



SOCIAL POLICY AND DEVELOPMENT CENTRE

**Managing Director's
Annual Report
2022-23
(July 2022-June 2023)**

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SOCIAL POLICY AND DEVELOPMENT CENTRE – PROFILE

Mission Statement

Contribute to national economic and social development policies and programmes to make them more accountable, pro-poor, engendered and equitable.

Social Policy and Development Centre (SPDC) is a policy research institute registered as a non-profit limited company under the Section 42 of Companies Act 2017 of Pakistan. Focusing on issues of poverty and inequality, governance, gender, climate and pro-poor macro-economic policy, it contributes to the national goal of social development through research and policy advice. Established in 1995, SPDC has made significant intellectual contribution in placing issues of pro-poor growth and social development on Pakistan's policy-making agenda.

An independent and non-partisan research organization, SPDC collaborates with organizations working on issues relevant to its mandate both at home and abroad. It determines its own agenda and has successfully maintained its independence. Having established its credibility, it was ranked by the University of Pennsylvania as the top research think tank of Pakistan and 22nd in Asia/Pacific for two consecutive years (2012 and 2013). Regarding financial transparency, in the Transparify Report 2015, SPDC was given the highest 5 star rating as a highly transparent organization.

GOVERNANCE

SPDC has a Board of Directors (BoD) serving on a voluntary basis. SPDC's Managing Director is an ex-officio member of the Board. The Board meets regularly to provide strategic guidelines, approve its annual work plans and budgets and monitor the progress of work.

THE BOARD OF DIRECTORS DURING 2022-23

Mr. Javed Jabbar, Chairman

Former Senator and Federal Minister, Mr. Javed Jabbar was elected as the global vice president of IUCN – the International Union for Conservation of Nature. He is a founder member of SPDC, the Citizens Media Commission of Pakistan, the South Asian Media Association, Baahn Beli and Strengthening Participatory Organization. Mr. Jabbar has diverse interests in writing, media, voluntary development work, environment, public policy and international affairs.

Ms. Shahnaz Wazir Ali, Vice Chairperson

Ms. Shahnaz Wazir Ali, a noted educationist, has twice been a member of the Parliament, federal education minister and special assistant on social sectors to two Prime Ministers.

She is also a Trustee of the 70 years old Education Trust Nasra School and serves on several prestigious Boards. She is the founding Executive Director of the Pakistan Centre for Philanthropy and is currently serving as President of Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST).

Dr. Ishrat Husain

Dr Ishrat Husain served as Advisor to Prime Minister of Pakistan, a former Governor of the State Bank of Pakistan and Chairman, National Commission for Government Reform and former Dean and Director of Institute of Business Administration (IBA). He also served the World Bank for two decades in senior executive positions. He is HEC Distinguished National Professor, Professor Emeritus and Chairman, Centre for Excellence in Islamic Finance at IBA and has authored more than 18 books and monographs. He is a recipient of the Nishan-e-Imtiaz.

Dr. Pervez Tahir

Dr. Pervez Tahir is a senior economist, distinguished professional, writer and speaker. Currently, he is the Chairman of the Bank of Punjab. He has served in Ministry of Finance and Economic Affairs Division. He rose to the position of Chief Economist, Planning Commission and retired as Managing Director of the ENERCON. He has been a member of the Statistical Advisory Panel of the global Human Development Report and Mahbul ul Haq Chair at GC University, Lahore.

Ms. Fauzia Viqar

Ms. Fauzia Viqar is known for her work against gender and race-based discrimination. During her tenure as the first Chairperson of the Punjab Commission on the Status of Women in 2014, the Commission revised legislation, policies and services impacting women's rights. In 2015 and 2016, she guided publication of two annual Gender Parity Reports as well as the formation of Punjab Women's Parliamentary Caucus.

Mr. Khalid Rafi

Mr. Khalid Rafi is a Chartered Accountant with over thirty-five years of expertise in auditing and taxation. He was elected as President of the Institute of Chartered Accountants of Pakistan during 1992-93. He was President of the Institute of Chartered Accountants of Pakistan during 1992-93. He has counseled widely on mergers and acquisitions, floatation of companies, corporate governance and financial and tax planning.

