



Weekly



POLICY PULSE

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OVERVIEW



This week's Policy Pulse reflects a policy environment shaped by fiscal pressures, governance reforms, security concerns, and heightened geopolitical volatility. The overarching theme is strategic adjustment, balancing economic sustainability, institutional accountability, and security preparedness while navigating intensifying regional conflicts, particularly in the Middle East.

In governance, Nearly 28pc children out of schools in Pakistan. The crackdown on Benami properties and confiscation of high-value assets reflects strengthened enforcement against illicit wealth and efforts to formalize the real estate sector. Meanwhile, Balochistan's timely release of university funds underscores commitment to sustaining higher education, while the restructuring of the Pakistan Agricultural Research Council signals a long-term push toward modernized, export-oriented, and climate-resilient agriculture through international collaboration.

Socio-economic and security developments reveal persistent structural challenges. The salaried class bearing a disproportionate tax burden underscores inequities in Pakistan's fiscal framework, while the nationwide crackdown on hawala and money laundering signals intent to formalize financial flows. Rising child abuse cases, critical railway safety failures, and the tragic deaths during BISP disbursement highlight governance gaps in public safety, infrastructure oversight, and welfare delivery. At the same time, cross-border tensions with Afghanistan and contested narratives around military operations reflect an increasingly complex security environment requiring both operational vigilance and diplomatic engagement.

Internationally, escalating conflict in the Middle East, disrupting supply chains and energy flows, poses significant risks for Pakistan's external stability. Pakistan's role in facilitating backchannel diplomacy, maintaining a balanced stance amid competing powers, and exploring alternative energy partnerships, including with Russia, reflects calibrated and pragmatic foreign policy positioning.

The policy nuggets reinforce these trends by emphasizing fiscal discipline, regulatory enforcement, social protection, environmental sustainability, and proactive diplomacy rooted in de-escalation and multilateral engagement.

Overall, the week underscores that Pakistan's central policy challenge lies in aligning economic reform, governance capacity, and strategic diplomacy within an increasingly uncertain global environment.

Pakistan's strategic balancing of economic reform, governance strengthening, and security preparedness amid domestic fiscal pressures and rising regional geopolitical volatility.

GOVERNANCE

Nearly 28pc children out of schools in Pakistan



Around 28% of children in Pakistan are out of school, with girls and rural children most affected. School attendance drops sharply at higher levels, showing persistent gender and geographic disparities.

Analysis:

Systemic barriers limit equitable education, especially for girls and rural populations. Despite progress in access, retention and participation remain major challenges. Targeted policies are needed to bridge these gaps dependence. A shift to targeted subsidies reflects a necessary but difficult economic adjustment.

Way Forward:

- Prioritize initiatives to enroll and retain girls, especially in rural and underserved areas, through scholarships, incentives, and community awareness.
- Build more schools, provide trained teachers, and ensure safe, accessible facilities in remote regions.
- Promote gender equality in classrooms and curricula, and address social norms that limit girls' educational participation.

Rs60m plots confiscated in crackdown on benami properties



The Federal Board of Revenue's Anti-Benami Initiative (ABI) confiscated three Islamabad plots valued at Rs60 million, found to be registered in the names of proxy owners lacking financial capacity. Following investigation and enforcement of the Benami Transactions (Prohibition) Act, 2017, ownership and titles of these properties now fully vest in the federal government. The confiscation was conducted peacefully, with proper demarcation and installation of official notices.

Analysis:

The operation highlights Pakistan's efforts to curb benami property practices, enhance transparency in real estate, and strengthen the enforcement of anti-corruption laws. It reflects the government's commitment to reclaim illicitly held assets and formalize property ownership, while promoting accountability in housing and investment sectors. The success of such initiatives can deter proxy ownership and increase public trust in regulatory enforcement.

Way Forward:

- Increase monitoring of property registrations to detect potential benami transactions early.
- Ensure strict implementation of the Benami Transactions (Prohibition) Act, 2017 across all regions.
- Develop a centralized, digital registry of property ownership to track beneficial owners accurately.

GOVERNANCE

Balochistan govt releases Rs857m for universities



The Balochistan government released Rs857.53 million to public sector universities across the province for March 2026 salaries and pensions. Funds were distributed to 12 universities including University of Balochistan (Rs289.32m), BUIEMS (Rs187.92m), and Sardar Bahadur Khan Women's University (Rs99.67m). The notification ensures continued operations and staff payments across higher education institutions in the province.

Analysis:

Timely release of university funds reflects provincial commitment to maintaining educational continuity despite fiscal pressures. The distribution across multiple institutions, including newer universities in Gwadar, Turbat, and Loralai, indicates efforts to support higher education access beyond the provincial capital. Regular salary payments are essential for staff retention and institutional stability in a province facing unique development challenges.

Way Forward:

- Link funding increments to performance metrics including research output, graduate employability, and enrollment growth
- Develop multi-year budgeting framework for universities to enable strategic planning and infrastructure development
- Strengthen financial management capacities at university level to ensure transparent and efficient utilization of released funds

PM Shehbaz approves restructuring of Pakistan Agricultural Research Council



Prime Minister Shehbaz Sharif approved a comprehensive restructuring of the Pakistan Agricultural Research Council (PARC) to align with export targets and food security goals. The plan establishes five centres of excellence in collaboration with the Chinese Academy of Agricultural Sciences, introduces AI and genome-based research, and reforms governance with 50% foreign experts on advisory committees. Implementation will occur in four phases through 2030.

Analysis:

Pakistan is modernizing agricultural research through better coordination and global partnerships, especially with China. It focuses on climate-resilient crops, while private funding aims to reduce reliance on government support.

