



**SOCIAL POLICY AND DEVELOPMENT CENTRE**

**Managing Director's  
Annual Report  
2019-20  
(July 2019-June 2020)**

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# SOCIAL POLICY AND DEVELOPMENT CENTRE

## Managing Director's ANNUAL REPORT: 2019-2020

### HIGHLIGHTS

<b>PUBLICATIONS</b>	
1. Research Report	Quantifying the Potential Tax Base of Cigarette Industry in Pakistan
2. Research Report	The Impact of Tobacco Use on Household Consumption Patterns in Pakistan
3. Research Report	The Macroeconomic Loss Due to Violence against Women: The Case of Pakistan ( <i>Joint publication with National University of Ireland</i> )
4. Position Paper	Nexus between Intolerance and Violent Extremism
5. Position Paper	Unemployment, Youth and Violent Extremism
6. Position Paper	Governance Failure and Violent Extremism
7. Policy Brief	Enhanced tobacco taxation is likely to reduce cigarette consumption and generate more revenue
8. Policy Brief	Untapped tax potential of cigarette industry in Pakistan
9. Policy Brief	Tobacco expenditure leads to reduced spending on basic needs among poor households
10. Policy Brief	Tobacco Taxation in Pakistan and AJK: Myth vs. Reality
<b>OUTREACH</b>	
1. Policy Dialogue	Impact of the changes in the FED rates on cigarettes in the Federal Budget 2019-20
2. Seminar	Quantifying the Potential Tax Base of Cigarette Industry in Pakistan
3. Interactive Dialogue	Dialogue#1: Nexus between Intolerance and Violent Extremism, Karachi
4. Targeted Meeting	Follow-up meeting with key stakeholders – Dialogue#1
5. Interactive Dialogue	Dialogue#2: Unemployment, Youth and Violent Extremism
6. Targeted Meeting	Follow-up meeting with key stakeholders – Dialogue#2
7. Interactive Dialogue	Dialogue#3: Governance Failure and Violent Extremism
8. Webinar	Quantifying the Potential Tax Base of the Cigarette Industry in Pakistan (Jointly organized by SPDC and University of Illinois at Chicago)
9. Webinar	Illicit Trade of Cigarettes in Pakistan

# **SOCIAL POLICY AND DEVELOPMENT CENTRE**

## **Managing Director's**

### **ANNUAL REPORT: 2019-2020**

This report covers the period from July 1, 2019 to June 30, 2020 and provides an account of research and other activities undertaken during this period. During the reporting period, focus of the program activities remained on contract research projects, outreach and soliciting new contracts.

#### **1. Study on Tobacco Taxation in Pakistan**

SPDC joined an international research partnership on tobacco tax policies led by the University of Illinois at Chicago (UIC), USA in February 2018. The project aims to analyze the macroeconomic impacts of tobacco use in Pakistan. The current two-year cycle of the project (January 2019 to December 2020) includes three research studies:

1. Study #1 – to quantify the under-reporting of cigarette production and quantum of tax evasion in Pakistan
2. Study #2 – to quantify the impact of tobacco expenditure on consumption patterns of households
3. Study #3 – to estimate the direct impact of tobacco taxation on government revenues, household tobacco consumption, employment and investment in the tobacco industry
4. Study#4 – to conduct a survey-based research on consumption behavior of the cigarette consumers in relation to changes in prices/tax policy (recently added)

The following activities were undertaken during the reporting period:

- Study #1 was completed and the research report was published/disseminated.
- Based on the study#1, a Policy Brief entitled 'The untapped tax potential of the cigarette industry in Pakistan' was published and disseminated.
- Study #2 was completed.
- Based on the study#2, a Policy Brief entitles 'Tobacco expenditure leads to reduced spending on basic needs among poor households' was published.
- Based on the study#2, a conference paper was submitted to the 19<sup>th</sup> World Congress of the International Economic Association to be held in Bali on July 3-7, 2020. The paper was accepted but the conference was postponed due to the Covid-19 situation.

