

## The Impoverishing Effect of Tobacco Use in Albania: How tobacco creates and exacerbates household poverty

### Background

Albania has a high prevalence of smoking. Around 25 percent of Albanian adults smoke tobacco products, and the prevalence is particularly high among adult males (greater than 40 percent).

Tobacco consumption is a major risk factor for most major noncommunicable diseases (including various cancers, cardiovascular diseases, diabetes, and lung diseases) and the largest preventable cause of premature death in Albania. Around one quarter of premature deaths among males and 9.1 percent among females in Albania are caused by smoking; in total, more than 4,000 tobacco-attributable deaths each year. Smoking is one of three main risk factors responsible for the disease burden in the Albanian population (together with arterial hypertension and nutrition-related risks), and the proportional mortality attributable to smoking is about 16 percent.<sup>i</sup>

Consequently, tobacco use raises health care costs, greatly lowers economic productivity, and—together with the cost of tobacco purchases—reduces the share of income available to meet households' essential needs such as health care and education, especially for those with lower incomes.

This is particularly important because Albania is among the poorest countries in

Europe. In this context, tobacco consumption may cause households to face a higher poverty risk. However, there has not yet been any rigorous assessments of the impact of tobacco use on household impoverishment in Albania.

### Study approach

This policy brief shares the results of a study on the impoverishing effect of tobacco use in Albania. The study estimates the impoverishing effects of tobacco use in Albania by analyzing the effect of tobacco expenditures on two main variables:

- (1) The *head count ratio* (HRC), through which the number of households that experience poverty due to tobacco-related expenditures is estimated.
- (2) The *poverty gap*, defined as the relative difference between the average living standard of the poor and the national poverty line (NPL). This measure provides a deeper understanding of the impoverishing effects of tobacco use by also taking into consideration the degree of poverty. The difference between the poverty gap before and after deducting tobacco-related expenditures reflects the depth of the impoverishing effect of tobacco.

## Study results

About 39 percent of the families surveyed have at least one smoker. The average tobacco expenditure per capita amounts to almost 13,000 Albanian lek,<sup>ii</sup> which corresponds to almost 5.5 percent of the household's total per capita expenditures.

Taking into consideration both the effect of tobacco expenditures and estimated tobacco-related health care costs,<sup>iii</sup> almost 13,000 families totaling 60,000 individuals, including more than 10,000 children, are pushed below the poverty line because of smoking behavior (Table 1).

**Table 1.** Overall effect of tobacco on head count ratio

Category	No.	Increase in no.	Increase in percentage of total population
Families below the poverty line	219,100	12,921	2%
Individuals	1,059,505	59,564	2%
Of which children	227,636	10,675	

Source: Authors' calculations

Tobacco use not only pushes more families and individuals under the poverty line but also exacerbates the poverty of those who are already poor. Due to tobacco smoking and health care costs related to tobacco, the income of the average household with a smoker is reduced by two percent (Table 2).

**Table 2.** Key poverty indicators

NPL (ALL/month)	12,008
Average pc total expenditures of poor smoker households (ALL/month):	
without considering smoking expenditures	8,966
considering smoking expenditures	8,748
Poverty gap	218
Poverty gap (% per capita)	2%

Source: Authors' calculations

## Conclusions and Recommendations

Albania is characterized by a high smoking prevalence, particularly in the case of adult males. Tobacco consumption is a main risk factor for several major diseases and a direct cause in a high proportion of premature deaths. Lastly, tobacco consumption results in significant costs for the affected households as well as for the broader society; the cost of tobacco purchasing and related health costs reduce the share of income available to meet other needs, especially in the case of low-income households. This is a particular concern because Albania is among the poorest countries in Europe.

This study is the first rigorous assessment of the impact of tobacco consumption on poverty. The study findings indicate that almost 13,000 households with 60,000 members, including more than 10,000 children, are pushed below the poverty line because of smoking. Furthermore, smoking tends to make the already poor (those who are below the poverty line) poorer.

The study findings demonstrate clearly to policy makers and the wider public the importance of policies that drive down tobacco consumption. Of these policies, increasing tobacco excise taxes is proven consistently to lower smoking consumption and prevalence more effectively; and it has a disproportionately greater impact among poorer households, who are more price-sensitive and therefore more likely to quit smoking because of higher taxes and prices. Less tobacco consumption among lower-income households implies less poverty. Thus, this research reinforces that the group that would likely benefit most from reduced tobacco consumption is those with lower incomes.<sup>iv</sup>

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<sup>i</sup> Burazeri, G. (2020). Burden of non-communicable diseases and behavioral risk factors in Albania. *European Journal of Public Health*, 30, Issue Supplement 5.

<sup>ii</sup> Exchange rate: 1 EUR equals approximately 120 Albanian lek (ALL).

<sup>iii</sup> Indicative health costs are based on various estimates, including similar estimates from other countries and preliminary estimates for Albania. Future research is needed to carry out in-depth assessment of tobacco-consumption-related health costs for Albania.

<sup>iv</sup> Gjika, A., Gjika, I., Zhllima, E., & Imami, D. (2020). *Smoking uptake, prevalence, and cessation in Albania*. Tirana, Albania: Development Solutions Associates.