



EXPRESSION OF INTEREST

Title of consultancy:	Tobacco Taxation for sustainable Health Financing in Kenya-focus on the COVID-19 period.
Type of Contract:	Individual/ Company
Duration of Assignment:	45 working days
Supervisor:	National Coordinator
Date of Issue:	3 rd June 2021
Closing date:	14 th June 2021

I. Introduction/Background

Tobacco Taxation

Tobacco use remains the leading cause of preventable death globally, killing 8 million people every year and contributing significantly to the incidence of noncommunicable diseases. Approximately 80% of deaths attributable to tobacco use occurred in low- and middle-income countries in 2011¹.

In recognition of the global threat posed by tobacco use, the global community under the auspices of WHO had established the Framework Convention on Tobacco Control (FCTC) in 2003. The WHO FCTC provided countries with evidence-based guidelines, international accountability, and technical assistance for tobacco control implementation. The framework outline both demand and supply based strategies to mitigate against tobacco use and exposure.

Article 6 of the FCTC provides for the use of Tax and Price Measures. It has been proven that tax is the most effective measure in reducing tobacco consumption. High tax on tobacco products is effective particularly among the youth and low-income earners. Article 6:2.a state that “implementing tax policies and, where appropriate, price policies, on tobacco products so as to contribute to the health objectives aimed at reducing tobacco consumption.”

¹<https://www.who.int/publications-detail-redirect/9789240019188>

Scientific statistics reveal that chronic diseases contribute about 50% of all hospital admissions in Kenya. They are also reported to cause over 30% of total deaths. Smoking related diseases overstretch the health system that is also overburdened by communicable diseases.

Tobacco business is counter-productive to the health status of a country. It is estimated that for every dollar earned from tobacco revenue, three dollars are used to mop up tobacco related ailments. For instance, Kenya gathers about 5 billion shillings every year as tobacco proceeds but ends up using 15 billion shillings to treat tobacco related diseases in the country²

Without sustainable funding for tobacco control, tobacco deaths are predicted to escalate from the current level of more than six million deaths to an estimated eight million deaths annually by 2030, with most of the preventable death and disease occurring in LMICs³

Kenya and Universal Health Coverage

Universal Health Coverage (UHC) has become a policy priority at both the national and global level. The goal of UHC is to ensure that every citizen has access to quality healthcare services that they need without getting into financial difficulties or, worse, pushed into poverty. The Kenyan government has made a commitment to achieve Universal Health Coverage by 2022. The Country's strong political commitment is embodied in the governments Big 4 agenda that include health care for all as one of the key priorities. The Kenyan government should increase public financing of the health sector from the current 2.2% to at least 5% of the country's gross domestic product as recommended by McIntyre et al (2017) and leverage this to scale up prepayment financing while reducing reliance on out-of-pocket payments. Kenya needs to move away from passive purchasing, and adopt strategic purchasing practices to enhance the equity, efficiency and quality of healthcare service delivery. There has been significant growth in development assistance for health more in particular, development partners committed substantial amounts for the UHC 4 pilot counties. This raise concerns on the effectiveness and long-term sustainability of the development assistance funded priorities for UHC. In spite of these policy ambitions, the government of Kenya has been unable to implement a long-term financial strategy to support its UHC direction. Currently, the total amount of the GDP allocated to the Ministry of Health stands at 7% far from the commitment of 15% as part of the Abuja Declaration. The overall structure of health financing contributions in Kenya has been shown to be regressive⁴

COVID-19

COVID-19 has been a big burden to both developed and developing countries with the number of infections rising every day. As of May 31st, 2021, the outbreak of the diseases had spread to six

² <https://www.scirp.org/journal/paperinformation.aspx?paperid=94149>

³ WHO. WHO Report on the Global Tobacco Epidemic. Geneva: World Health Organization, 2011

⁴ "Measuring Progress towards Development Goal 3.8 on universal health coverage in Kenya." <https://gh.bmj.com/content/3/3/e000904>

continents and almost 3.6million people had died after contracting the disease⁵.he trend in the spread of the disease has unexpectedly overburdened even countries with stable health structures and resources. It is estimated that 85 percent of countries around the world will experience a GDP contraction as a result of the economic impact of COVID-19, amplifying fiscal constraints in general and for the health sector in particular (Tandon 2020)⁶.The disease has also disrupted economic, social and cultural activities forcing governments to act by supporting vulnerable citizens and the sick with among other measures direct cash transfers, tax reliefs, investing more money into the economies as well as revising health insurance schemes. Countries now need to explore smart health financing policies that will help them to rebuild better following COVID-19.

