



European Monitoring Centre
for Drugs and Drug Addiction



Motivation to estimate drug-related public expenditure

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Developing guidelines for planning, monitoring and reporting on

drug related public expenditure

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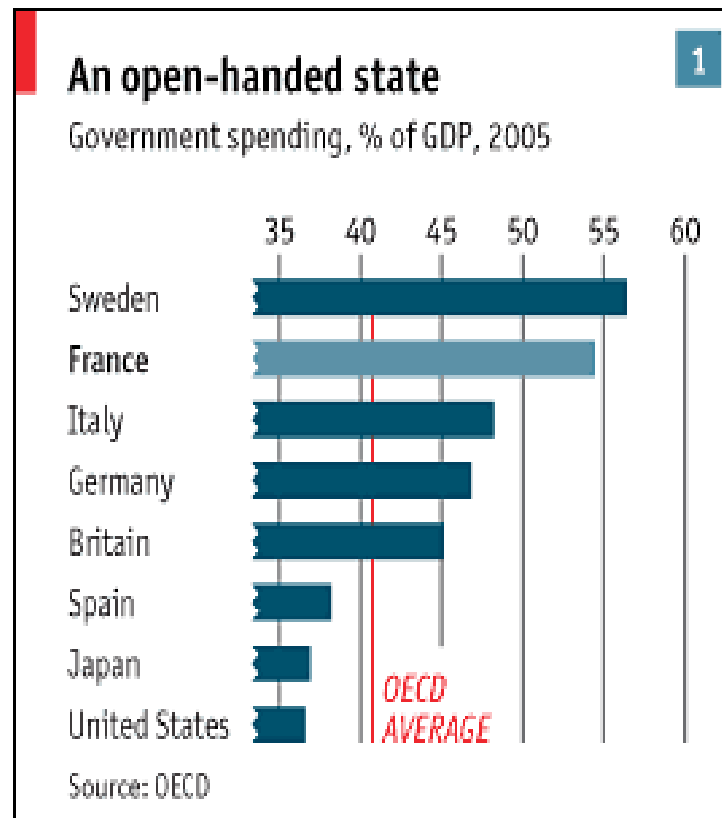
– Public expenditure – Why do we care?



– Drug-related public expenditure –

•What is public expenditure?

1. **Public expenditure?**
2. **Drug related public expenditure?**
3. **Why do we care?**



“The term public expenditure refers to the value of goods and services bought by the state (i.e. central government, regional government, local authorities and social security)”

– Drug-related public expenditure –

•Where do governments spend money?

1. Public expenditure?

2. Drug related public expenditure?

3. Why do we care?



– Drug-related public expenditure –

•Drug-related public expenditure?

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?

**The value spent
by governments
in goods and services
with the aim of tackling
the illegal drug phenomena**



– Drug-related public expenditure –

The Reuter's classification

In 2006, Peter Reuter proposed a drug-specific classification of public expenditures, comprising 4 areas:

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?

1. Prevention
2. Treatment
3. Harm reduction
4. Law enforcement



– Drug-related public expenditure –

The Reuter's classification

1. - Prevention

Prevention programmes: reduce initiation or the probability of progress from experimental to regular drug use, either by persuasion or by reducing the accessibility of drugs for novice users.

1. Public expenditure?
2. **Drug related public expenditure?**
3. Why do we care?



– Drug-related public expenditure –

- Social reintegration & education

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?



– Drug-related public expenditure –

The Reuter's classification

2. -Treatment

1. Public expenditure?
2. **Drug related public expenditure?**
3. Why do we care?

Treatment programmes: reduce drug use by experienced users through direct individual service (e.g. medical and counselling services).



– Drug-related public expenditure –

- Treatment

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?



– Drug-related public expenditure –

The Reuter's classification

3. - Harm reduction

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?