- Study#3: Research protocols including methodology were developed and submitted to UIC for approval. Comments are awaited.
- Study#4: Initial draft of methodology including sample design was prepared.
- SPDC analyzed the changes in the rates and structure of FED on cigarettes that were introduced in the Federal Budget 2019-20. It estimated the impact of these changes on consumption of cigarettes and the revenue collected through FED and GST. A Policy Brief entitled 'Enhanced tobacco taxation is likely to reduce cigarette consumption and generate more revenue' was published and disseminated electronically.
- In order to share the findings of FED analysis with relevant stakeholders, a policy dialogue was organized in Islamabad on September 5, 2019, which was chaired by FBR's Member Policy and Inland Revenue. Other participants included representatives from the Ministry of Health, Tobacco Control Cell, media, and BI (Bloomberg Initiative) partners. The focal person from UIC also participated via Skype.
- SPDC conducted analysis of tobacco taxation in Azad Jammu and Kashmir (AJK) and published a Policy Brief entitled 'Tobacco Taxation in Pakistan and AJK: Myth vs. Reality'.
- A dissemination seminar on Quantifying the Potential Tax Base of the Cigarette Industry in Pakistan was held in Islamabad on December 6, 2019. The seminar was attended by representatives from various stakeholders including government, media, academia, BI partners, and civil society organizations. The event was chaired by Mr. Javed Jabbar while other speakers included Dr. Pervez Tahir, Mr. Hamid Ateeq Sarwar (Member FBR) and Dr. Ziauddin Islam (Director, Tobacco Control Cell, Ministry of National Health Services).
- UIC and SPDC co-hosted a research webinar on Quantifying the Potential Tax Base of the Cigarette Industry in Pakistan. The specific purpose was to discuss the methodological issues with the international community of tobacco researchers and practitioners. The event was held on June 2, 2020.
- SPDC hosted a webinar on the Illicit Trade of Cigarettes in Pakistan, where key findings from some recent research studies on the illicit trade of cigarettes in Pakistan were presented and discussed. Findings of SPDC's work on under-reporting of cigarette production and AJK issues were presented. Moreover, Dr. Kamran Siddiqui from the University of York shared the findings of his study on tobacco users in Pakistan. Guest speakers included: Dr. Roberto Iglesias (from WHO), Dr. Ziauddin Islam representing the Tobacco Control Cell and Mr. Maik Imran from Campaign for Tobacco-Free Kids. The event was held on June 25, 2020.

## 2. Interactive Dialogues on Countering Violent Extremism (CVE)

This project, funded by DAI Pakistan, started in August 2019 and was to be completed in July 2020. However, field activities have been put on hold due to the Covid-19 situation and a cost extension is under negotiation. The project involves conducting a series of interactive dialogues on various topics covering a range of the drivers of violent extremism in Pakistan. The aim of the project is to increase understanding of violent extremism related issues by government representatives and different stakeholders, and increase the capacity of civil society to organize and advocate for CVE. The project involves holding four interactive dialogues (each followed by a targeted meeting with policymakers) and developing position papers on the following topics:

1. Nexus between intolerance and VE
2. Unemployment, youth and VE
3. Institutional/governance failure and violent extremism
4. Linkage between corruption, elite impunity and VE

After the four dialogues, a provincial level conference will be held and a consolidated report will be published.

During the reporting period, the following activities were held:

- First Interactive Dialogue titled: “Nexus between intolerance and violent extremism,” was organized on October 12, 2019 at Avari Towers, Karachi. Representatives from the Government and civil society along with youth activists, journalists and religious leaders participated in the dialogue.
- Follow-up meeting of the 1<sup>st</sup> Interactive Dialogue was held on December 19, 2019 at Avari Hotel, Karachi. Summary of discussion held in the dialogue and the key messages were shared with the participants. The participants included government representatives, journalists, religious leader, youth leaders and representative from religious minority groups.
- The 2<sup>nd</sup> Interactive Dialogue on “Unemployment, Youth and Violent Extremism” was held on January 15, 2020 at Avari Hotel, Karachi. The participants included representatives from government, academia, media, youth and civil society organizations.
- Follow-up Meeting of 2<sup>nd</sup> Interactive Dialogue on “Unemployment, youth and violent extremism” was held on February 14, 2020 at Avari Hotel Karachi. Summary of discussion held in the dialogue were shared with the participants, which included government representatives, CSOs, religious leader and youth leaders.

