



NATIONAL INSTITUTE OF PUBLIC POLICY

OVERVIEW

The saying goes that public policy is what governments choose to do or not to do. During the week under review, the government took several proactive steps to address the persistent problems while deciding to handle many other issues incrementally. A blend of positive as well as favorable developments created a mixed outlook, but a strong sense of hope overshadowed lingering doubts. Pakistan made a promising start at the Nomad Games in Kazakhstan, with Prime Minister Shehbaz Sharif assuring sportsmen of full support. On the economic front, Dy Prime Minister Ishaq Dar raised concerns about the IMF’s stance, though it was later confirmed that the IMF would review Pakistan’s case on September 25. The State Bank’s rate cut was seen as a positive move towards stabilizing the financial sector. As Pakistan remains highly vulnerable to natural calamities and conflicts, the NDMA head issued a warning about the dangerous rise in glacial melt in the Indus River basin.

In foreign relations, the KP Chief Minister ostensibly overstepped his mandate to meet with Afghan diplomat and urged the Centre to send a Jirga to Kabul. On the education front, the government's pledge to enroll 26 million children in schools highlighted the commitment to education as a path to empowerment, though disparities in Balochistan's education system remain a concern.

The health sector saw the launch of a polio vaccination campaign, but tragic attacks on polio workers highlighted ongoing security risks. Politically, discussions on a 'constitutional package' and the Senate’s approval of the Cannabis Authority Bill marked significant governance shifts. Environmental initiatives, such as marine conservation efforts made headway in addressing climate change impacts. Despite these advancements, Pakistan continues to grapple with challenges in security, education, and economic stability.

This overview presents a balanced yet hopeful picture of the last week’s policy actions, reflecting both progress and the ongoing hurdles the country faces.

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Damning Vulnerability to Calamities and Conflicts

As per 2024 World Risk Index Pakistan is among the top ten countries most vulnerable to disasters and conflict. It ranks among the top three countries most exposed to conflict. Pakistan's vulnerability to devastating floods and earthquakes is compounded by internal conflicts and political instability. This situation is further exacerbated by widespread poverty, weak institutions, and inadequate disaster preparedness. Pakistan's ability to manage these twin threats is closely tied to governance and economic resilience. The report calls for holistic, forward-thinking responses to these interconnected crises.



Analysis

No doubt Pakistan is facing the catastrophes and conflicts since long which has impacted its economy, stability, and growth. Despite the enormity and complexity of challenges the response has been mostly placid, inadequate, outdated, and ill-suited to the complex challenges it faces. A holistic and proactive approach is missing. It is crucial to recognize that climate disasters are relentless and hit lives and the economy. Without improved governance and equitable access to resources, Pakistan will remain stuck in a cycle of reactive crisis management. The country stands at the center of multiple, interconnected risks. Failure to act will only lead to more frequent and severe crises.

Way Forward

- Disaster preparedness ought to be given a national priority.
- Strengthen early warning systems and invest in resilient infrastructure, advanced technologies to monitor and predict natural disasters.
- Institutional capacities must be enhanced to manage both conflicts and natural disasters simultaneously.
- Robust solution requires coordinated efforts across disaster management, conflict resolution, and sustainable development.
- In addition to strengthening coordination between NDMA and PDMA, empower local governments and communities by providing training and resources for disaster preparedness and response. Pakistan Red Crescent has thousands of volunteers who can ensure rapid, localized action during emergencies.
- Launch national awareness campaigns to educate the public on disaster risks and safety measures.

Governance

Fourth Schedule Fumblings

After the sit-in of Baloch Yekjehti Committee at Gwadar, Balochistan, government included the names of scores of student leaders, social workers, and journalists in the fourth schedule of Anti-Terrorism Act 1997. Those placed on this list are perturbed over unjustifiably associating them with outlawed outfits, curtailing their movements under the harsh watch list. According to an unconfined report after the Raji Machi sit-in the names of about three hundred people have been added in the Fourth Schedule (BBC).



