



WEEKLY

POLICY PULSE



Vol. 3 Issue No. 33

15 – 21 April

2025

NATIONAL INSTITUTE OF PUBLIC POLICY

OVERVIEW

This week's *Policy Pulse* highlights Pakistan's dynamic push toward fiscal stability, regional diplomacy, and tech-driven reforms. A record \$4.1 billion in March remittances boosted the external account, buoyed by seasonal inflows and increased diaspora confidence. In response, Prime Minister Shehbaz Sharif introduced incentives for overseas Pakistanis, including legal support and civil recognition, signaling stronger diaspora engagement.

Investor confidence grew with Fitch's credit rating upgrade, reflecting macroeconomic improvements and currency stabilization under IMF oversight. However, sustained reforms and political consensus remain essential for continued progress. Diplomatically, Pakistan renewed ties with Bangladesh after 15 years and expanded cooperation with Russia, marking major foreign policy strides. Engagements with Kazakhstan emphasized Pakistan's peacekeeping role and trade diplomacy, enhancing its multilateral profile.

Domestically, reform efforts focused on integrating AI into education, with calls for a national curriculum and digital infrastructure to boost competitiveness. The government also unveiled plans to modernize agriculture, prioritize climate-resilient development, and revise EV charging policies to support sustainability. In governance, Karachi's traffic enforcement reform and ongoing debates over Afghan repatriation policy reflected efforts to balance administrative efficiency with humanitarian concerns.

Key policy initiatives this week included strengthening peacekeeping contributions, expanding climate-focused investments, digitizing tax enforcement, and enhancing regional trade. Together, these steps underscore a forward-looking agenda centered on resilience, fiscal discipline, and international alignment. As Pakistan navigates economic recovery and geopolitical complexity, the overarching sentiment is one of cautious optimism—anchored by reform momentum, improving indicators, and renewed global engagement.

Inside This Issue

✚ Fitch raises Pakistan's rating to 'B-'	2
✚ Pakistan, Russia agree to advance partnership	2
✚ Pakistan, Bangladesh reignite ties after 15-year hiatus	3
✚ Integrating AI into education system Discussed	4
✚ Remittances hit record \$4.1 b for March	5
✚ PM Shehbaz showers incentives to entice expats	5
✚ Policy Nuggets	6

Economy

Fitch raises Pakistan's rating to 'B-'

- **Fiscal Reforms:** Pakistan has implemented significant fiscal measures, including tax increases, spending cuts, and energy price adjustments, contributing to a more balanced budget.
- **External Liquidity:** The country has secured a \$7 billion Extended Fund Facility (EFF) from the IMF, with additional support from bilateral partners like Saudi Arabia, the UAE, and China.
- **Exchange Rate Stability:** Efforts to align the interbank and parallel market exchange rates have been successful, reducing currency volatility.
- **Improved Reserves:** Pakistan's foreign exchange reserves have risen to over \$15 billion, nearing their 2021 peak, indicating enhanced financial stability.



Analysis:

- The upgrade signifies increased investor confidence, potentially leading to lower borrowing costs for Pakistan.
- Continued commitment to fiscal discipline and structural reforms is essential to maintain positive momentum.
- Despite improvements, Pakistan remains susceptible to external shocks, necessitating cautious economic management.
- The political landscape will play a crucial role in sustaining investor confidence and ensuring the implementation of necessary reform.

Way Forward:

1. **Strengthen Structural Reforms:** Focus on enhancing tax collection, reducing energy sector inefficiencies, and improving governance in state-owned enterprises.
2. **Diversify External Financing:** Seek a broader range of international partnerships to mitigate dependence on a few sources of external funding.
3. **Promote Political Consensus:** Foster bipartisan support for economic policies to ensure continuity and stability in reform implementation.

International Relations

Pakistan, Russia agree to advance partnership

- **Expanded Cooperation Areas:** Both nations have agreed to strengthen collaboration in trade, industry, energy, connectivity, science, technology, and education.



- **Enhanced Bilateral Engagement:** The leaders emphasized the importance of robust dialogue and mutual cooperation to deepen ties between the two countries.
- **Multilateral Cooperation:** Pakistan and Russia committed to working together in multilateral forums, including the United Nations and the Shanghai Cooperation Organization, to address global challenges.
- **People-to-People Exchanges:** The agreement includes initiatives to promote cultural and educational exchanges, fostering stronger people-to-people connections between the two nations.