- The 3<sup>rd</sup> Interactive Dialogue on ‘Governance failure and violent extremism’ was held on March 11, 2020 at Avari Hotel, Karachi.
- Based on the 1<sup>st</sup> dialogue, a Position Paper on Nexus between Intolerance and Violent Extremism was published.
- Based on the 2<sup>nd</sup> dialogue, a Position Paper on ‘Unemployment, youth and violent extremism’ was published.
- Based on the 3<sup>rd</sup> dialogue, a Position Paper on ‘Governance failure and violent extremism’ was published.

Discussions with DAI are in progress on holding the remaining activities (dialogue, meeting and conference) on-line.

### **3. State of the Economy/ Budget Analysis**

- SPDC team worked with IBA team led by Dr. Asma Haider on the analysis of Federal Budget 2020-21 and the state of economy. The draft report has been sent to the Executive Director IBA, Dr. Akbar Zaidi. IBA plans to publish the report by mid-July 2020.
- Mr. Muhammad Sabir delivered a distinguished lecture on “Pakistan’s Economy and Fiscal Sustainability: A reflection on key budgetary magnitudes” at the Applied Economics Research Centre (AERC), University of Karachi on Thursday, October 03, 2019.
- SPDC in collaboration with Friedrich-Ebert-Stiftung (FES) Pakistan organized a seminar on “State of the Economy and Reform Agenda” on September 20, 2019 in Karachi. The aim of the seminar was to discuss the current economic state of Pakistan and highlight the reforms required to improve the same. Dr. Hafiz A. Pasha was the keynote speaker at the event and his book “*Growth and Inequality in Pakistan: Agenda for Reforms*” was also launched at the occasion. Mr. Javed Jabbar Chaired the seminar, while guest speakers included Dr. Mirza Ikhtiar Baig (Senior Vice President of FPCCI) and Dr. Samina Khalil (Director, AERC, University of Karachi). Mr. Muhammad Sabir (Principal Economist at SPDC) also presented his analysis on the fiscal sustainability.

### **4. NUI Galway – Economic and Social Costs of Violence Against Women and Girls in Pakistan**

- The project has been concluded. Final narrative report of the project was submitted to NUI.

- Based on the project data, a research report entitled “The Macroeconomic Loss Due to Violence against Women: The Case of Pakistan” was jointly published by team members from NUI and SPDC.

## 5. Annual Review of Social Development

First draft the report was reviewed by the Board. Based on the comments received, revised draft was prepared as well. However, it has not been finalized yet due to overwhelming exigencies of on-going project activities. The report will be finalized and published during the 1<sup>st</sup> quarter of 2020-21.

## 6. Proposals for Contract Research

- In addition to the current work being conducted for University of Illinois (UIC), a proposal for conducting a study on the consumption behavior of the cigarette consumers in relation to changes in prices/tax policy was submitted to UIC. **The proposal has been accepted.** The study, involving a national level survey, will estimate consumption at several points in time, past and present. In addition, the information collected about current consumption will be used to estimate the extent of use of illicit cigarettes. The study was to be completed by December 2020. However, work could not start due to the Covid-19 situation. Meetings of SPDC and UIC will be held in July 2020 to discuss any alternatives. **The estimated cost is about Rs 21.0 million, which has been added to existing contract.**
- In response to a call for proposal from Oxfam (Pakistan), a proposal entitled “Study on effective strategies that can contribute to transformative change within shifting civic spaces in Pakistan” was prepared and submitted. Response is awaited. (Cost: Rs 6.0 million)
- A proposal on conducting training sessions for youth on countering violent extremism was submitted to DAI. Response is awaited. (Cost: Rs 5.3 million)
- A research proposal on “Breaking Systemic Barriers to Employment of Women Engineers in Pakistan” jointly prepared by SPDC, NED University and Dr. Asma Hyder (IBA), was submitted to International Development Research Centre (IDRC). The proposal was not accepted.

