



Weekly



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OVERVIEW

This week's *Policy Pulse* presents a wide-ranging review of Pakistan's governance, socio-economic, and security landscape, outlining both reforms and challenges. In governance, the Federal Board of Revenue (FBR) has signed an agreement with LUMS to launch a postgraduate diploma for officers, focused on digitalisation, modern tax practices, and data analytics, aiming to strengthen transparency and expand the tax base. Similarly, Pakistan has sought China's support to restructure the Pakistan Agricultural Research Council (PARC) to improve food security through innovation, financial sustainability, and international collaboration. Gender representation also emerged as a key issue, with a parliamentary committee urging stronger quotas for women in ministries, improved daycare facilities, and reforms to strengthen protections. Meanwhile, the Ministry of IT announced plans to roll out 5G services in seven major cities, linked with the government's broader "Digital Pakistan" vision.

Socio-economically, the World Bank has reported that more than 60 million Pakistanis now live in poverty, equivalent to 25.3% of the population. Rising inflation, weak governance, and recurring climate shocks have contributed to this increase, underscoring the urgency of job creation, fiscal reform, and resilience-building. In the energy sector, the government's Rs 1.225 trillion debt restructuring deal with banks provides temporary liquidity relief but risks becoming a recurring fiscal burden if deeper structural inefficiencies are not addressed. On the security front, operations in Khyber Pakhtunkhwa and Balochistan demonstrate ongoing efforts against militancy. Simultaneously, recent diplomatic developments, such as France's recognition of Palestine, signal shifting global alignments affecting Pakistan's foreign policy.

Policy Nuggets highlight targeted measures to address these challenges: a flood levy to raise revenue, HPV vaccination to improve women's health, pink e-scooters for female mobility, renewable energy prioritisation over nuclear expansion, schooling support for flood-hit children, and CPEC Phase 2.0 focused on climate-smart and digital development. Together, these measures balance short-term relief with long-term reform, signalling Pakistan's effort to combine resilience with inclusive progress.



Pakistan is pursuing key reforms across governance, economy, and security, while grappling with poverty, climate shocks, and structural challenges amid efforts toward digitalisation and inclusive growth.

GOVERNANCE

FBR partners with LUMS to train officers in modern tax administration



FBR and LUMS signed an agreement to launch a Postgraduate Diploma for FBR officers, aiming to build capacity in modern tax administration, digitalisation, and data analytics under the Transformation Plan.

Analysis:

The programme is a significant move to modernise Pakistan's tax system, though its success will hinge on practical application of training and sustained institutional reforms.

Way Forward:

- Establish mechanisms to track how officers apply learned skills in real tax administration.
- Use modernised tax administration to increase transparency, broaden the tax base, and build trust with taxpayers.
- Accelerate adoption of automation, AI-driven audits, and e-filing to reduce human intervention and corruption.

Govt seeks Beijing's help to restructure, reform Pakistan Agricultural Research Council



Pakistan has sought China's help to reform and modernise Pakistan Agricultural Research Council (PARC), focusing on financial sustainability, innovation, and international collaboration to ensure food security.

Analysis:

This partnership offers Pakistan a vital opportunity to upgrade its agricultural research capacity, but long-term success will depend on sustained investment, talent retention, and effective implementation of reforms.

Way Forward:

- Ensure long-term government and private sector investment to overcome financial constraints.
- Create a robust system to assess outcomes of reforms and ensure accountability.
- Establish a flagship research hub at National Agricultural Research Centre (NARC) focused on food security, climate resilience, and sustainable farming.

GOVERNANCE

Special committee calls for higher women quota in ministries



The Special Committee on Gender Mainstreaming expressed concern over women's extremely low representation in ministries, lack of daycare facilities, and gaps in legal protections, calling for stronger quotas, quality childcare, and legal reforms.

Analysis:

The committee's push highlights Pakistan's urgent need for institutional gender inclusion and legal clarity on women's rights, but progress depends on effective implementation and political will.

Way Forward:

- Institute quality daycare centres in all government departments to support women employees.
- Integrate gender-sensitivity training into the bureaucratic and ministerial induction processes.
- Ensure expert-led reviews and parliamentary oversight for gender reforms.