Analysis:

- The agreement signifies a commitment to enhancing diplomatic and economic ties, potentially leading to increased trade and investment.
- Collaboration in multilateral forums indicates a shared interest in addressing global issues through collective efforts.
- People-to-people exchanges can play a crucial role in building mutual understanding and goodwill between the populations of both countries.
- Implementing the initiatives outlined in the agreement will require sustained political will and effective coordination between various stakeholders.

Way Forward:

1. **Implementation of Initiatives:** Establish joint working groups to oversee the execution of projects in the agreed-upon sectors, ensuring timely progress.
2. **Monitoring and Evaluation:** Set up mechanisms to assess the impact of the cooperation, allowing for adjustments and improvements as needed.
3. **Public Engagement:** Launch awareness campaigns to inform citizens of both countries about the benefits and opportunities arising from the enhanced partnership.

Pakistan, Bangladesh reignite ties after 15-year hiatus



- **Resumption of Diplomatic Engagement:** The agreement marks the first high-level contact between the two countries in over a decade, signaling a renewed commitment to bilateral relations.
- **Enhanced Trade Cooperation:** Both nations aim to boost trade in sectors such as chemicals, cement clinkers, surgical goods, leather goods, and IT, with efforts to finalize a bilateral Free Trade Agreement.
- **Facilitation of Travel and Trade:** Bangladesh has waived the 100% physical inspection requirement for Pakistani consignments and abolished the special security desk at Dhaka airport for Pakistani passengers, easing travel and trade processes.

consignments and abolished the special security desk at Dhaka airport for Pakistani passengers, easing travel and trade processes.

- Cultural and Educational Exchanges: Initiatives to promote people-to-people contacts and cultural exchanges have been discussed, fostering mutual understanding and goodwill between the populations of both countries.

Analysis

- The agreement signifies a commitment to enhancing diplomatic and economic ties, potentially leading to increased trade and investment.
- Enhanced cooperation in trade and investment can provide new avenues for economic growth and development in both countries.
- Improved relations between Pakistan and Bangladesh can contribute to greater stability and cooperation in the South Asian region.
- Addressing historical issues and building trust will be crucial for the sustained success of the renewed partnership.

Way Forward

1. Implementation of Agreements: Establish joint working groups to oversee the execution of projects in the agreed-upon sectors, ensuring timely progress.
2. Monitoring and Evaluation: Set up mechanisms to assess the impact of the cooperation, allowing for adjustments and improvements as needed.
3. Public Engagement: Launch awareness campaigns to inform citizens of both countries about the benefits and opportunities arising from the enhanced partnership.

Education

Integrating AI into education system discussed



- National AI Curriculum Initiative: Dr. Ishfaq Ahmad, an IT and AI expert based in Australia, emphasized the urgent need to design and implement a comprehensive AI curriculum spanning from primary schools to universities.
 - International Collaboration: The meeting highlighted the importance of fostering international partnerships to advance education and healthcare sectors through AI integration.
- Strategic Vision for Technological Advancement: The discussion underscored the commitment to leading Pakistan into a new technological era by leveraging AI to enhance educational outcomes.

Analysis:

- Integrating AI into the national education system aims to revolutionize teaching and learning processes, making them more personalized and efficient.
- By adopting AI, Pakistan seeks to align its educational standards with global advancements, preparing students for future challenges.

- Successful implementation will require significant investment in technological infrastructure, including hardware, software, and internet connectivity.
- Equipping educators with the necessary skills to utilize AI tools effectively is crucial for the success of this initiative.

Way Forward:

1. Curriculum Development: Collaborate with educational experts to develop a standardized AI curriculum suitable for all educational levels.
2. Infrastructure Enhancement: Invest in upgrading technological infrastructure across educational institutions to support AI integration.
3. Professional Development: Implement comprehensive training programs for teachers to familiarize them with AI tools and methodologies.

Foreign Direct Investment

REMITTANCES HIT RECORD \$4.1BN FOR MARCH



- Record remittances of \$4.1 billion received by Pakistan in March 2025, highest in a single month.
- Major contributors: Saudi Arabia, UAE, UK, and USA
- Cumulative remittances reached \$28 billion for FY25 (Jul-Mar), a 33.2% increase YoY.

Analysis:

Seasonal Boost: March saw higher inflows due to Ramadan and Eid preparations, a typical seasonal trend.

IMF Confidence: Strong intlows support external account stability and may boost investor and IMF confidence.

Exchange Rate Support: Higher remittances ease pressure on foreign exchange reserves and currency.

Diaspora Engagement: Indicates continued trust and involvement of overseas Pakistanis in the local economy.