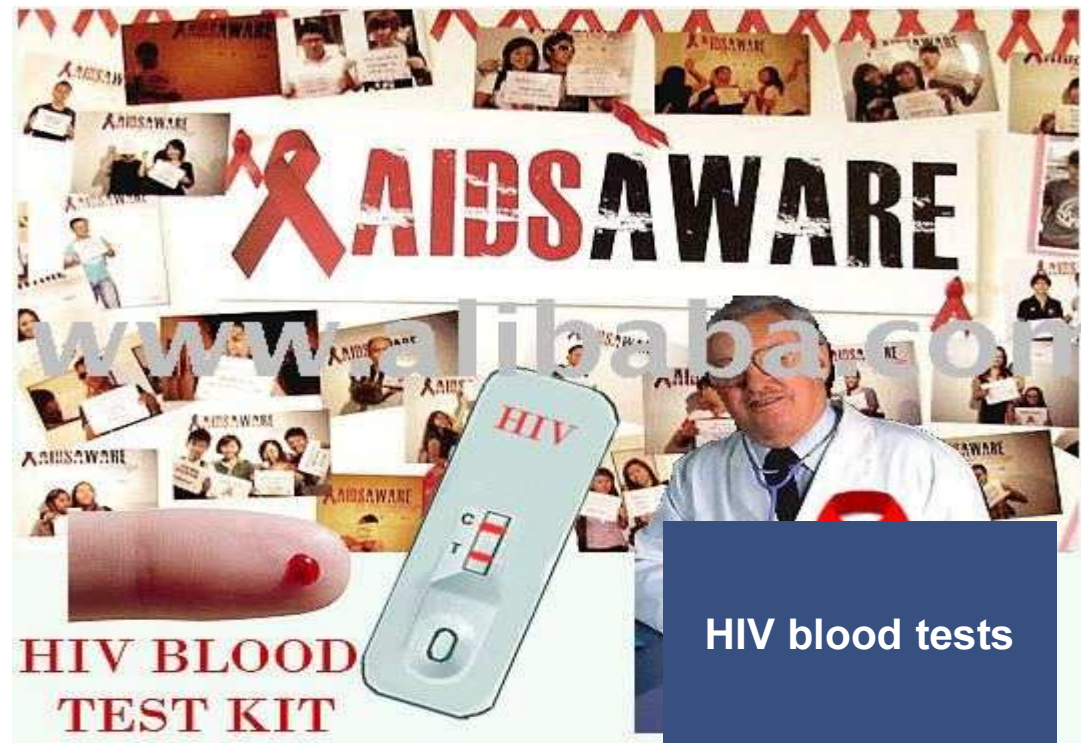
Harm reduction programmes: seek explicitly to reduce the adverse consequences of drug use. There are two categories: harm prevention aims to reduce the risk of harm conditional on drug; harm amelioration aims to reduce the severity of specific harms after their occurrence (e.g. treatment of HIV positive patients, psychiatric treatment for co-morbidities).



– Drug-related public expenditure –

- HIV prevention programmes

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?



– Drug-related public expenditure –

The Reuter's classification

4. - Law enforcement

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?

Enforcement programmes: programmes aimed at traffickers and producers to shift up the supply curve for drugs; other things being equal, they should raise the price of drugs and lower quantity. Programmes aimed at users and retailers raise the transaction costs of buying drugs; those efforts shift the demand curve downwards and lower prices and quantities.



– Drug-related public expenditure –

- Combating drug trafficking

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?
4. Why do we want to know?



– Drug-related public expenditure –

- Seizures

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?



– Drug-related public expenditure –

- Why do we care?

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?

