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OVERVIEW

This issue of the *Policy Pulse* captures the eclectic state of governance, economic strategy, and social reform, reflecting both progress and persistent challenges. At its core, the *Policy Pulse* reviews the government's push for digital transformation, economic resilience, and equitable development amplified by global crises such as, climate change and regional conflicts. With a mix of policy announcements, analytical insights, and forward-looking recommendations, it serves as a roadmap for stakeholders navigating Pakistan's complex socio-political landscape. The accompanying Policy Nuggets further distil actionable insights, offering targeted solutions for pressing issues—from NFC reforms to climate adaptation.

Key takeaways reveal *structural reforms* and *crisis response*. The digital economy initiative, backed by the establishment of Pakistan Digital Authority, aims to modernize governance but faces hurdles in federal-provincial coordination. Similarly, Balochistan's workplace harassment law marks progress on gender inclusion, yet contentious debates around health and security reforms highlight the need for inclusive policymaking. On the economic front, IMF projections urge fiscal discipline, while the US-Pakistan oil deal AI policy signal opportunities for diversification. Meanwhile, Gaza's famine and GB's monsoon devastation stress the urgency of humanitarian and climate resilience strategies.

For the Policy Nuggets, initiatives such as Punjab's "Waste to Value" initiative and hepatitis control campaigns demonstrate how circular economy and public health can intersect. NFC reforms, if realized, could unlock stalled infrastructure projects, while barter trade simplifications may revitalize Balochistan's border economy. The sugar sector deregulation and AI policy debates reveal tensions between market efficiency and regulatory oversight—a microcosm of broader governance challenges. For practitioners, these examples underscore the importance of *localized solutions* and *transparent processes*. In essence, *Policy Pulse 48* bridges macro-level vision with granular action, reminding us that Pakistan's progress hinges on collaborative, adaptive governance—where policy meets practicality.

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PM wants cooperation from provinces for digitalisation of economy



Prime Minister Shehbaz Sharif has emphasized the need for collaboration between federal and provincial governments to effectively implement Pakistan's digital transformation and cashless economy plan. In a review meeting, he stressed stakeholder involvement and the timely achievement of goals. Key developments include establishment of the Pakistan Digital Authority, the National Digital Commission, and the launch of a Merchant Onboarding Framework.

Analysis

This initiative highlights the government's commitment to enhance transparency and efficiency through digitalisation. However, challenges may arise from coordination gaps between federal and provincial entities, especially regarding regulatory alignment and infrastructure disparities.

Way Forward

- To ensure success, clear roles and responsibilities must be defined amongst stakeholders.
- Capacity-building efforts at the provincial level should be prioritised.
- Establish a monitoring mechanism with periodic evaluations to help maintain momentum and accountability.

Hunger must never be 'weapon of war': UN chief



At the UN Food Systems summit in Addis Ababa, UN chief Antonio Guterres condemned the use of hunger as a weapon amid conflicts and climate crises. He highlighted famine in Gaza due to Israeli's blockade. The African Union urged global support as 280 million Africans face worsening hunger and malnutrition.

Analysis

The summit highlights a clear reality: hunger is being turned into a weapon amidst global crisis and conflict. As climate change and instability exacerbate famine, particularly in Africa and Gaza, urgent international action and cooperation are needed to stop further suffering.

Way Forward

- Develop and strengthen systems to detect and respond to early signs of food insecurity before it escalates to famine.
- Assure unrestricted humanitarian assistance in conflict areas such as Gaza and Sudan, under international observation to avoid the weaponization of hunger.
- International community should take pro-active measures to eliminate famine and malnutrition in Gaza.

Balochistan Assembly adopts bill for women's safety at workplaces



The Balochistan Assembly has passed a key bill to protect women from workplace harassment, and is being hailed as a milestone in promoting a secure and inclusive work environment. Chief Minister Sarfraz Bugti appreciated the initiative as it emphasizes gender inclusion in provincial development. Additionally, the House passed the Balochistan Health Institutions Reforms Bill and referred the Balochistan Levies Force Bill to the standing committee following a heated debate on the said bill.

Analysis

The workplace harassment bill demonstrates growing political will to address gender-based issues in Balochistan. However, controversies around health reforms and Levies Force Bill highlight institutional tensions. These debates reflect the need for greater stakeholder engagement and clarity in legislative reforms.