Dr. Farrukh Iqbal

Dr. Farrukh Iqbal has been the Executive Director of the Institute of Business Administration Karachi during 2016 – 2019. Prior to that, he was at the World Bank in Washington DC where he served for thirty-three years in both technical and senior managerial positions. His areas of interest and expertise span a wide range of sectors and

regions. He has conducted studies in such areas as economic growth and development strategy, small and medium industries, local government development, trade and investment policy, and health and education issues in developing countries.

Dr. Saba Gul Khattak

Dr. Khattak is former member of the Planning Commission of Pakistan. Dr. Khattak specializes in comparative politics and her research is a political economy approach to development, feminist and political theory with a focus on state theory. Her work concentrates on issues of women's economic empowerment, peace and violence, governance issues, refugee issues, and labour rights. She regularly contributes to journals and books and has presented her work in a number of national and international conferences.

Muhammad Asif Iqbal (Managing Director), Ex-Officio Member BoD

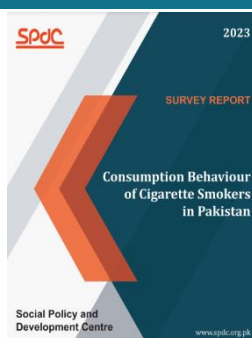
Mr. Iqbal has over 20 years of experience in research and policy analysis and has worked on a variety of aspects of governance, public finance and social service delivery. He holds an M.A. in Economics from Karachi University and M.P.A. (Development) from Carleton University, Ottawa, Canada. His recent work focuses on SDGs, tobacco taxation, social vulnerability, public finance, decentralization in the federal system of Pakistan and its consequences for public delivery of basic social services.

HIGHLIGHTS 2022-23

Survey Report

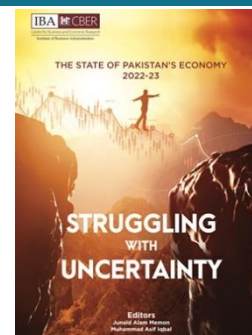
Consumption Behaviour of Cigarette Smokers in Pakistan

Based on SPDC's survey of smokers.



Struggling with Uncertainty: The State of Pakistan's economy 2022-23

SPDC worked with IBA on the analysis of the Federal Budget 2022-23 and the state of economy.



Policy Brief

Social Policy and Development Centre

June | 2023

Facts vs Industry Narrative:
Cigarette Production and Taxation in Pakistan



Federal Budget 2023-24:
An Unsustainable Fiscal Path



Policy Brief

June | 2023

Policy Brief

Social Policy and Development Centre

May | 2023

Excise Tax Increase on Cigarettes:
A Laudable Policy that Needs to be Sustained

Policy Brief

Social Policy and Development Centre

January | 2023

Smokers' response to price changes suggests enormous potential of taxation for discouraging smoking

Tax Law Ordinance 2022:
A Long-awaited Excise Tax Increase on Cigarettes

Social Policy and Development Centre (SPDC)

September | 2022

Fact Sheet



Excise Tax Hike is Required to Make Cigarettes Less Affordable: Policy Options for Budget 2023-24

BUDGET 2022-23

Revenue and Health Implications of Excise Tax Increase on Cigarettes

Social Policy and Development Centre

July | 2022

Policy Brief



Social Policy and Development Centre



Assessing the Prospects of SOS Children's Village in Tharparkar

OUTREACH/NETWORKING

Health Ministry: Proposal for enhancing excise tax on cigarettes in the Federal Budget 2023-24

UIC partners in Egypt, Jordan, Lebanon and Pakistan on tobacco taxation.

Worked with IBA on Budget Analysis 2022-23

MoU with AERC for collaborative research

Worked with UIC team: Tobacco Excise Tax Training conducted by UIC for EMRO partners, Online

Participated in a webinar on Tobacco Taxation: Nostrum to the Ailing Economy, SDPI

Participated and assisted in holding the UIC Asia Regional Partners Meeting held in Bali, Indonesia

Pre-budget and post-budget seminars with AERC

Press Briefing on Tobacco Taxation with SPARC

Progress on Program Activities 2022-23

This report covers the period from July 1, 2022 to June 30, 2023 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 extended period.

The following activities were undertaken during the reporting period:

1. *Research Study – Consumption Behaviour of Smokers in Pakistan*
Survey Report was published and disseminated.

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 about 9,000 households 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).

2. *Policy Brief* entitled "Smokers' Response to Price Changes Suggests Enormous Potential of Taxation for Discouraging Smoking" published and disseminated online.