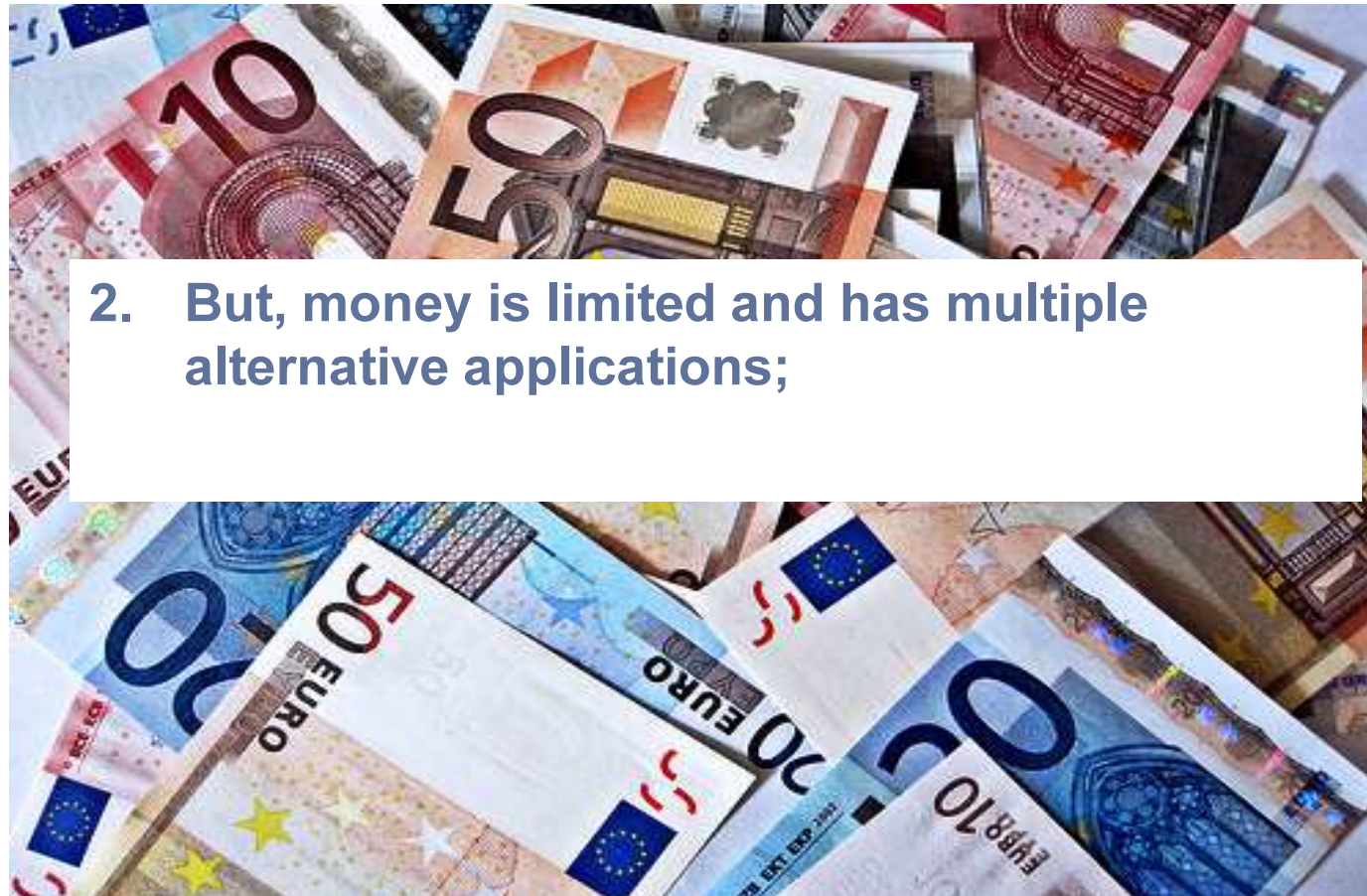


1. Governments implement policy objectives with the help of money;

– Drug-related public expenditure –

- Why do we care?

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?



2. But, money is limited and has multiple alternative applications;

– Drug-related public expenditure –

- Why do we care?

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?



- Policy makers make choices when they spend money in drug policy, instead of other activities

– Drug-related public expenditure –

- Why do we care?

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?

- Managing limited public money becomes especially important in times of public austerity



– Drug-related public expenditure –

1. Public expenditure?
2. Drug related public expenditure?
3. **Why do we care?**



WHY DO WE WANT TO KNOW WHERE
MONEY GOES?

– Drug-related public expenditure –

1. Public expenditure?
2. Drug related public expenditure?
3. **Why do we care?**
4. Examples

‘In the absence of complete data, decisions have to be made anyway’

‘To ignore a cost is in effect to count it as zero’

*By Single (2009), why should we estimate the costs of substance abuse even if we needn't pay undue attention to the bottom line
Drug and Alcohol Review, 28, 117-121*

– Drug-related public expenditures –

1. Public expenditure?
2. Drug related public expenditure?
3. **Why do we care?**
4. Example



1. We want to know where the money from our tax payments goes (how much & where);
2. We want to know if we agree with the Government priorities, when Governments spend the money of tax payers;
3. We want to know if our taxes are spent in a cost-efficient way, taking into account the objectives of the Government;
4. We want to know what is the 'real' social cost of the use of illicit drugs. Public expenditure is part of this cost;
5. We want to know what problem have the higher social cost, therefore deserves being prioritized.



– Drug-related public expenditures –

• Example 1 – Czech Republic 2010

1. Public expenditure?
2. Drug related public expenditure?
3. Why do we care?
4. **Examples**

In 2010:

- Total public expenditure was 43.7% of the GDP;
- Drug-related public expenditure was 88.6 million euros;
- Drug-related public expenditure was 0.06% of GDP and 0.13% of total public expenditure;



– Drug-related public expenditures –

Example 2 – Italy 2010

In 2010:

1. Public expenditure?
 2. Drug related public expenditure?
 3. Why do we care?
 4. **Examples**
- The social cost of the use of illicit drugs were 31219 million euros;
 - The social cost of the use of illicit drugs 2% of GDP;
 - Drug-related public expenditure was 0.25% of GDP;
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Drug-related public expenditure - Motivation -

Comments or questions?

Thanks for your attention!

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