Pakistan to roll out 5G in coming months: IT minister



Pakistan plans to launch 5G in seven major cities soon, alongside implementing its AI policy, training youth in digital skills, and improving internet reliability despite financial and infrastructure challenges.

Analysis:

While the rollout signals progress under "Digital Pakistan," success will depend on overcoming economic hurdles, strengthening digital infrastructure, and ensuring affordable, reliable access to bridge the digital divide.

Way Forward:

- Expand fiberisation, submarine cable capacity, and network reliability to support seamless digital services.
- Accelerate AI and cybersecurity training for up to 1 million young people, linking them with global digital job markets.
- Leverage the Pakistan-Saudi digital cooperation to attract investment and strengthen the country's technology ecosystem.

SOCIO-ECONOMIC ISSUES

R s 1.225tr circular debt deal signed with banking sector



Pakistan's top 18 banks, led by the Pakistan Banks' Association (PBA), have struck a record deal of Rs 1.225trillion with the government to address the longstanding circular debt in the energy sector. The agreement involves restructuring Rs 659.6billion of existing loans and extending Rs 565.4billion in fresh financing to settle overdue government payments to independent power producers (IPPs). The financing does not new charges on consumers instead it funnels the existing Rs 3.23/unit debt-servicing surcharge to fund repayments.

Analysis:

Whilst this deal offers a short-term liquidity relief and helps stabilize the power sector, it risks becoming a recurring fiscal band-aid if underlying structural inefficiencies are not addressed. Moreover, the reliance on surcharge repurposing and concessional financing may delay more difficult reforms like reducing transmission losses, governance overhauls, or tariff rationalization.

Way Forward:

- Mandate strict performance benchmarks and accountability for power sector entities to ensure that financial relief translates into efficiency improvements.
- Phase out the surcharge dependency by gradually integrating costs into transparent electricity tariffs while cushioning vulnerable consumers.
- Use the fiscal space unlocked by the deal to invest in renewable energy, grid modernization, and demand-side management to reduce future deficits.

O ver 60m people in Pakistan living in poverty: WB



The World Bank reports that poverty in Pakistan has risen to 25.3%, with over 60 million people affected, mainly due to economic instability, low productivity, inequality, and compounding crises like floods, inflation, and COVID-19.

Analysis:

Pakistan's flawed growth model, weak governance, and elite-driven policies have stalled inclusive development, requiring urgent reforms in job creation, human capital investment, and poverty protection to ensure sustainable and equitable progress.

Way Forward:

- Expand job opportunities, especially for youth and women, in productive sectors like manufacturing and services.
- Improve fiscal management by broadening the tax base and curbing elite capture.
- Build resilience against shocks such as floods, pandemics, and economic crises.

SECURITY AND LAW & ORDER

1 3 terrorists eliminated in D.I. Khan op, says ISPR



Inter-Services Public Relations (ISPR) announced that 13 terrorists were eliminated in an intelligence-based operation in the Daraban area of Dera Ismail Khan, with weapons and ammunition also seized. The operation was conducted jointly by the military and police's Counter Terrorism Department (CTD), who are continuing a "sanitisation" phase to clear any remaining militants. Separately, a grand jirga was also announced by tribal elders at the Sports Complex in Bannu on 30th Sept to formulate a joint strategy against militancy, target killings, kidnapping for ransom, and killing of innocent citizens in mortar attacks.

Analysis:

The operation reflects the government's continuous efforts to end terrorism but dependence on kinetic measures should not be the only solution. In addition, the tribal leaders announcing a grand jirga to chalk out a strategy against militancy shows growing resistance towards it.

Way Forward:

- Strengthen coordination and information sharing between military, CTD, and local police to ensure follow-through beyond elimination operations.
- Implement rehabilitation, development, and deradicalization programs in cleared areas to undermine militant support networks.
- Increase transparency and independent oversight (e.g. civil society or media) of such operations to build public trust and reduce human rights risks.

