



Operational Policies

These policies were prepared for use by World Bank staff and are not necessarily a complete treatment of the subject.

Tobacco

Note: OP 4.76 is based on the paper *Policy on Tobacco (R91-225)*, October 9, 1991, and the chairman's summing up of the executive directors' discussion of the paper on November 26, 1991 (SecM91-1565). It replaces the version dated March 1994. Questions may be addressed to the Director, Health, Nutrition, and Population.

1. The Bank¹ does not lend directly for, invest in, or guarantee investments or loans for tobacco production, processing, or marketing. Exceptions, which must be approved by the Vice President, Operations Policy and Strategy, may be allowed for countries that are heavily dependent on tobacco as a source of income (especially for poor farmers and farm workers) and foreign exchange earnings (i.e., those where tobacco accounts for more than 10 percent of exports). The Bank seeks to help these countries diversify away from tobacco.
2. To the extent practicable, the Bank does not lend indirectly for tobacco production activities, although some indirect support of the tobacco economy may occur as an inseparable part of a project that has a broader set of objectives and outcomes (e.g., rural roads).
3. Unmanufactured and manufactured tobacco, tobacco processing machinery and equipment, and related services are included in the negative list of imports in Loan Agreements.
4. Tobacco and tobacco-related producer or consumer imports may be exempt from borrowers' agreements with the Bank to liberalize trade and reduce tariff levels.
5. Bank activities in the health sector—including sector work, policy dialogue, and lending—discourage the use of tobacco products.²

1. "Bank" includes IBRD and IDA, and "loans" includes credits.

2. See *Curbing the Epidemic: Governments and the Economics of Tobacco Control* (Washington, D.C.: World Bank, 1999), available at the following website:
<http://www1.worldbank.org/tobacco/reports.htm>.