Analysis

Usually, a person's name is added to the Fourth Schedule for alleged involvement in terrorism or association with terrorists based on reports from intelligence agencies. Field officers, sometimes as low-ranking as constables, recommend these names. As a result, many names, as records show, are added without proper due diligence or thorough background checks. Once a person is listed on the 4th Schedule, their movement is severely restricted, and they are required to regularly report to the relevant police station. The process to remove a name from the list is overly complicated and cumbersome. Over time, these lists have grown long and unwieldy. Due to a lack of manpower and funds, monitoring all individuals on the 4th Schedule has become nearly impossible, defeating the purpose, and undermining the effectiveness of the law.

Way Forward

- A comprehensive yardstick, detailing the reasons for placing a person on the 4th Schedule, should be carefully devised, and diligently followed to ensure standardization and to avoid arbitrariness and errors in judgment by field operatives.
- Periodical pruning and updating of the list should be assured to keep it manageable.
- Rigorous but discreet ground check of the person to be placed on it should be ensured.

Finance

IMF Intentions towards Pakistan

The Deputy Prime Minister of Pakistan has criticized the International Monetary Fund (IMF) for intentionally postponing the release of funds to the country. This delay could push Pakistan toward a declining economic path. The IMF has yet to approve a \$3 billion stand-by agreement, despite Pakistan having recently completed a short-term \$3 billion program that helped avert a default risk. However, the Prime Minister has emphasized that the country also requires a new long-term loan programme.

Analysis

IMF acts as the last resort for financial support that Pakistan urgently needs, as the country continues to face economic challenges and is experiencing stagnant growth of 2%, an improvement from the negative figures reported last year. The IMF initially agreed to provide a short-term loan of \$3 billion to prevent Pakistan from defaulting. However, there are allegations that the disbursement of these funds has been delayed. Reports indicate that Pakistan has struggled to balance its finances in front of the IMF and has been unable to secure foreign funding as a result. Additionally, there are growing concerns that Western powers do not want Pakistan to use IMF funds to repay its debts to China. The lender has reportedly advised Islamabad to seek debt relief from Beijing, like the situation in Sri Lanka, before releasing the promised funds.

Way Forward

- In Pakistan a large portion of the population remains outside the tax net. Including this group in the tax system would increase revenue for public sector spending.
- Government should prioritize negotiations with the IMF to expedite the disbursement of the \$3 billion loan.
- It is imperative for the government to address the concerns raised by the IMF to build trust and ensure compliance with their requirements.
- Government should also initiate discussions with Chinese authorities to negotiate debt relief.
- Government should seek alternative sources of foreign funding, including investments from Western and Middle Eastern nations and other international financial institutions.
- Public sector partnership with private sector and development agencies can help reduce reliance on a single funding source.
- Improved transparency and accountability in fiscal management is inevitable to regain credibility with international lenders.

Crime Control

FIA Busts Human Trafficking Network

FIA identified a human trafficking network in Lahore. The network of conmen was engaged in deceiving people with false promises of overseas employment, defrauding them of millions of rupees. The group specialized in producing counterfeit documents, such as passports, visas, and other papers necessary for international travel. They also facilitated the people seeking political asylum abroad. The investigation has been widened, and further arrests are in the offing.



Analysis

Such serious crimes are happening since long. They are not only a threat to the citizens but the state security and its image are at stake.

Way Forward

- A dedicated task force may be established that is focused on dismantling human trafficking rings, ensuring swift action against those involved.
- Strengthening law enforcement and collaboration with neighbouring countries like Afghanistan and Iran to counter transnational trafficking and smuggling.
- Strict licensing requirements may be enforced on recruitment agencies and regularly audits should be conducted upon their operations to prevent fraudulent activities.
- Effective enforcement of Prevention of Electronic Crimes Act 2016 must be ensured and actions should be taken to track and disrupt online operations facilitating illegal migration and document forgery.