Japanese ambassador warns of catastrophic consequences of nuclear weapons



Japan's ambassador in Islamabad warned of the catastrophic consequences of nuclear weapons at an anti-nuclear art exhibition by Pakistani artist Bashir Ahmad, highlighting the urgency of global disarmament.

Analysis:

The exhibition symbolically connects Pakistan's nuclear reality with Japan's tragic history, stressing that peace narratives through art can raise awareness, but policy change requires political will and dialogue.

Way Forward:

- Expand peace exhibitions and art projects to educate people on the catastrophic impact of nuclear weapons.
- Encourage artists, intellectuals, and civil society to raise awareness about the human and environmental costs of war.
- Deepen partnerships with Japan in peace diplomacy, cultural exchanges, and anti-nuclear advocacy.

SECURITY AND LAW & ORDER

Two Levies personnel martyred



Two Levies personnel were killed in separate incidents in Balochistan. One levy was killed during a raid on a dacoit gang involved in robberies and kidnapping for ransom and other crimes in Kachhi district. During the raid, two bandits were also injured. The other levy embraced martyrdom in Pishin district when some unknown armed men opened fire on him.

Analysis:

The incidents highlight persistent security challenges in restive regions of Balochistan, where law-enforcement operations against outlaw gangs and hit-and-run attacks by unknown assailants remain dangerous and unpredictable.

Way Forward:

- Equip Levies and other paramilitary forces with better intelligence, surveillance, and rapid reaction support systems in high-risk districts.
- Establish community liaison networks in border and rural areas to share early warnings and discourage locals from sheltering criminal gangs.
- Strengthen legal and judicial follow-through on operations to ensure apprehended criminals are swiftly prosecuted, reducing impunity.

Gunship helicopters pound terrorist hideouts in Lower Dir's Maidan



Gunship helicopters struck suspected terrorist hideouts across the Maidan area in Lower Dir district, shelling multiple locations for about 90 minutes following reports of increased militant activity. Whilst in a separate clash in Bannu, two terrorists were killed.

Analysis:

The use of aerial firepower underscores the severity of the security threat and the limits of ground operations in rugged terrain, but the risk of collateral damage (e.g. the injured child) highlights the tension between assertive counterterror measures and civilian safety.

Way Forward:

- Prioritize precision intelligence and real-time surveillance to guide aerial strikes so as to minimize harm to civilians.
- Engage local communities and elders in Maidan and neighboring areas to provide tip-offs and deny militants safe haven.
- After clearance operations, swiftly conduct stabilization efforts (reconstruction, security presence, services) to prevent militants' return.

SECURITY AND LAW & ORDER

Indian agent promised 'plane-load of weapons' to hired hitman



According to US federal court documents, an alleged plot describes a former RAW agent Vikash Yadav promised a "plane-load of weapons" to an alleged assassin, Nikhil Gupta, to facilitate a global assassination scheme targeting a Sikh separatist, with planned operations not just in the US, but also in Pakistan and Nepal.

Analysis:

This case underscores the transnational nature of modern political violence, and how state actors (or alleged agents thereof) can allegedly use complex networks and logistics—including arms smuggling and international hires—for extrajudicial targeting. It also highlights the legal and diplomatic challenges arising from alleged foreign plots with multiple jurisdictions involved.

Way Forward:

- Strengthen coordination between Pakistan's intelligence and law enforcement agencies with US and other international counterparts to monitor and disrupt cross-border assassination plots.
- Enhance legal frameworks and extradition treaties to ensure that persons implicated in such international conspiracies are held accountable.
- Increase diplomatic vigilance and raise cases like these in international forums to push for transparency and discourage foreign interference in Pakistan's domestic security matters.

Defence pact with KSA termed a plus for Pakistan's role in Middle East security



A 31-page report has been prepared by Pakistan-China Institute headed by former senator Mushahid Hussain Sayed, on the significance, implications and the geopolitical context of the historic Pakistan-Saudi Defence Agreement. In his foreword, Mushahid Hussain has termed this agreement as a "plus" for Pakistan's role in Middle East Security. He cited three reasons for the timing of the agreement: Israeli attack on Qatar, US failure to prevent or oppose that attack, and Pakistan militarily proving its power against Indian aggression in May 2025. He said this agreement will also help to contain the emerging Indo-Israeli axis.

