



SOCIAL POLICY AND DEVELOPMENT CENTRE

**Managing Director's
Annual Report
2021-22
(July 2021-June 2022)**

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Managing Director's

ANNUAL REPORT: 2021-2022

This report covers the period from July 1, 2021 to June 30, 2022 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.

Research 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 phase of the project was to end in December 2022 but UIC has decided to grant an extension of one year. Additional funding will be provided for the extension period – the amount of additional funding and the scope of work is yet to be decided.

The following activities were undertaken during the reporting period:

Research Report: Economic implications of cigarette taxation in Pakistan: An Exploration through a CGE model

This study uses a methodology based on computable general equilibrium (CGE) modelling for estimating the impact of tax increase on tax revenues, consumption of tobacco products, raw tobacco production, cigarette manufacturing, employment, and the overall economy. The study was completed in June 2021. The research report was published and disseminated in September 2021.

Research Study – Consumption Behaviour of Smokers in Pakistan

The main objective of the research is to study the consumption behavior of cigarette consumers in relation to changes in prices, particularly due to the change in tax policy. The study is based on a survey of households. The study was initially planned for 2020 but was postponed due to the Covid-19 situation. Data collection activity through a survey of about 9,000 households was completed. The survey was conducted at 500 locations in 16 districts of the country. Over 110 enumerators were trained and hired for data collection. Training sessions were held in Karachi, Hyderabad, Lahore, Sargodha, Gujrat, Bahawalpur, Peshawar, Quetta, and Islamabad. The data collection was carried out in collaboration with Strengthening Participatory Organization (SPO). Data entry/processing is underway. Initial data analysis has been completed. The report will be finalized by November 2022.

Research Study: Underreported production by the tobacco industry in Pakistan

This research activity updated an earlier study entitled “Quantifying the Potential Tax Base of Cigarette Industry in Pakistan” that estimated the extent of under-reporting of production by the tobacco industry in Pakistan. The study was based on the data up to 2017-18. Research report was completed and sent to UIC for final approval, and will be disseminated in August 2022.

Policy Brief: Higher tobacco taxes will not hurt Pakistan's economy

This policy brief was based on the research study "Economic implications of cigarette taxation in Pakistan: An Exploration through a CGE model." The Policy Brief was published and disseminated in September 2021.

Pakistan: Tobacco Fact Sheet 2022

As part of the UIC project, SPDC prepares a factsheet on the situation of tobacco use and its impact every year. The purpose of the fact sheet is to provide a condensed and updated overview of tobacco tax policy simulations to the relevant stakeholders, particularly anti-tobacco advocacy organization. The work is conducted in consultation with Bloomberg partners, including WHO, Campaign for Tobacco Free Kids, The Union, Tobacco Control Cell (GoP), Vital Strategies and UIC. The analysis conducted by SPDC is used by the partners for their advocacy campaigns in Pakistan and internationally.

For preparing the Fact Sheet 2022, consultative meetings with BI partners were held to discuss tax policy recommendations for the Budget 2022-23, which included calls with International Technical Team and meetings with local partners. Based on the discussion/feedback, projections for revenues and other implications were finalized and the factsheet was published and disseminated in March 2022.

Policy Brief: The Cost of Inaction: Implications of the Cigarette Tax Policy in Pakistan

The rate of Federal Excise Duty (FED) has not increased since July 2019. It was expected that the government would enhance the FED rate in the forthcoming fiscal year 2021–22. However, the Finance Bill 2021 presented in the National Assembly on June 11, 2021 remained silent on this subject. This policy brief provides estimate of the implications of the inaction on cigarette consumption, revenues and health outcomes. The policy brief was published and disseminated July 2021.

Policy Brief entitled “Pakistan has lost nearly Rs 30 billion from under-reported cigarette production in the past three years” was published and disseminated in May 2022. The brief was based on the research study on *Underreported production by the tobacco industry in Pakistan*.

Policy Brief entitled “A welcome but insufficient reform: excise tax increase on cigarettes” was published and disseminated in June 2022. The brief summarized the analysis of the federal budget proposal on increasing the rate of excise tax on cigarettes.

1. Review of Social Development in Pakistan

Review of Social Development in Pakistan entitled ‘Social Dimensions of the SDGs: A Localized Indicator Framework for Measuring the Progress’ was published and disseminated in October 2021.