Industry

1000 Power Looms Shut down in Faisalabad

Following the shutdown of over 100 textile mills in Faisalabad, more than 1,000 power loom units have also ceased operations due to the lack of a significant reduction in interest rates and the ongoing rise in electricity and gas prices. Power loom owners state that the escalating cost of production and rising prices of raw materials have made it impossible for them to continue operations.



Analysis

Currently Pakistan has the highest interest rates and energy tariffs in the region, leading to partial or complete closure of many mills in the export sector. This impact is now being felt in the power loom industry as well. The Government is taking necessary measures to handle this situation and has reduced the interest rate during the last three months.

Nevertheless, the manufacturers want the government to reduce the markup rate to at least 14% to capitalize on this opportunity. Pakistan's exports showed sign of improvement last month and valued \$1.2 billion; it can reach at \$2 billion with slight fine tuning. While the country has the necessary raw materials and production capacity, it is crucial to improve the business environment to enhance economic stability and create more jobs.

Way Forward

- There should be substantial reduction in electricity and gas tariffs for the textile and power loom sectors.
- Energy-saving measures should be encouraged.
- Further reduction in interest rate, specifically for export-oriented industries, will encourage businessmen and investors.

Policy Nuggets

Sr.	Incident/ News	Impact	Recommendation	Priority
1.	Cup of tea in Kabul has cost Pakistan: Dar (8 Sept).	Highlights the temerity to cuddle the Afghan Taliban which has boomeranged.	Talks, trade, and tenacity can yield results to secure the western border.	Highest Priority
2.	Govt pledges to put 26 million kids back in schools (9 Sept).	It is a “gateway to empowerment, economic opportunity, and active participation in society”.	The pledge can only be realized through a sustained, actionable plan supported by sufficient funding.	Highest Priority
3.	Allies congregate to mull ‘constitutional package’(10 Sept); Delayed (12-13 Sept)	Greater interaction between political parties; parliament gains momentum.	Traditions of political hobnobbing and parliamentary debates should be strengthened.	High Priority
4.	40000 farmers to get Kissan Cards across Punjab (11 Sept).	A step in the right direction for socioeconomic uplift of farmers.	Robust strategies are essential to strengthen the agriculture sector of the food basket of Pakistan.	Highest Priority
5.	PM Shehbaz assures sportsmen of all-out support (12 Sept)	The recognition of the importance of sports in instilling enthusiasm in the youth and enhancing the country’s image is a positive sign.	Educational institutions; govt departments & MNCs should support & sponsor athletes.	High Priority
6.	Police station attacked amid protest against ‘blasphemy.’ Later police officer guns down the alleged blasphemmer (12 Sept)	Propensity to publicly lynch over blasphemy allegation persists. Speaks volumes of weak writ of law.	Police must be trained to handle such incidents. Perpetrators must be penalized by the courts in speedy trial.	Highest Priority
7.	Polio worker and police men deputed with the team slain in KP. / Bannu; Polio worker kidnapped and sexually assaulted in Jacobabad/beaten in Lahore. (12-13 Sept).	Persistent attacks on polio workers and police officers can undermine the polio campaign.	Area-wise threat assessment must be carried out to ensure correspondingly robust security arrangements of the polio teams.	Highest Priority
8.	SBP delivers third rate cut in a row (13 Sept)	17.5 %, the third straight reduction since June meets expectations of financial experts and bankers.	Expectations of trade and industrial sectors can be met incrementally who want a bigger reduction.	Highest Priority
9.	China, S.Arabia, UAE helped Pakistan IMF loan: PM (14 Sept).	Strategic partners have proven their worth in testing times.	Enhancing trade and business relations with these friends can enable Pakistan get rid of the crutches of IMF.	Highest Priority

Feedback

- “Great effort” (Dr. Ayesha Saeed, PAS)
- “It should also cover Sports” (Mian Waqar, KP)
- “Comprehensive data may be given with in depth analysis; overall, Policy Pulse is a valuable and insightful document” (Zulfiqar Ali, Federal Board of Investment)

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