## 7. Networking/Collaboration

- On the request of Habib University, Muhammad Asif Iqbal conducted a one-day workshop on December 30, 2019 for graduating students of their BS program on Social Policy and Development. The workshop aimed at building the knowledge,



skills and critical insight of young researchers/graduates of producing policy papers.

- For conducting field survey on consumption behavior of smokers, SPDC plans to collaborate with IBA and Strengthening Participatory Organization (SPO). Discussion has already been held with IBA faculty while SPO will be contacted after the contract is signed.
- A meeting of SPDC and Pakistan Centre for Philanthropy was held on December 5, 2019 in Islamabad to discuss the possibility of collaborative activities between the two organizations. A draft MoU was prepared and will be signed shortly.
- Following the discussions held Director with IBA-CEBR on collaboration between IBA and SPDC, a note was submitted to IBA-CEBR on holding a workshop on “Computation of Key Indicators of Labour Market” on December 10, 2019. The proposed workshop is designed for the professional researchers, principal investigators, faculty members and students of MS/PhD programs at IBA who intend to conduct research based on microdata of the Pakistan Labour Force Survey (LFS).
- The UIC tobacco taxation project is a part of the Bloomberg Initiative (BI) to Reduce Tobacco Use. Some other organizations working in Pakistan under BI include Tobacco Control Cell (Ministry of Health), Campaign for Tobacco Free Kids, Society for Protection of the Rights of the Child (SPARC), Human Development Foundation (HDF) and Pakistan National Heart Association (PANHA). Most of these organizations specialize in advocacy related activities. SPDC has developed networking relationship with BI partners for dissemination of research findings. Mr. Wasim Saleem made presentations to the following events organized by BI partners:
  - January 10, 2020, Islamabad, Media Briefing, organized by SPARC, HDF and PANHA.
  - February 26, 2020, Islamabad, Media Awareness Session, organized by SPARC, HDF and PANHA.

## **8. SPDC in Press**

The dissemination of research findings of tobacco taxation study were well received by the media. National newspapers gave good coverage to the event. In addition to English-language newspapers, daily *Jang* published two news items on the event. SPDC’s research was also cited in newspaper articles/reports. Pakistan Today showcased SPDC’s research in a detailed article on the Pakistani tobacco industry. Following is a list of news coverage and articles citing SPDC research:

1. The News, December 7, 2019, Ministers, MPs hinder increase in tobacco tax: FBR

2. Daily Jang, Urdu: December 7, 2019, [ٹوبیکو انڈسٹری کے مالداروں نے ٹیکسوں سے بچنے کے لیے بڑے پیمانے پر ٹیکسوں کا سواٹا کر دیا](#)
3. Daily Jang, Urdu: December 8, 2019, [ٹیکسوں میں 10 فیصد اضافے سے سگریٹ نوشی میں 11 فیصد کمی ہوئی، ماہرین](#)
4. Business Recorder, December 19, 2019, *Tobaccos and tax loss*
5. Pakistan Today, December 30, 2019: *How Pakistan's Big Tobacco gets away with tax theft*
6. The Day Spring, January 10, 2020, *Under Reporting by Tobacco Industry Costs Exchequer Loss Worth Billions, Experts*
7. Pakistan Today, January 11, 2020, *Tobacco industry caused Rs153 bn loss in three years*
8. The News, January 11, 2020, *Losses in revenue from-tobacco industry: Govt urged to place transparent track and trace-system*
9. Pakistan Observer, January 11, 2020, *deceptive tactics of tobacco industry Rs153b loss caused to national exchequer in last three years*
10. Dawn, January 12, 2020, *Tobacco industry caused Rs153bn revenue loss*
11. Urdupoint.com, February 26, 2020, *Higher Tobacco Taxes Improve Revenues, Public Health: Speakers*
12. The News Today, February 26, 2020, *Media session highlights need for enforcement of health levy on cigarettes*
13. Pakistan Observer, February 27, 2020, *tobacco control advocates call for health levy on cigarettes*
14. The News, February 27, 2020, *tobacco use has significant impact on healthcare cost*
15. OCCRP, March 11, 2020, *Pakistan's Big Tobacco Problem*
16. Pakistan Today, May 13, 2020, *Experts call for further curbs on tobacco industry*
17. The News, May 16, 2020, *Smoking causes 166,000 deaths per year*
18. Technology Times, May 16, 2020, *Smoking causes deaths of 166,000 Pakistanis annually: study reveals*