2. State of the Economy/ Budget Analysis

SPDC team worked with IBA team on the analysis of Federal Budget 2021-22 and the state of economy. A newspaper supplement was published in Dawn on June 26, 2021. Major output was an e-book entitled *State of Pakistan's Economy: During the Pandemic and Beyond*. The e-book was edited by Dr. Laila Farooq (IBA) and Muhammad Asif Iqbal (SPDC), and was published and disseminated by IBA.

SPDC team worked with IBA team on the analysis of the Federal Budget 2022-23 and the state of economy. A newspaper supplement was published in *The News* on June 30, 2021. Work is underway on publishing an e-book entitled “The State of Pakistan’s Economy: Struggling with uncertainty”.

3. Proposals for Contract Research

- A research proposal entitled ‘Post Covid-19 Economic Resilience of Women in Pakistan: Gender Responsive Policy Options in Challenging Times’ was submitted to South-South Global Thinkers Network. The proposal was shortlisted in the first round and few comments were made by the reviewers. Subsequently, revised proposal was submitted. However, the proposal was not recommended for funding.
- SPDC and the Aga Khan University submitted a joint proposal on ‘Analyzing Potential and Political Economy of Earmarked Health Taxes in Pakistan’ to WHO’s Alliance for Health Policy and Systems Research. The proposal was not recommended for funding.
- SPDC joined a consortium of Aga Khan University (AKU) Pakistan and London School of Hygiene and Tropical Medicine (LSHTM) UK. A research proposal entitled ‘Enhancing management contracts for primary healthcare – implications for women’s and children’s health in Pakistan’ was submitted to the National Institute of Health Research, UK. The proposal was not recommended for funding.
- SPDC and APWA submitted a proposal to JICA on “Data Collection Survey on Financial Inclusion of Home-based Workers’ Enterprises through Business Booster Loans and Training”. The proposal was not selected for funding.

- SPDC has submitted an initial proposal to International Development Research Centre (IDRC) entitled “Community-Based Adaptations to the Health Impacts of Climate Change in Urban Pakistan: Gendered Analysis and Action”. The proposal was submitted jointly by SPDC, SPO and Resilient Future International. The concept note was not shortlisted.
- SPDC was shortlisted by Japan International Cooperation Agency (JICA) to submit a project proposal entitled “Data Collection Survey on Financial Inclusion of Home-based Workers’ Enterprises through Business Booster Loans and Training”. It was a 34-month project with estimates cost of about 50 million. SPDC submitted a proposal jointly with All Pakistan Women Association (APWA). The proposal was not selected for funding.

4. Dissemination/Outreach

- The research report "Economic implications of cigarette taxation in Pakistan: An exploration through a CGE model" and Policy Brief "Higher tobacco taxes will not hurt Pakistan's economy" were disseminated through webinars, social media and distribution of printed report/policy brief to the relevant stakeholders. The Society for the Protection of the Rights of the Child (SPARC) hosted a seminar in collaboration with SPDC on August 5, 2021, in Islamabad. Federal Minister of State for Parliamentary Affairs Ali Mohammad Khan and Mr. Girghari Maghwar (representative of FBR) were guest speakers. Subsequently, a webinar "Economic Implications of Cigarette Taxation in Pakistan" was held on September 8, 2021.
- To disseminate the findings of Review of Social Development, a webinar ‘Sustainable Development Goals: A Localized Indicator Framework for Measuring Progress’ was held on October 5, 2021. Printed copies of the review were also distributed to the relevant stakeholders.
- Ms. Fauzia Viqar and Muhammad Asif Iqbal met with Mr. Knut Ostby, Resident Representative UNDP. The meeting was held at UNDP office Islamabad on December 3, 2021. Mr. Ostby was briefed about the SPDC’s research, particularly on SDGs. Discussion was on the potential avenues where SPDC can collaborate with UNDP for supporting evidence-based policy-making. UNDP assured that SPDC will be kept informed about the consultancy assignments by UNDP and will also be invited to participate in the upcoming events/consultations related to SDGs and gender.
- The MD held a meeting with GIZ-Pakistan on December 3, 2022 (in Islamabad) to explore the possibilities of working with GIZ.