Way Forward

- Implementation of women's protection law should involve training and awareness campaigns.
- Health and security reform bills must ensure transparency and technical input while respecting judicial processes and provincial autonomy.
- Inclusive dialogue with opposition and civil society will foster broader support and more effective governance.

With 60,000 lives lost, Gaza stands on brink of famine



Gaza stands on the edge of outright famine during Israel's extended attack, with more than 60,000 dead. UN agencies have issued warnings of a developing humanitarian disaster. Whilst UK debates Palestinian recognition, Deputy PM/FM Ishaq Dar has decried the crisis as an international "test case" requiring immediate, enforceable international action for lasting peace.

Analysis

This highlights Gaza's catastrophic humanitarian emergency with famine on the horizon as UN agencies ring alarm bells, comparing the ongoing tragedy to past famines. In worldwide demands for Palestinian statehood, the UK sends out signals of possible recognition, with Pakistan calling the war as a "test case" for global justice and multilateral commitment.

Way Forward

- Symbolic recognition by itself is meaningless unless combined with a political solution framework, demilitarization assurances, and development of institutions.
- Deployment of a neutral, multinational force to safeguard aid convoys and distribution, coordinated by UN.
- UN Security Council must authorize an emergency humanitarian corridor to facilitate uninterrupted aid delivery and medical assistance.

Trump backing for South Asia peace major diplomatic achievement: PM Shehbaz



PM Shehbaz Sharif appreciated US President Trump's initiative to de-escalate Pakistan-India tensions, noted economic developments, and appreciated the upgrading of railroads. He noted advances on CPEC-2 and improved US-China relations. He held meetings with Kyrgyzstan to enhance bilateral relations and will attend the SCO Summit in China to take part in high-level talks.

Analysis

PM Shehbaz Sharif's statement is representative of Pakistan's strategic equilibrium between great powers—admitting US mediation, strengthening China ties through CPEC-2, and broadening regional diplomacy through SCO and cooperation with Kyrgyzstan. Whilst his emphasis on domestic economic recovery and railway modernization reflects attention to governance reforms.

Way Forward

- The success of the second phase of CPEC depends on transparent government, domestic capacity development, and inclusive development.
- Routine public briefings and open reporting on implementation of projects will assist in sustaining credibility and people's trust.
- The proposed rail upgrades must be institutionalized by long-term investment to ensure timely completion of the projects.

US makes deal to tap Pakistan's oil reserves



The US and Pakistan have finalized a trade agreement that includes US support in developing Pakistan's largely untapped oil reserves and reduced tariffs to boost Pakistani exports to the US. Whilst Trump accused India of imposing excessively high tariffs and announced 25% tariff on it. He also criticized India for its continued reliance on Russian arms and energy purchases.

Analysis

Whilst details remain vague, experts view the deal as a potential economic milestone if Pakistan's offshore reserves prove commercially viable. But challenges like investment, infrastructure, and security in regions such as Balochistan could delay meaningful progress.

Way Forward

- Engage local stakeholders in Balochistan to enhance security and legitimacy around resource development.
- Prioritize strengthening domestic extraction infrastructure and regulatory frameworks to attract US and private investment.
- Use tariff relief gains to support export competitiveness whilst negotiating balanced terms in emerging sectors like energy and IT.

IMF expects Pakistan's GDP to grow at 3.6pc in FY26



The IMF has predicted Pakistan's GDP growth at 3.6% for FY2025-26, which is lower than the government's target of 4.2%. Global growth is predicted to be 3-3.1% with financial conditions improving. The IMF has called for structural reforms, policy stability, and fiscal discipline to facilitate sustainable recovery and resilience.

Analysis

The IMF has expressed cautious optimism over Pakistan's economy and has predicted modest growth which falls short of government targets. However, the IMF's emphasis on structural reforms, fiscal discipline, and policy stability underscores the need to maintain the ongoing reform momentum to avoid the reversal of the economic gains.

Way Forward

- The government should encourage export diversification by favoring high-value industries such as IT, agro-tech, and pharmaceuticals.
- Increase the ease of doing business by bringing legal reforms, mechanisms for dispute resolution and the development of infrastructure.
- Reform energy, tax and State-Owned Enterprise (SOE) sectors to eliminate inefficiencies and minimize fiscal leakages.