Analysis:

The pact positions Pakistan as a regional security actor beyond South Asia, potentially giving it greater leverage in Middle Eastern diplomacy. But it also risks entanglements in Gulf rivalries and security commitments beyond its core interests.

Way Forward:

- Islamabad must ensure parallel diplomatic engagement with other Gulf states to avoid alienation or counter-balancing.
- Domestically, Pakistan should strengthen its strategic think-tank and foreign policy institutions to sustain and manage this expanded regional role.
- Pakistan should use the momentum to promote its defence production industry by offering co-production deals or defence export opportunities to Gulf countries.

INTERNATIONAL AFFAIRS

France joins other Western nations in recognising Palestinian state



France, along with Britain, Canada, and other nations, officially recognized a Palestinian state at a UN summit, despite strong opposition from Israel and the US, framing it as essential to preserve the two-state solution.

Analysis:

This recognition reflects growing international urgency to revive the fading two-state framework, signaling a geopolitical shift in Western support for Palestine, though divisions within Europe highlight ongoing diplomatic fractures.

Way Forward:

- Use this momentum at the UN General Assembly to push for a formal resolution ensuring full UN membership for Palestine.
- Mobilize civil society, academia, and media to project Pakistan as a principled advocate for Palestinian self-determination.
- Strengthen diplomatic engagement with France, Britain, Canada, and other nations that recognized Palestine to build a broader international consensus.

Trump looks to Muslim bloc for Gaza peace deal



At the UNGA, President Trump opposed Palestinian state recognition but met Muslim leaders, including Pakistan's PM Shehbaz, to push a Gaza peace plan involving Israeli withdrawal, regional peacekeepers, and reconstruction under the Palestinian Authority.

Analysis:

While Trump's plan signals US reliance on Muslim states for conflict resolution, its exclusion of Hamas and rejection of Palestinian statehood reveal contradictions that may hinder lasting peace.

Way Forward:

- Pakistan should lead calls at the UN and OIC for international aid, reconstruction, and rehabilitation programs for Gaza's civilians.
- Reaffirm Pakistan's stance that durable peace is only possible through a sovereign Palestinian state alongside Israel.
- Actively back immediate ceasefire initiatives while ensuring humanitarian relief reaches Gaza without conditions.

INTERNATIONAL AFFAIRS

‘World is going to hell’:
US president rails
against UN



In a fiery UNGA speech, President Trump dismissed climate change as a “con job,” mocked renewable energy, and attacked global immigration policies, while questioning the UN’s effectiveness despite later pledging US support.

Analysis:

Trump’s stance reflects populist nationalism that undermines global climate and migration cooperation, reinforcing US isolationism and clashing with scientific consensus and multilateral governance.

Way Forward:

- Strongly uphold the Paris Agreement and advocate renewable energy as essential for Pakistan’s climate-vulnerable economy.
- Whilst engaging with the US, Pakistan should align more with global consensus on climate action and migration policies that respect human rights and development needs.
- Seek technology transfer and green financing from allies in Europe, China, and the Muslim bloc to counter fossil fuel dependency.

Saudi-Pak alliance not a
hostile pact against
Israel: Jerusalem Post



The Jerusalem Post op-ed argues that the Saudi-Pakistan defense pact is largely symbolic, rooted in longstanding ties and regional signaling, rather than a binding military alliance against Israel.

Analysis:

The pact reflects Riyadh’s bid to project strength amid regional tensions, while for Pakistan it underscores strategic cooperation without committing to hostile action, highlighting shifting Gulf security dynamics.

Way Forward:

- Pakistan should use this pact to deepen security, economic, and energy cooperation while balancing regional sensitivities.
- Emphasize diplomatically that the alliance is not aimed against Israel or any third party, but for regional stability.
- Use the pact to highlight Pakistan’s role as a reliable Muslim power, while keeping constructive dialogue with Washington and Gulf states.

POLICY NUGGETS

1 HPV vaccination drive covers 57% girls in Sindh

Impact

Protects adolescent girls from cervical cancer; reduces long-term healthcare burden; addresses public health inequalities.