- The MD held a meeting with Parliamentary Development Unit (PDU) of the Senate Secretariat on December 3, 2022. Discussion was held on collaborative activities. It was proposed that SPDC can provide technical input to the PDU in holding training sessions for the parliamentarians on strengthening their effective participation in the budget process. Later on, a concept note was submitted by SPDC to the PDU, which would form the basis for signing an MoU on collaboration between SPDC and PDU.
- SPDC participated in a meeting organized by the Ministry of National Health Services, Regulations & Coordination. The meeting was held on December 20, 2022 in which the Ministry formed an informal network of the various stakeholders of Tobacco Control to enhance mutual cooperation and coordination.
- SPDC presented the findings of its previous research on tobacco taxation in the Twenty-fourth Sustainable Development Conference organized by SDPI on December 6-9, 2021.
- Based on the UIC's Tobacconomics Cigarette Tax Scorecard, a newspaper article was published highlighting the cigarette tax policy issues in Pakistan.
- On February 18, 2022, a meeting was held with Mr. Farooq Chatha, Secretary Sales Tax and FED Policy who had recently been appointed to this position. SPDC team briefed him about the project and also presented him a copy of the factsheet. Discussion was also held on issues related to the cigarette tax policy.
- Pakistan Factsheet 2022 was launched jointly by SPDC World Health Organization – Pakistan, Campaign for Tobacco Free Kids, The Union and Vital Strategies. The event was held in Islamabad on March 9, 2022. The event was attended by about 40 participants from a variety of stakeholders including government, parliamentarians, media, academia and civil society organizations. The event was chaired by Dr. Faisal Sultan, Special Assistant to Prime Minister on Health. Other guest speakers included Dr. Aisha Ghaus-Pasha, Member, National Assembly Standing Committee on Finance, Revenue and Economic Affairs and Mr. Riaz Fatyana, Convenor, National Assembly Task force on SDGs and Chairperson, National Assembly Standing Committee on Law. Live coverage of the event was broadcasted by the national television – PTV.
- In collaboration with the Parliamentary Development Unit of the Senate Secretariat, a pre-budget seminar was conducted by SPDC at the Parliament House, Islamabad, on June 1, 2022. The seminar was attended by 19 Senators, including the Deputy Chairman Senate, Mr. Mirza Muhammad Afridi. Similarly, a post-budget seminar was also held at the Parliament House on June 16, 2022.

- SPDC staff members – M. Asif Iqbal and Muhammad Sabir – made presentations at the Regional Training and Capacity Building of Academia in Tobacco Economics and Research, held on 27-29 June 2022. The event was organized (online) by WHO and the UIC for the academics and researchers from the Eastern Mediterranean Region.

5. SPDC in Press

Following is a list of news coverage and articles citing SPDC research:

Seminar (August 5, 2021)

- PTI Minister vows to take measures for increasing tax on cigarettes, *Dawn*, August 6, 2021. <https://www.dawn.com/news/1639021>
- Seminar on the Impression of Cigarette Tax Coverage in Pakistan held, *Tax Law Gazette*. <http://taxlawgazette.com/seminar-on-the-impression-of-cigarette-tax-coverage-in-pakistan-held/>
- Govt. will take all measures to increase tobacco taxation: Ali Muhammad, *The Day Spring*, August 6, 2021. <https://www.thedayspring.com.pk/govt-will-tak-all-measures-to-increase-tobacco-taxation-ali-muhammad/>
- Govt will take all steps to enhance tax on cigarettes to reduce health cost: Ali, *Dunya News TV*, <https://dunya.com/en/Business/613685-Govt-steps-enhance-tax-cigarettes-reduce-health-cost>
- SPDC and SPARC workshop ends with remarks on increasing FED to reduce Tobacco, *The Daily Parliament Times*, <https://www.dailyparliamenttimes.com/2021/08/05/190495/>
- Seminar On "Implications Of The Cigarette Tax Policy In Pakistan" Held, *Urdu Point*, August 5, 2021. <https://www.urdupoint.com/en/pakistan/seminar-on-implications-of-the-cigarette-tax-1319693.html>
- Govt taking all necessary measures to enhance tax on cigarettes: Ali Muhammad Khan, *DND*, <https://dnd.com.pk/govt-taking-all-necessary-measures-to-enhance-tax-on-cigarettes-ali-muhammad-khan/250860>