Cabinet takes major decisions on Haj, AI, building codes



The Cabinet has taken several key decisions including approval of Pakistan's Haj Policy 2026, National AI Policy 2025, and the Green Building Code of Pakistan. Under the Haj Policy, 70% quota has been allocated to the government and 30% to private operators, whilst the AI Policy aims to democratize access to artificial intelligence, enhance public services, and open new employment and innovation avenues. The Green Building Code of Pakistan will ensure green, energy-efficient and water-conserving buildings. The PM also warned that any violation of the agreed sugar prices will lead to severe action.

Analysis

These reforms promise enhanced transparency and efficiency in Haj operations, whilst ambitious AI targets aim to prepare a million professionals, boost local innovation, and modernize public services by 2030.

Way Forward

- Invest in reliable internet, electricity, and digital literacy to support seamless deployment of the Pak Haj app, wristbands, and real-time monitoring.
- Monitor private Haj operators via third-party validations and enforce penalties to deter recurrence of last year's failures.
- Align AI scholarships, research funding, and innovation funds with provincial universities to maximize youth inclusion and regional impact.

Pakistan secures 'landmark' tariff deal as US attitude shifts



Pakistan's newly finalized trade agreement with the US agreed to charge a 15 to 20 per cent tariff on goods. The deal marks economic collaboration, especially in energy, mining and minerals, IT, cryptocurrency and other sectors.

Analysis

Although prudent, the 15-20% tariff still leaves Pakistan trailing regional peers like Vietnam and Bangladesh. Moreover, success depends heavily on translating oil cooperation into actual investment and production amidst internal security risks.

Way Forward

- Launch aggressive export promotion campaigns in key sectors like textiles and surgical goods to exploit the reduced duty structure in the US market.
- Accelerate institutional reforms and risk mitigation in terrorism prone areas to safeguard oil-focused investments and bolster investor confidence.
- Diversify trade beyond textiles by leveraging US interest in IT, digital services, and mining to build future-ready growth sectors.

PM Shehbaz vows support as monsoon batters GB, AJK



During a high-level meeting to review the monsoon damage, PM Shehbaz Sharif reaffirmed federal support for relief and recovery efforts in flood-hit Gilgit-Baltistan (GB) and Azad Jammu & Kashmir (AJK) as monsoon rains have caused widespread flooding, infrastructure damage, and loss of lives. He also ordered an urgent overhaul of Pakistan Meteorological Department's (PMD) early warning infrastructure to make it more proactive and effective. Chairman NDMA informed that monsoon has caused 295 deaths, injured over 700 people, destroyed 1,600 homes and cost a loss of 376 livestock nationwide.

Analysis

The government is mobilising relief efforts, launching a comprehensive relief and rehabilitation package, and directing an upgrade of the PMD's early warning systems to better anticipate and respond to future disasters.

Way Forward

- Pre-deploy mobile relief units with food, medical, and shelter supplies strategically across GB and AJK to reduce delays in remote rescues.
- Scale-up community-level early warning networks in vulnerable valleys like Neelum and Hunza to ensure timely evacuations.
- Invest in climate-resilient infrastructure to strengthen long-term disaster preparedness.

USC closure leaves employees, consumers high and dry



The government has officially shut down the Utility Stores Corporation (USC) as part of its austerity drive to reduce financial burden. This decision has ended USC's roughly 54-year operation as a subsidised retail network with over 4,000 outlets nationwide.

Analysis

Whilst USC's closure is aimed to curb escalating losses and streamline public spending, it has left thousands of employees jobless and left lower-income consumers without essential goods at affordable and regulated prices.

Way Forward

- Expand relief via BISP or community food programs to ensure low-income families still have access to essential goods at controlled prices.
- Ensure fair employee exit mechanisms for laid-off USC staff.
- Introduce scaled-down, efficient public retail hubs in high-need areas through private sector or NGO partnerships to sustain subsidized access.

Pakistan, Iran term terror main hurdle to prosperity



Pakistan and Iran have declared that terrorism is the principal barrier to peace and prosperity along their shared border. During a high-level bilateral meeting in Islamabad, PM Shehbaz Sharif and Iranian President Masoud Pezeshkian pledged to ramp up counter-terrorism cooperation and jointly pursue a trade target of US \$10 billion annually.