Way Forward

1. **Incentivize Formal Channels:** Offer better rates or rebates to encourage remittances through official banking channels.
2. **Digital Transfer Ecosystem:** Improve fintech and mobile banking for smoother, faster transfers.

PM Shehbaz Showers Incentives to Entice Expats

Incentives:



Legal Support

Special courts in Islamabad to resolve property disputes for expatriates, with vieflink facilities for evidence submission.



Educational Benefits

5% quota in universities and 15% in medical colleges for children of overseas Pakistanis. Skill development courses.



Recognition

Civil awards for outstanding expatriates based on their remittance contributions.



Analysis:

Legal Empowerment: Establishing dedicated courts will help expedite legal matters for overseas Pakistanis, reducing bureaucratic hurdles.

Analysis:

Legal Empowerment:

Dedicated courts will help expedite legal matters for overseas Pakistanis, reducing bureaucratic hurdles.

Increased Opportunities:

Educational quotas and skill development programs offer greater opportunities for the next generation of expatriates.

Financial Inclusion & Ease:

Recognizing expatriates as filers makes banking and business dealings smoother, boosting its engagement with Pakistan's economy.

Symbolic Recognition:

Civil awards for remittance contributions promotes pride and recognition, encouraging even greater financial involvement.

Way Forward:

Launch awareness campaigns to ensure expatriates are fully informed about these new perks and how to access them.

Ensure the swift establishment of special courts and the operationalization of the 'Green Channel' to provide immediate relief to overseas Pakistanis.

Establish robust feedback channels to continuously assess the effectiveness and make necessary adjustments based on the experiences and suggestions of overseas Pakistanis.

Policy Nuggets

1 Pakistan reaffirms support for UN peacekeeping

Impact

Reinforces Pakistan's global peacekeeping commitment and diplomatic stature.

Recommendation

Enhance training and preparedness of peacekeeping troops; expand diplomatic engagement in UN forums.

"Peacekeeping is not a soldier's job, but only soldiers can do it." – Dag Hammarskjöld

4 Agriculture sector to be transformed on modern lines: PM

Impact

Signals intent to modernize farming for food security and exports.

Recommendation

Promote mechanization and climate-smart farming; improve access to credit.

"The ultimate goal of farming is not the growing of crops, but the cultivation and perfection of human beings." – Masanobu Fukuoka

7 Three personnel martyred, 20 hurt in Mastung blast

Impact

Reflects persistent militant threat to security forces.

Recommendation

Reinforce surveillance in high-risk zones; upgrade transport security protocols.

"The price of freedom is eternal vigilance." – Thomas Jefferson

2 PM urges FBR to boost revenue, end IMF dependence

Impact

Calls for fiscal self-reliance and stronger domestic revenue base.

Recommendation

Broaden tax net; improve enforcement through digital audits.

"No taxation without representation." – James Otis

5 Plan to empower Karachi wardens to fine wrong-way driving

Impact

Aims to improve traffic discipline and local enforcement.

Recommendation

Train wardens in traffic management; digitize fine collection.

"Laws are like cobwebs, which may catch small flies, but let wasps and hornets break through." – Jonathan Swift

8 Govt, judiciary urged to reconsider Afghan repatriation plan

Impact

Raises legal and humanitarian concerns over forced returns.

Recommendation

Review policy in consultation with UNHCR; establish legal aid mechanisms.

"Refugees are not terrorists. They are often the first victims of terrorism." – António Guterres

3 Pakistan to prioritise climate-friendly projects

Impact

Aligns development goals with global climate commitments.

Recommendation

Mainstream climate resilience in PSDP; prioritize green public investment.

"We do not inherit the Earth from our ancestors; we borrow it from our children." – Native American Proverb

6 Nepra cuts EV charging tariff by 45pc, backs cross-subsidy plan

Impact

Encourages EV adoption and energy sector reform.

Recommendation

Ensure smooth implementation of tariff changes; support EV infrastructure development.

"The future belongs to those who prepare for it today." – Malcolm X

9 Pakistan, Kazakhstan to boost regional trade and connectivity

Impact

Deepens Central Asian ties and economic integration.

Recommendation

Finalize transit agreements; strengthen regional logistics infrastructure.

"Trade creates jobs, fosters economic growth, and builds bridges between cultures." – Kofi Annan



Editorial Team

Dr. Naveed Elahi

Faryal Maaz

Jahanzeb Waheed

Naeema Naeem

National School of Public Policy
87- Shahrah e Quaid e Azam, Lahore.

Email: polycypulse.nipp@nspp.gov.pk