3. *Pakistan Tobacco Fact Sheet 2023*

Based on the tax simulation model, Pakistan Tobacco Factsheet 2023 was prepared and finalized in consultation with BI (Bloomberg Initiative) partners. Discussions were also held with BI partners for jointly holding a launch event in March 2023. However, the government announced various tax measures in the mini-budget on February 14, 2023. The tax measures included an increase of about 150 percent in the excise tax on cigarettes, which was substantially higher than the proposed increase of 43.5 percent in the Fact Sheet. Therefore, the Fact sheet was not disseminated.

4. *Policy Brief* entitled “Revenue and Health Implications of Excise Tax Increase on Cigarettes” was published and disseminated.
5. *Policy Brief* entitled "Excise Tax Increase on Cigarettes: A Laudable Policy that Needs to be Sustained" was published and disseminated.
6. *Policy Brief* entitled “Tax Law Ordinance 2022: A Long-Awaited Excise Tax Increase on Cigarettes” published and disseminated.
7. *Policy Brief* entitled “Facts Vs Industry Narrative: Cigarette Production And Taxation in Pakistan” was published and disseminated.
8. *Research Study – Estimating Price Elasticities of Cigarette Consumption in Pakistan*
Draft working paper was submitted to UIC, which is being revised as per the comments received.
9. SPDC provided assistance to the Health Ministry in drafting a proposal for enhancing excise tax on cigarettes in the Federal Budget 2023-24.
10. In collaboration with the UIC team, agreements were established with research institutions/groups in four EMRO countries: Egypt, Jordan, Lebanon, and Pakistan. SPDC coordinated with the research teams in preparing research reports. Draft reports on Egypt, Jordan, Lebanon and Pakistan were reviewed, and feedback was provided to the authors.
11. SPDC participated in Tobacco Excise Tax Training conducted by UIC for EMRO partners, 28-30 September 2022. Subsequently, a webinar was conducted by SPDC on November 9, 2022, where EMRO country teams presented preliminary research findings.
12. SPDC participated and assisted in holding the UIC Asia Regional Partners Meeting held in Bali, Indonesia, 26-30 November 2022. SPDC made presentations on modelling the impact of tax changes, estimating underreported production by tobacco manufacturers, and CGE modelling to measure the macroeconomic impacts of tobacco use.
13. UIC has extended the existing contract till December 2023. In addition to research on Pakistan's tobacco sector being undertaken, SPDC's role has been enhanced for providing technical assistance and managing small research grants to UIC's partners in WHO's EMRO region. The countries include Egypt, Jordan, and Lebanon.

SOS Children's Village Survey

SPDC and Baanhn Beli were contracted by SOS Children's Villages of Sindh to conduct a household and community survey to explore the prospects of establishing a children's village in district Tharparkar. The project involves survey of 1,200 households in 40 locations in the district and 20 focus group discussions in 10 villages. The project was completed successfully.

GIZ Social Protection Project

SPDC's proposal for an assessment study of Bahimmat Bazurg program of the Punjab Social Protection Authority (PSPA) was accepted by GIZ for funding, and contract was signed. The duration of the project is March-October 2023, with the total amount of EUR 35,750. Under this initiative, the PSPA provides cash assistance to poor elderly people. The study involves quantitative survey of more than 700 beneficiaries in districts of Muzaffar Garh and Okara, and qualitative interviews of beneficiaries and other stakeholders including PSPA, district administration, Social Welfare Department and financial service providers. Survey tools have been developed and submitted to PSPA for approval. The field work will start after PSPA approval and NOC from the Government of Punjab.

State of the Economy/ Budget Analysis

SPDC team worked with IBA team on the analysis of Federal Budget 2022-23 and the state of economy. A newspaper supplement was published in Dawn, followed by an e-book entitled *The State of Pakistan's Economy: Struggling with Uncertainty*. The e-book was edited by Dr. Junaid Memon (IBA) and Muhammad Asif Iqbal (SPDC), and was published and disseminated by IBA.

SPDC team worked with Applied Economics Research Centre (AERC), University of Karachi on the analysis of Federal Budget 2023-24.

A Policy Breif entitled "Federal Budget 2023-24: An Unsustainable Fiscal Path" was jointly prepared and published by AERC and SPDC.

