factsheet, 2019.

Smoking in The Gambia: The Facts

Smoking prevalence



Among adults (aged 15 and over)



Among youth (aged 13–15)

Source: WHO Report on the Global Tobacco Epidemic, 2019.

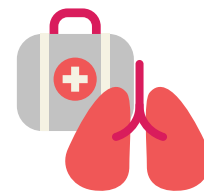
Attributable deaths



More than
500 deaths
each year from
tobacco-related illnesses

Source: Tobacco Atlas, 2018.

Cost to society



\$5 million
each year, international \$ PPP

This includes the direct cost of healthcare, as well as loss of productivity due to mortality and morbidity resulting from tobacco use.

Source: Goodchild, Nargis and d'Espaignet, 2018.

Note: International purchasing power parity (PPP) is a currency conversion method that accounts for differences in purchasing power and cost of living across countries.



Price of a pack of cigarettes

	Local currency	International \$ PPP
The Gambia	GMD 60	\$4.66
South Africa	ZAR 37.34	\$6.01
United Kingdom	GBP 9.40	\$11.98

Source: WHO Report on the Global Tobacco Epidemic, 2019.

Note: All prices are for a pack of the most sold brand in each country in 2018. International purchasing power parity (PPP) is a currency conversion method that accounts for differences in purchasing power and cost of living across countries.

Affordability

The price of a pack of cigarettes cannot be considered in isolation. Affordability measures the price of cigarettes relative to income. For example, if incomes increase faster than cigarette prices, then cigarettes are becoming more affordable. From 2008 to 2018, cigarettes became less affordable in The Gambia. To have a positive public health impact, cigarettes should continue to become less affordable over time.

Source: WHO Report on the Global Tobacco Epidemic, 2019.

Tobacco Taxation in The Gambia

The total excise tax on tobacco products in The Gambia accounts for only 33.3% of the average retail price. This is far below the 70% benchmark set by the World Health Organization (WHO). The main reason why the total excise tax burden is so low is due to The Gambia's failure to levy an ad valorem tax on tobacco products, as required by the ECOWAS directive.

The Gambia is one of the few countries in the ECOWAS sub-region to levy a specific tax on tobacco products. A specific tax (per cigarette or kilogram of tobacco) is proven to be straightforward to implement and highly effective in increasing the total excise tax burden. The Gambia's specific tax has gradually increased since 2013 and is now set at GMD 20 per pack – i.e. GMD 1 (equivalent to USD 0.02) per cigarette. In addition, cigarettes are subject to an environmental tax of GMD 2.66 per pack (equivalent to USD 0.003 per cigarette).

Ad valorem tax

Rate charged on import value/
producer price

None

50%

ECOWAS directive

Specific tax

Amount charged per cigarette

GMD 1
Equivalent to **USD 0.02**

USD 0.02

ECOWAS directive



Total excise tax as a % of retail price

33.3%

70%

WHO benchmark

Source: WHO Report on the Global Tobacco Epidemic, 2019 and
World Bank Economics of Tobacco Taxation Toolkit, 2018.

Note: All figures relate to the 2018 tax structure and exchange rate.

Recommendations

To increase the price of tobacco products – and therefore decrease tobacco consumption and the associated costs to society – the Government of The Gambia should:

- **Introduce an ad valorem tax on tobacco products**, with a minimum rate of 50% to comply with the ECOWAS directive.
- **Levy this new ad valorem tax on the retail price** of tobacco products, rather than the import value/producer price.
- **Raise the specific tax rate** at least once each year, to keep pace with increases in inflation and income.
- **Consider investing additional tax revenue raised in tobacco control** and other public health initiatives.

This factsheet is published as part of the Tobacco Tax Reform in West Africa project, a partnership between the International Centre for Tax and Development (ICTD) in the UK, the Research Unit on the Economics of Excisable Products (REEP) at the University of Cape Town in South Africa, and the Consortium pour la recherche économique et sociale (CRES) in Senegal. The project is part of the Economics of Tobacco Control Research Initiative funded by the International Development Research Centre and Cancer Research UK.

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