Currently, National Taxpayers Association (NTA) is implementing a 3-year tobacco taxation project with other implementing partners in Zambia, Nigeria, Ghana, and DRC Congo. The project seeks to; a) *Make partners essential and trusted government resource on tobacco tax and tobacco economics* (b) *reduce affordability of tobacco in Kenya* (c) *A broader tax and economic justice community in Kenya supportive of tobacco taxation* (d) *reduce tobacco industry's influence in the development and implementation of tobacco tax policies.*

This study will be instrumental in shaping NTA's advocacy work on matters related to tobacco control in Kenya and health financing. The study will also help deepen the efforts aimed at mainstreaming tobacco control as a health issue in Kenya and Africa at large.

II. Purpose of the consultancy

Kenya has made efforts to reduce the use of tobacco and tackle its serious consequences, particularly tobacco related diseases. It actively participated in the negotiation of WHO Framework Convention on Tobacco Control (WHO FCTC) and it ratified in 2004. A comprehensive Tobacco Control Act was developed and enacted in 2007 and tobacco control board was established to provide advise on tobacco control to the Minister of Health responsible for public health.

In as much as Kenya has a comprehensive Tobacco Control Act (2007) and Tobacco Control Regulations (2014). Implementation of tobacco control activities have been difficult; Tobacco Control Board and Division of Non-Communicable Diseases have continuously been underfunded hence jeopardizing efforts to effectively enforce and implement Tobacco Control Legislations as mandated by the Tobacco Control Act 2007 and the Tobacco Control Regulations 2014. The budget for tobacco control comes from NCDs budget line but the funding is insufficient to deal with the increasing demand generated by the Tobacco Control Act.

⁵ <https://www.statista.com/statistics/1093256/novel-coronavirus-2019ncov-deaths-worldwide-by-country/>

⁶ <https://openknowledge.worldbank.org/bitstream/handle/10986/34947/Health-Earmarks-and-Health-Taxes-What-Do-We-Know.pdf?sequence=1>

In 2001, Kenya became a signatory to the Abuja Declaration, pledging to allocate at least 15% of its annual budget to improve healthcare in Kenya. While the country's health budget allocation has been increasing, achievement of the 15% target set by the Abuja Declaration which is bound to accelerate Kenya's journey towards UHC still requires a significant amount of funds.

The purpose of this study, therefore, is to examine, highlight and illustrate the strategies that can be adopted in financing health especially during pandemics as experienced during the COVID-19 pandemic. The report will contribute to reforming health policies, health financing and tobacco control by the relevant government Ministries, Departments and Agencies (MDA's)

III. Scope of work

Overall, the study will provide policy recommendations to the government and inform engagement in advocating for tobacco taxation for health financing focusing on COVID-19 period. The study will highlight the best practices in financing health care especially during this period when COVID-19 has hit hard and how the funds can be used to fund health programs in the Country.

IV. Overall Objective

The objective of this study is to examine and document the reliability of tobacco tax to raise government revenue and finance health- focusing on COVID-19 period.

V. Specific Objectives

- I. Review and illustrate tobacco use burden on healthcare cost in Kenya and how tobacco tax reduces tobacco use which is a major risk factor of non-Communicable diseases (NCDs).
- II. Demonstrate the potential of tobacco tax to mobilize revenue for the government.
- III. Demonstrate the viability and opportunities of earmarking tobacco tax revenues for health purposes in Kenya; experience of other Countries that have earmarked tobacco tax revenues to health financing and their potential role in building more resilient health systems during- COVID -19.
- IV. Illustrate the severity of COVID-19 in relation to tobacco users and the pressure that it has put on government health budget.
- V. Provide clear policy recommendations to government on tobacco taxation and health financing in the period of COVID-19.

VI. Outputs

1. Inception Report including research plan and methodology.
2. Data collection methods and analysis
3. Draft Research report

4. PowerPoint presentation of finding and analysis (At which point we will allow input from stakeholders)
5. Develop a policy brief from the study report.
6. Final Report

II. Remuneration/Consultancy Fees

The consultancy fees shall be as agreed with the consultant based on best value for money. The consultancy fees shall be inclusive of statutory tax deductions. Payable by cheque or EFT transfer as the consultant may prefer.

III. Bid Requirements

Interested consultants should submit an Expression of Interest of **MAXIMUM 5 PAGES** which should include the following:

- a) Suitability statement that express commitment to availability for the entire period of the assignment.
- b) Brief statement on the proposed methodology including a detailed work plan.
- c) Updated curriculum vitae of the consultant(s) clearly spelling out the relevant qualifications and experience.
- d) Contacts of three organizations that have recently contracted the consultant(s) to carry out similar tasks.
- e) Financial proposal with daily costs per activity which shall be part of the 5 pages.

Application Process

Expression of Interest that clearly articulates the consultant(s) understanding of the terms of reference, methodology for executing the work including key deliverables and tentative budget should and clearly indicated “Expression of Interest for Consultancy to undertake a study on tobacco taxation and health financing in Kenya- focus on the COVID-19 period”. This should be submitted to **admin@nta.or.ke** on or before **1700 hours local time on 14th June 2021**.