Proposals for Contract Research

Applied Economics Research Centre (AERC), University of Karachi and SPDC jointly submitted a project proposal to IZA Institute of Labour Economics (Germany). The proposal for a three-year project on "Analyzing the Potential of Entrepreneurship Education Programs in Bridging the Entrepreneurship Gender Gap in Pakistan" was submitted under a program entitled "The Gender, Growth and Labour Markets in Low-Income Countries", which is sponsored by UKAID and managed by IZA. The proposed cost is EUR 383,000. Response is awaited.

Dissemination/Outreach

- SPDC's Managing Director participated as a speaker in a webinar on 'Tobacco Taxation: Nostrum to the Ailing Economy', organized by Sustainable Development Policy Institute, on February 5, 2023.
- A pre-budget seminar was conducted jointly by SPDC and AERC on May 23, 2023 at AERC Auditorium University of Karachi.
- SPDC in collaboration with SPARC organized a press briefing on tobacco taxation in Islamabad on May 25, 2023.
- A post-budget seminar was held jointly by SPDC and AERC on June 20, 2023 at AERC Auditorium University of Karachi.

SPDC in Press

- 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>
- Experts urge govt to impose health levy on tobacco products”, Business Recorder, July 21, 2022.
<https://www.brecorder.com/news/40187184/experts-urge-govt-to-impose-health-levy-on-tobacco-products>
- Pakistan government imposes PKR 36 billion tax on cigarettes”, ANI News, August 23, 2022.
<https://www.aninews.in/news/world/asia/pakistan-government-imposes-pkr-36-billion-tax-on-cigarettes20220823124752/>
- Quit smoking or pay taxes!”, Global Village Space, August 22, 2022
<https://www.globalvillagespace.com/quit-smoking-or-pay-taxes/>
- From tobacco makers: FBR collected Rs160bn last year, PAC told, Business Recorder, October 20, 2022
<https://www.brecorder.com/news/40204058/from-tobacco-makers-fbr-collected-rs160bn-last-year-pac-told>
- Discouraging use of Tobacco by imposing a Health Levy, Bhaaghity, December 26, 2022
<https://en.baaghity.com/discouraging-use-of-tobacco-by-imposing-a-health-levy/>
- Experts for 70% increase in tax on tobacco products, Associated Press of Pakistan, February 6, 2023.
<https://www.app.com.pk/business/experts-for-70-increase-in-tax-on-tobacco-products/>
- Pro-poor taxes for sustainable development financing, Policy Brief, UNDP.
www.undp.org/sites/g/files/zskgke326/files/2022-11/UNDP-policy-brief-pro-poor-taxes-for-sustainable-dev-financing-2022_2.pdf
- Tobacco and Health, Sindhu Almas
<https://www.slideshare.net/DrSindhuAlmas/tobacco-and-healthpptx>

- Profit of cigarette companies goes up despite reduced production
<https://dailytimes.com.pk/1101158/profit-of-cigarette-companies-goes-up-despite-reduced-production/amp/>
- The Nation, June 8, 2023
<https://www.nation.com.pk/08-Jun-2023/sparc-organizes-launching-event-for-policy-brief-on-cigarette-production-taxation>
- https://www.express.com.pk/epaper/PoPupwindow.aspx?newsID=1110227191&Issue=NP_ISB&Date=20230608
- پیداوار میں کمی کے باوجود سگریٹ کمپنیوں کے منافع میں اضافہ ہوا، سپارک
<https://e.jang.com.pk/detail/461586>
- مالی اور مالیاتی پالیسیاں ایک دوسرے سے متصادم ہیں، مقررین
<https://jang.com.pk/news/1239325>
- Stakeholders from health sector demand incentives for masses, Dawn, June 8, 2023
<https://www.dawn.com/news/1758522>
- Federal budget portrays weak resource mobilisation strategy, the News, June 21, 2023
<https://www.thenews.com.pk/print/1082851-federal-budget-portrays-weak-resource-mobilisation-strategy>
- Forget tax increases, reduce spending, by Dr. Pervez Tahir, Express Tribune, June 23, 2023
<https://spdc.org.pk/spdc-press/forget-tax-increases-reduce-spending-grants-and-transfers-are-the-third-largest-expenditure>

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: Mr. Rizwanullah Khan, *Graphic Designer* (Part-time)

Challenges

Recruitment of a senior researcher has been a challenge during the reporting year. Research position could not be filled despite the head-hunting efforts. Consequently, an alternate strategy was adopted to hire consultants on specific assignments as and when required.