Analysis

Persistent insurgent activity, particularly in Balochistan/Sistan-Balochistan, undermines stability and deters investment. Coordinated terrorism between border insurgents poses cross-border threats for both nations. The shared commitment underscores a recognition that mutual economic growth hinges on regional security.

Way Forward

- Launch joint patrols, intelligence-sharing, and synchronized fencing initiatives to curb militant movement and trafficking.
- Conduct cross-border initiatives and coordinated engagement with extremist groups operating in both countries.
- Tie advancement in regional trade (e.g., reaching the \$10bn trade goal) to measurable reductions in cross-border terrorism and insurgency.

Policy Nuggets

1 Punjab launches “Waste to Value” and hepatitis control initiatives

Impact

Promotes circular economy through biogas production and recycling; and boosts public health by expanding hepatitis prevention and treatment.

Recommendation

Scale up biogas and waste-to-energy plants; operationalize recycling parks and incubation centers; and enhance hepatitis testing and vaccination with mass awareness campaigns.

"The hepatitis epidemic is a silent killer – we have the tools to prevent and cure, but we must scale them up." – Dr. Tedros Adhanom Ghebreyesus, Director-General, WHO

4 COAS reaffirms enduring Pakistan-China strategic partnership

Impact

Strengthens bilateral defense ties; and reinforces joint commitment to economic cooperation.

Recommendation

Expand strategic coordination under CPEC; and institutionalize cooperation in sectors like maritime security, and technology.

"The prosperity of nations is best served when they work together for mutual benefit." – Xi Jinping, President of China

7 Senate seeks transparency in LLM project, pushes AI regulation bill

Impact

Exposes gaps in stakeholder inclusion in AI development.

Recommendation

Ensure open, merit-based participation in public-private tech initiatives; and pass AI regulation to guide responsible innovation.

"Inclusive innovation and ethical oversight are the twin pillars of a secure digital future." – Senate Standing Committee on IT

2 Minister calls for NFC reform to ease federal fiscal strain

Impact

Reveals structural imbalance in resource distribution; and delays in vital national infrastructure projects.

Recommendation

Reform the NFC formula through federal-provincial consensus; prioritize strategic national projects like dams; and align fiscal policies with long-term economic vision under “Uraan Pakistan.”

"Sound public finances are the foundation upon which sustainable growth is built." – Christine Lagarde, Former IMF Managing Director

5 Cloudburst floods devastate Ghizer; GB faces rising climate disasters

Impact

Severe damage to housing, agriculture, infrastructure, and power supply increasing vulnerability in GB.

Recommendation

Establish early warning systems for GLOFs and cloudbursts; and strengthen disaster-resilient infrastructure.

"We are the first generation to feel the effect of climate change and the last generation who can do something about it." – Barack Obama, Former U.S. President

8 Govt plans sugar sector deregulation, lifting ban on new mill licences

Impact

Aims to increase competition, boost production, and curb price manipulation; and addresses supply disruptions while protecting farmer incomes.

Recommendation

Implement transparent deregulation framework encouraging new mill entries; and link export permissions to domestic price stability.

"A market without competition is a market without innovation." – Margrethe Vestager, European Commissioner for Competition

3 Rocket Attack on Elite Police in Katcha Region

Impact

Exposes deep-rooted security challenges in riverine regions; and highlights operational risks faced by law enforcement.

Recommendation

Establish fortified forward operating bases (FOBs) with amphibious support in Katcha zones; and introduce targeted welfare reforms for martyred officers' families.

"From sacrifice to strategy—our response must protect those who protect us." – Dr. Usman Anwar, IG Punjab Police

6 Senate proposes barter trade reforms to boost Balochistan-Iran commerce

Impact

Addresses procedural hurdles in border trade and strengthens economic ties with Iran.

Recommendation

Simplify barter trade rules by extending authorization periods, remove restrictive conditions, and involve local chambers.

"Trade thrives when policy meets practicality—barter reform is a lifeline for Balochistan's border economy." – Senate Joint Committee

9 Pakistan loses \$2B annually to undocumented gold trade: SAPM

Impact

Undocumented gold exports drain public revenue; hinder investor confidence; and obstruct the growth of formal gems and jewelry sector.

Recommendation

Enforce documentation and regulatory oversight of gold exports; and incentivize legal, value-added gemstone trade.

"Transparency, responsibility, and long-term thinking are essential to restore trust in the economic system." Klaus Schwab – Founder of the World Economic Forum



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