Recommendation

Strengthen parental counselling in urban centers; counter misinformation with evidence-based campaigns; mobilize political and community leaders to enhance coverage in low-performing districts like Karachi.

"The future of every nation depends on the health and well-being of its children." — Gro Harlem Brundtland.

2 FBR proposes flood levy & informal info for tax revenue

Impact

Generates Rs20–30bn in additional revenue; strengthens flood relief funding; curbs tax evasion.

Recommendation

Impose one-off levy on luxury imports with IMF approval; expand whistleblower incentives up to Rs150m; legally safeguard informants' secrecy; digitise reward mechanisms in line with global practices.

"The power of taxing people and their property is essential to the very existence of government." — James Madison

3 Belarus tractor assembly line to boost farm productivity

Impact

Strengthens agricultural modernization, enhances farm efficiency, and attracts foreign investment in local manufacturing.

Recommendation

Facilitate CKD tractor plant setup, incentivize private investors, expand B2B cooperation with Belarus, and ensure affordable access for farmers to increase productivity.

"The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways." — John F. Kennedy

5 Policeman martyred in Bannu gun attack

Impact

Highlights rising security threats, risks to frontline police, and the need for strong community-police cooperation.

Recommendation

Strengthen intelligence-based operations, equip police with reliable arms, enhance rapid response in high-risk zones, and formalize community support networks to counter militancy.

"The brave die never, though they sleep in dust." — Minot J. Savage

6 Sindh govt distributes 200 pink e-scooters to women

Impact

Enhances women's mobility and workforce participation; promotes eco-friendly transport; strengthens gender empowerment initiatives.

Recommendation

Scale up e-scooter and pink taxi schemes; ensure safety features like secure battery locks; expand public-private training partnerships; integrate sustainable transport policies.

"Investing in women means investing in the people who invest in everyone else." — Melinda Gates

8 Balochistan CM accuses Afghan govt of patronising terrorists

Impact

State-backed sanctuaries in Afghanistan threaten Pakistan's internal security; Indian involvement worsens insurgency in Balochistan; suspension of 4G reflects growing use of digital tools by militants, impacting public connectivity and governance.

Recommendation

Engage Afghanistan through diplomatic and security channels to ensure compliance with Doha Agreement; strengthen border management and intelligence-sharing; invest in cyber-monitoring systems; restore communication services with safeguards to balance security and citizens' rights.

"The cost of terrorism is not only measured in lives lost but in societies torn apart." — Kofi Annan

9 Pakistan, China launch CPEC Phase 2.0 at 14th JCC

Impact

Strategic cooperation expands from energy and infrastructure to digital economy, climate resilience, and industrial relocation; potential to reduce power costs, enhance export diversification, create jobs, and boost Pakistan's knowledge economy, though financing hurdles remain.

Recommendation

Secure diversified funding for ML-1 and KKH; ensure provincial equity in SEZ development; institutionalise climate-smart corridors; prioritise digital inclusion, youth training, and security of Chinese personnel to maximise CPEC dividends.

"Infrastructure is more than roads and bridges; it is the foundation for sustainable growth." — Ban Ki-moon

4 WNISR criticises Chashma-5 nuclear project for high costs

Impact

Rs1.125tr cost strains public finances; delays renewable projects; solar and wind emerge as cheaper, faster, and more efficient alternatives.

Recommendation

Prioritize renewables over costly nuclear expansion; incentivise solar and storage adoption; integrate decentralised energy solutions to ensure affordability and resilience.

"The stone age did not end for lack of stone, and the oil age will end long before the world runs out of oil." — Sheikh Zaki Yamani

7 3,000 schools destroyed in Punjab floods; govt waives fees for affected students

Impact

Severe disruption to education of thousands of children; health risks rise in submerged villages; urgent need for school rehabilitation and disaster-resilient infrastructure.

Recommendation

Establish tent and rented schools to ensure learning continuity; accelerate rehabilitation within 3 months; integrate disaster risk reduction in education planning; enhance coordination with UNICEF and partners.

"The children of today are the builders of tomorrow, and education is the foundation of their future." — Kailash Satyarthi



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