



**SOCIAL POLICY AND DEVELOPMENT CENTRE**

**Managing Director's  
Annual Progress Report  
2023-24  
(July 2023-June 2024)**

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## Managing Director's Annual Report 2023-24

This report covers the period from July 2023 to June 2024 and provides an account of research and other activities undertaken during this period. During the reporting period, the 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 project is sponsored by Bloomberg Philanthropies under the Bloomberg Initiative to Reduce Tobacco Use through its project entitled *Accelerating Progress on Tobacco Taxes in Low-and-Middle-Income Countries*. The funding from Bloomberg Philanthropies had been channelled through the School of Public Health, University of Illinois Chicago, till December 2023. However, from January 2024 onward, the project funding will be directed through the Bloomberg School of Public Health, Johns Hopkins University (JHU), USA. The current contract is being processed at JHU and covers the period from January to December 2024. The JHU has agreed in principle that the project will be further extended for two more years, ending in December 2026.

The following activities were undertaken during the reporting period:

#### **1. *Research Study – Estimating Price Elasticities of Cigarette Consumption in Pakistan***

Based on the smokers' survey data conducted in 2021-22, the study estimated the price elasticity of cigarette demand in Pakistan. The structure of Federal Excise Duty (FED) in the country is based on price tiers of cigarettes, with relatively higher tax rates applicable on high-priced cigarettes and vice versa. The study estimated the tier-wise price elasticity of demand for cigarettes. A Working Paper was prepared and submitted to UIC for approval.

#### **2. *Research Study – Estimating the indicators of illicit trade of cigarettes in Pakistan***

The illicit tobacco trade has been one of the central issues in the discourse on tobacco control policies in Pakistan. On the one hand, it is a major concern for the tax collecting authorities due to the potential loss of revenues. On the other hand, the tobacco industry persistently uses the perceived magnitude of illicit trade to influence policymaking and prevent the government from increasing taxes.

This study estimated the extent of illicit cigarettes consumed in Pakistan. The analysis was based on the dataset of the smokers' survey conducted by SPDC in 2021-22,

which collected information about the current consumption of cigarettes and prices along with photographs of the cigarette packs. A Research Report Paper was prepared and submitted to UIC for approval.

**3. *Research Study – Consumption behavior of cigarette consumers in relation to changes in prices, particularly due to changes in tax policy***

The second round of the smokers' survey, conducted in 2021-22, was carried out from October to December 2023. The study aims to examine how cigarette consumers have responded to price increases resulting from changes in tax increase in February 2023, in terms of intensity of smoking, brand switching, or quitting. A sample survey was conducted in 16 districts: Punjab (6), Sindh (3), KPK (3), Balochistan (3) and Islamabad. Over 100 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).

A Policy Brief was prepared and submitted to JHU. Work on preparing the Research Report is underway.

**4. *Pakistan Tobacco Fact Sheet 2024***

Based on the tax simulation model, Pakistan Tobacco Factsheet 2024 was prepared and finalized in consultation with BI (Bloomberg Initiative) partners and was published and disseminated online.

5. SPDC co-hosted UIC Regional Partners meeting held on November 14-16, 2023 in Istanbul. The meeting was attended by 40 participants, including representatives of research think tanks from Eastern Europe, Eastern Mediterranean Region and Asia.
6. In collaboration with the UIC team, sub-grant agreements were executed with research institutions/groups in three EMRO countries: Egypt, Jordan and Lebanon. SPDC coordinated with the research teams in preparing research reports. Draft reports on Egypt, Jordan and Lebanon were reviewed, and feedback was provided to the authors.

### **GIZ Social Protection Project**

Under a research grant from GIZ Pakistan, SPDC undertook an assessment study of *Bahimmat Buzurg Program* of the Punjab Social Protection Authority (PSPA). Under this initiative, PSPA provides a non-contributory social pension to the elderly in Punjab through regular, unconditional cash transfers of PKR 6,000 per quarter. The study adopted a mixed-methods approach including quantitative and qualitative analyses. The quantitative analysis examined the impact of BHBP on the socioeconomic status, psychosocial well-being and social inclusion of its beneficiaries and also evaluated the programme design and implementation. The qualitative analysis complemented the quantitative analysis, including an assessment of programme design and implementation

based on stakeholder interviews and a more detailed analysis based on in-depth interviews with a small group of BHPB beneficiaries.

The data collection included:

- A household survey of over 700 beneficiaries in the districts of Okara and Muzaffargarh
- 64 in-depth interviews of beneficiaries
- Interviews with stakeholders, including PSPA, Social Welfare Department (SWD) officials, and representatives of the Bank of the Punjab.

The research process involved close coordination with social protection experts from GIZ (Germany) and PSPA, who provided feedback at various stages of the research, such as the development of methodology, survey tools, and data analysis. In this regard, one meeting in Islamabad and two meetings in Lahore were held, in addition to several online discussion sessions.

A Policy Brief and a comprehensive Research Report were prepared and submitted to GIZ/PSPA.

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

SPDC team worked with the Applied Economics Research Centre (AERC), University of Karachi, on the analysis of the Federal Budget 2023-24. AERC and SPDC jointly prepared and published (online) a policy brief entitled *Federal Budget 2023-24: An Unsustainable Fiscal Path* and a Research Report entitled *Pakistan's Economic Outlook and the Federal Budget 2023-24*.

