

Nepal



Summary of Findings

1. INDUSTRY PARTICIPATION IN POLICY DEVELOPMENT

There is no evidence to show the involvement of tobacco industry (TI) involvement in health and tax policy development. However, there is a legal provision of inviting concerned agencies in the process of any policy formulation. Similarly, there is a practice of inviting different industry and commerce associations. There is no guarantee that there are no TI representatives included in these associations. During the preparation of Annual Budget 2022-2023, a Ministry of Finance official was penalized for engaging with TI personnel.

Nepal's delegation to the COP and its related meetings do not include any representatives from the TI.

2. INDUSTRY CSR ACTIVITIES

The Tobacco Product Control and Regulatory Directives 2014 states that tobacco manufacturers and related parties are prohibited from providing any financial, technical, material, and structural assistance to educational seminaries, theatres, workshops, religious discourse, preaching or health facilities operated by the government, non-government or private sectors. Despite this, Surya Nepal has provided financial sponsorship support to government institutions such as hospitals and schools. Moreover, financial support was also given for the Mountain Cleanup Programme, three hospitals, building of 20 public school toilets, as well as installation of a public toilet in Pokhara Sub Metropolitan City.

3. BENEFITS TO THE INDUSTRY

The WHO FCTC recommends all parties to raise tobacco tax by at least 75% of the retail price. Nepal raised the cumulative tax by only around 40%. Reluctance to adopt best practices that can reduce tobacco use and forgo revenue indicates some level of TI interference in government efforts in raising tobacco tax.

4. UNNECESSARY INTERACTION

The Ministry of Finance honored Surya Nepal as the largest tax payer in the country. The awarding ceremony brought the industry executives into contact with the Minister, which in the view of the authors of this report represents an unnecessary interaction that further legitimizes TI entities.

5. TRANSPARENCY

There is no system to disclose any meetings with the TI, nor is there any transparency in making the minutes of meetings available to the public. Additionally, the TI is not required to provide any data to the relevant ministries about their total production, sales, market coverage, marketing expenses, lobbying, political contributions. While tobacco related CSR activities are banned, the industry continues to conduct them and these activities have not been properly monitored or addressed.

6. CONFLICT OF INTEREST

There was no record of any government employee or retired former employee accepting any gift from the TI, and there have been no cases reported of any retired senior government officials joining the TI in the past 5 years.

7. PREVENTIVE MEASURES

According to the law governing political parties, government officials are not allowed to receive any financial contribution from the TI. It is, however, an open secret that all the political parties received financial

support from a tobacco company during last year's local, provincial, and parliament elections. All the parties are obliged to give financial details of their election expenses, but there is no strict rule to show the sources of these income. All the civil servants must abide by the law, and penalties apply for any violations of those laws.

Recommendations

1. Increase tobacco tax to make the products less affordable. Nepal still has a minimum tax on tobacco products. There is a need for continued evidence-based advocacy to the government to increase tobacco tax as per WHO FCTC recommendation. Collective efforts of the advocacy organization should urge the government towards progressive tax increases.
2. Terminate the CSR partnership with Nepal Surya on mountain cleanup. The law does not allow government departments to receive funds or sponsorship from the TI. This law should be implemented.
3. Tobacco companies must not be awarded for paying taxes. The government should not award a company for complying with the law and paying their taxes obligations. Awards ceremonies also bring senior government officials into interaction with tobacco company executives, which is against the law.
4. Improve transparency measures. The Constitution of Nepal in Article 17 on Right to Information says that "every citizen shall have the right to demand and receive information on any matter of his or her or of public interest." There has been no information provided by the government on the meetings with the TI.
5. Empower civil society as change makers. Nepal's leading civil society groups have been playing a proactive role in tobacco control since the 1990s. In accordance with Article 4.7 of the WHO FCTC, tobacco control groups with no ties with the TI should actively participate in the effective implementation of all the legal provisions.
6. Ensure the TI complies with tobacco products and control and regulation law. The Surya Nepal is a mother organization of Surya Tobacco Company, and the nature of this relationship has bred confusion to the benefit of Surya Nepal. Hence the government must implement the law to ensure Surya Nepal abides by the Tobacco Products Control and Regulation Law. The Ministry of Health and Population should further step up their efforts to raise awareness on the requirements of WHO FCTC Article 5.3, and the government should not form any partnerships with the TI.