Webinar (September 8, 2021)

- Higher tobacco taxes will not hurt Pakistan's economy, *City News*, <https://citynews.com.pk/2021/09/08/higher-tobacco-taxes-will-not-hurt-pakistans-economy/>
- Higher tobacco taxes will not hurt Pakistan's economy, *The Financial Daily*, <https://epaper.thefinancialdaily.com/epaper/edition/1171/the-financial-daily-epaper-09-09-2021%09/page/2>

- Tobacco taxes not to hurt economy, *The Express Tribune*, September 23, 2021.
<https://tribune.com.pk/epaper/news/Karachi/2021-09-23/Y2Q0ZGQ5M2NhNWU1NjRmZjBkOGI2NzIwZWJjYzYwY2UuanBlZw%3D%3D>

Webinar (October 5, 2021) – Review of Social Development

- Progress on SDGs termed unsatisfactory, *Business Recorder*, October 10, 2021
<https://epaper.brecorder.com/2021/10/10/3-page/903528-news.html>
- Review of Social Development in Pakistan, *City News*, October 5, 2021.
<https://citynews.com.pk/2021/10/05/review-of-social-development-in-pakistan/>

Others

- “Pakistan remains at the bottom of the cigarette tax scorecard”, by Muhammad Asif Iqbal; daily *Business Recorder*, November 20, 2021.
<https://www.brecorder.com/news/40134631/pakistan-remains-at-the-bottom-of-the-cigarette-tax-scorecard>
- Link of PTV coverage of Fact Sheet Event:
<https://www.youtube.com/watch?v=hXBp8zA8YXw>
- “Higher taxation on tobacco sought”, *Daily Times*, March 10, 2022
<https://dailytimes.com.pk/898351/higher-taxation-on-tobacco-sought/>
- “Society needs to be educated about hazards of tobacco use: PM’s aide”, daily *Dawn*, March 10, 2022
<https://www.dawn.com/news/1679130>
- The Federation of Pakistan Chambers of Commerce and Industry (FPCCI) submits budget proposals to the government every year, which are usually related to business and industry (and overall economy as well). FPCCI included FED increase on cigarettes in their proposals submitted to the federal government for Budget 2022-23, citing SPDC’s work.

News coverage of FPCCI proposals:

<https://www.brecorder.com/news/40171386>
<https://www.thenews.com.pk/print/955834-fpcci-urges-pm-to-impose-economic-emergency>
<https://pkrevenue.com/fpcci-demands-reducing-income-tax-slabs-to-five/>
<https://www.thenews.com.pk/print/953376-call-for-economic-emergency>
<https://www.brecorder.com/news/40169495/fpcci-advocates-imposition-of-economic-emergency>

- During the budget debate in the National Assembly, Federal Minister for Water Resources emphasized on increasing tax on cigarettes.

<https://geotvnews.com/khurshid-shah-suggested-doubling-the-price-of-cigarettes-geo-tv-news/>

Citation of SPDC's research in newspaper articles:

- Tax tobacco now, Zafar Mirza, Dawn, June 3, 2022
<https://www.dawn.com/news/1692900>
- Deadly tobacco, Safdar Abbas Rizvi, Bol News, February 27, 2022
<https://www.bolnews.com/pakistan/2022/02/deadly-tobacco/>
- Pakistan loses Rs615b due to tobacco consumption yearly, Muhammad Qasim, The News, May 19, 2022
<https://www.thenews.com.pk/print/958960-pakistan-loses-rs615b-due-to-tobacco-consumption-yearly>
- Tax relief of billions for smokers, Shahbaz Rana, The Express Tribune, July 5, 2022
<https://tribune.com.pk/story/2364660/tax-relief-of-billions-for-smokers>

6. Staffing

Research

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

Admin/Support

5. Inamullah Khan (Accounts/Admin)
6. Amir Khan (CFO, Part-time)

Other

7. Ms. Sana Lokhandwala, *Manager Communications and Outreach* (Part-time)
8. Mr. Rizwanullah Khan, *Graphic Designer* (Part-time)