### **Proposals for Contract Research**

- A Senior Research Associate was appointed to develop contract research and soliciting research grants. The following proposals were prepared and submitted:
  1. *Strengthening foundational learning in public schools of Sindh and Balochistan through promising ECE interventions*: submitted to IDRC; not selected for funding
  2. *Final Evaluation of USAID-BHA RAPID (Responding to Pakistan Internally Displaced) Fund – III*: Submitted to Concern Worldwide; response waited
  3. *Evaluation of PAK UK Education Gateway Programme Phase 1*: Submitted to the British Council; not selected for funding
  4. *Hiring of Research Firm for Conducting KAB Survey on Human Papillomavirus (HPV), Cervical Cancer for HPV Vaccine*: Submitted to JHPIEJO; response awaited
  5. *3rd Party Evaluation of Outcomes and Impact of Projects Awarded under Technology Development Fund (TDF)*: Submitted to HEC; not selected for funding

- In addition to the above, an expression of interest was submitted to the World Bank for a project entitled *the Process Evaluation on the SELECT Project* (Sindh Early Learning Enhancement through Classroom Transformation). SPDC was shortlisted and invited to submit a full proposal. The proposal worth \$69,000 was prepared and submitted. The response is awaited from the World Bank.
- The staff has worked on the donor mapping and a draft has been prepared outlining the priority areas of major donors and how these areas link to SPDC's work and expertise. The report, which is a working document, is attached as Annexure A.

## Dissemination/Outreach

- The Country Program Mission of the Asian Development Bank, headed by Mr. Asad Aleem (Deputy Country Director), visited SPDC on March 25, 2024. The purpose of the mission was to get SPDC's input and perspectives on the country's economic situation and business climate in developing ADB's project portfolio for 2025-27.
- A Pakistan Institute of Development Economics (PIDE) delegation, led by Dr Faheem Jehangir Khan, visited SPDC on December 27, 2023. The purpose was to discuss and deliberate upon future economic and public policy priorities for developing PIDE's reform agenda entitled *Islaah*.
- SPDC is a founding member of the Southern Voice, which is a network of about 70 think tanks from the global south and contributes to the global dialogue on SDGs. The Managing Director participated in SV Conference 2023, held on October 24-25, 2023 in Nairobi. He was a panelist in a session, "The State of the Think Tank Sector: exploring Trends and Solutions". Sideline meetings with several think tanks were also held to explore the potential of collaborative research. These think tanks included the Centre for Policy Dialogue (Bangladesh), Institute of Policy Studies (Sri Lanka) and ISET-Nepal.
- Mr. Muhammad Asif Iqbal participated as a guest speaker in a seminar on "Preventing Children from Tobacco Industry Intervention", held in Islamabad on May 31, 2024 by the Council of Current Affairs and Infotainment Producers. The event was widely covered by national print and electronic media, including PTV.
- SPDC held a media talk on cigarette taxation jointly with the Society for the Protection of the Rights of the Child (SPARC) on May 28, 2024, in Islamabad. Mr. Muhammad Asif Iqbal presented the preliminary findings of SPDC's survey of smokers. The event was widely covered by national print and electronic media.

- Mr Muhammad Sabir presented the analysis of SPDC's Tobacco Factsheet 2024 at a seminar organized by the Human Development Foundation on May 16, 2024, in Islamabad.
- Mr Muhammad Sabir presented the analysis of SPDC's research and proposal for a cigarette tax increase at an event organized by SPARC on March 6, 2024.

## SPDC in Press

- SPDC proposes 37 percent in FED on tobacco products, *Business Recorder*, March 6, 2024: <https://www.brecorder.com/news/40301890/budget-2024-25-spd- proposes-37pc-increase-in-fed-on-tobacco-products>
- 37% in tobacco tax proposed, *Daily Times*, <https://dailytimes.com.pk/1192350/37- increase-in-tobacco-tax-proposed/>
- Experts call for FED increase on tobacco to help economy and save lives, *SMAA TV*, March 8, 2024 <https://www.samaa.tv/2087311045-experts-call-for-fed-increase-on-tobacco-to- help-economy-and-save-lives>
- SPARC proposes 26 pc hike in FED on cigarettes, *Business Recorder*, March 8, 2024 <https://www.brecorder.com/news/40292540>
- <https://www.aaj.tv/news/30388144>
- <https://urdu.samaa.tv/2087315642>
- <https://www.thenews.com.pk/print/1194365-govt-can-boost-revenue-by-40b- with-optimised-tobacco-taxation>
- <https://e.jang.com.pk/detail/693313>
- <https://www.nation.com.pk/29-May-2024/govt-can-boost-revenue-by-rs40b-with- optimized-tobacco-taxation-speakers>
- <https://dailytimes.com.pk/1195989/govt-urged-to-increase-tobacco-tax-by-40-pc- to-generate-revenue/>
- <https://dailypakistan.com.pk/03-Jun-2024/1719025>
- <https://www.urdupoint.com/en/business/govt-can-boost-revenues-by-40-billion- with-1829661.html>
- <https://www.dailyparliamenttimes.com/2024/05/28/govt-can-boost-revenues-by- 40-billion-with-optimized-tobacco-taxation-report-reveals/>
- <https://islamabadpost.com.pk/govt-urged-to-increase-tobacco-tax-by-40-pc-to- generate-revenue-reduce-consumption/>
- <https://islamabadpost.com.pk/govt-urged-to-increase-tobacco-tax-by-40-pc-to- generate-revenue-reduce-consumption/>
- <https://www.24urdu.com/29-May-2024/101968>

## Staffing

### Research

1. Muhammad Asif Iqbal
2. Muhammad Sabir
3. Naveed Aamir
4. Hassan Bin Zahid (November 2023 to April 2024)
5. Nadeem Ahmed (appointed in May 2024 on JHU project)
6. Haroon Jamal (Part-time)

### Admin/Support

7. Inamullah Khan (Accounts/Admin)
8. Amir Khan (CFO, Part-time)

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