## 9. Others

- Mr. Wasim Saleem made a presentation at a session on 'Effects of war against terrorism on Pakistan's economy and measures for its revival' organized by Islamabad Policy Research Institute (IPRI) February 26, 2020.

- Mr. Muhammad Sabir participated as a Panelist in a session on “Kamyab Jawan Program” at the Young Economists’ Conference “Sustainable Growth and Development in Pakistan”. The conference was organized by the Department of Economics, University of Karachi, and held on February 26, 2020, at the University of Karachi.
- As part of the UIC project activities, three staff members of SPDC participated in *2020 Pakistan Tobacco Control Leadership Program* held by the Johns Hopkins Bloomberg School of Public Health (JHSPH) Tobacco Control Leadership Programs. The program was held in Bhurban on February 2-7, 2020.
- SPDC provided support to Department of Economics, University of Karachi for organizing book launch of ‘Making Sense of Joan Robinson on China’ authored by Dr. Pervez Tahir. The event was on January 24, 2020 at University of Karachi.
- Mr. Muhammad Sabir participated in the regional workshop “The Future is Now: Science for achieving sustainable development; Launch of the Global Sustainable Development Report 2019 and operationalizing its findings for the Asia-Pacific Region”. The workshop was co-organized by BAPPENAS, GIZ and UN-DESA, and held from November 19 – 21, 2019 in Jakarta. Mr. Sabir’s travel was sponsored by GIZ.
- Mr. Muhammad Sabir delivered a presentation on “Economy and the Economic Empowerment of Homebased workers” on October 02, 2019 at the office of Aurat Foundation, Karachi.
- Mr. Wasim Saleem participated in launching of Punjab SDG Framework organized by P&D Department, Government of Punjab. The event was held on September 18, 2019 in Lahore. SPDC had provided technical input to P&D on SDG’s Social Cluster.
- Mr. Muhammad Sabir participated in the Core Committee meeting on “Single data portal for taxpayers to facilitate ease of doing business” on September 25, 2019 at Sindh Revenue Board, Government of Sindh.
- Mr. Muhammad Sabir delivered a talk on “Cost of Violence against Women and Girls” on Thursday, August 19, 2019 at the Executive dining hall, Aga Khan University.
- Mr. Muhammad Sabir participated in technical committee meetings to discuss various issues pertaining to the 9th NFC award.

## 10. Staffing

- Mr. Adeel Ali, Economist, resigned with effect from Sep 5, 2019. SPDC staff now consists of the following:

### **Research**

1. Muhammad Asif Iqbal
2. Muhammad Sabir
3. Naveed Aamir
4. Wasim Saleem (Islamabad)
5. Haroon Jamal (Part-time)

### **Admin/Support**

6. Inamullah Khan (Accounts/Admin)
  7. Amir Khan (CFO, Part-time)
- The following staff has been hired for the DAI project:
    1. Dr. Khalida Ghaus, *Senior Technical Advisor*
    2. Ms. Nazish Brohi, *Consultant*
    3. Ms. Sana Lokhandwala, *Manager Communications and Outreach* (Full-time)
    4. Mr. Rizwanullah, *Graphic Designer* (Part-time)