Way Forward:

- Expedite formalization of partnership agreements with Chinese Academy of Agricultural Sciences to ensure seamless technology transfer and expert deployment.
- Develop provincial coordination mechanisms to ensure research outputs reach farmers and align with regional agricultural priorities.
- Create incentives for private sector engagement in research funding and commercialization to meet co-financing targets by 2030.

SOCIO ECONOMIC ISSUES

Salaried class pays Rs365bn as income tax in July-Feb



In the first eight months of the current fiscal year, Pakistan's salaried class paid Rs365 billion in income tax, surpassing the combined contributions of exporters, retailers, wholesalers, and property owners. Despite claims of modest tax relief for salaried individuals, their contributions have steadily increased over the past five years, while large segments of the business and real estate sectors remain outside the formal tax net. The unequal taxation highlights systemic challenges in broadening the tax base.

Analysis:

The data underscores a disproportionate tax burden on salaried citizens, revealing elite-driven policymaking and weak enforcement for politically influential sectors. Failure to formalize businesses and expand the tax net creates perceptions of unfairness and undermines fiscal equity. To ensure sustainability, Pakistan must strengthen tax documentation, enforcement, and inclusion of informal sectors while providing relief to compliant taxpayers.

Way Forward:

- Ensure that the tax burden is fairly distributed across salaried and non-salaried sectors.
- Use digital payment systems, POS integration, and centralized databases to track economic activity and reduce informal transactions.
- Enforce penalties for non-compliance and tax evasion in high-revenue sectors like real estate, wholesale, and large retailers.

Major crackdown on money laundering, hawala-hundi networks launched



The Ministry of Interior and Finance Ministry announced a major crackdown on money laundering and hawala/hundi networks nationwide. A joint working group comprising State Bank and FIA officials will be formed to review progress and coordinate action. The meeting resolved to take strict action against individuals and institutions transferring funds abroad through illegal channels, with no leniency to be shown.

Analysis:

The coordinated crackdown signals serious intent to curb illicit financial flows that undermine Pakistan's economy and tax base. Formation of a joint SBP-FIA working group addresses the coordination gaps that have hampered previous efforts. Targeting both business figures and institutions suggests a comprehensive approach, while streamlining exchange company remittances aims to channel legitimate transfers through formal banking systems.

Way Forward:

- Operationalize the joint working group immediately with clear terms of reference, performance indicators, and regular reporting mechanisms
- Strengthen forensic and investigative capacities of FIA and SBP to build strong cases against major money launderers
- Enhance international cooperation through Financial Action Task Force channels to track and recover assets stashed abroad.

SECURITY AND LAW & ORDER

Over 3,600 child abuse cases reported in 2025'



In Islamabad, a report by Sahil revealed 3,630 child abuse cases in 2025, averaging over 9 cases daily, with an 8% increase from 2024. Most victims were aged 11–15, with a near-equal gender split. Major crimes included abduction, rape, and sodomy, while acquaintances were the most common perpetrators. The report also recorded 7,071 gender-based violence cases nationwide.

Analysis:

The data highlights a deep-rooted social crisis marked by rising violence against children and vulnerable groups. The dominance of known perpetrators reflects trust and protection failures within communities. Although police registration rates are relatively high, prevention mechanisms remain weak. The surge in both child abuse and GBV underscores the urgent need for stronger legal enforcement, awareness, and child protection systems.

Way Forward:

- Fast-track cases in courts to ensure timely justice for victims
- Train police, prosecutors, and social workers to handle child abuse and GBV cases sensitively and professionally.
- Develop online reporting systems for child abuse and GBV, ensuring confidentiality and faster response.

60pc of Shalimar Express coaches 'didn't have brakes': Pakistan Railway



An initial inspection of the 27-Up Shalimar Express after its accident in Naushahro Feroze revealed that 10 of 18 coaches were defective, with nine running without brakes. Despite these findings, a preliminary inquiry held the driver and assistant responsible for overshooting and colliding with a stationary freight train. The derailment caused engine capsizing, two passenger coaches to derail, and three goods wagons to topple, blocking multiple railway lines.

Analysis:

The accident highlights serious systemic failures in train maintenance and safety oversight at Pakistan Railways. Contradictory reports indicate accountability is being shifted onto operational staff, despite evident technical faults. Recurrent use of faulty coaches underscores institutional negligence, exposing passengers and crews to repeated risk. The incident signals an urgent need for strict maintenance protocols, transparent investigations, and enforcement of safety standards.

Way Forward:

- Conduct regular, mandatory inspections of all passenger coaches, focusing on critical systems like brakes, suspension, and signaling.
- Regularly publish safety audits, accident reports, and maintenance records to ensure accountability and public trust.
- Modernize interlocking, signaling, and point systems to prevent collisions.

SECURITY AND LAW & ORDER

7 women getting BISP money die as RYK shop roof caves in



In Rahim Yar Khan, seven women were killed and over 70 injured when a shop roof collapsed during overcrowding at a payment point for the Benazir Income Support Programme (BISP). The incident occurred after women climbed onto a weak roof due to mismanaged crowds. Rescue teams shifted victims to Sheikh Zayed Hospital. Authorities launched an investigation while officials expressed condolences.

Analysis:

The tragedy reflects serious failures in governance and public safety management, particularly in organizing welfare disbursement. Poor crowd control and unsafe infrastructure point to administrative negligence. It also highlights the vulnerability of low-income women dependent on state support. The incident underscores the urgent need for regulated, secure, and better-managed payment systems.

Way Forward:

- Only authorize structurally certified and government-approved locations for disbursement, with strict safety compliance checks.
- Introduce token-based scheduling, SMS alerts, and time-slot distribution to control beneficiary flow and avoid (overcrowding).
- Increase the number of payment centers, especially in rural areas like Rahim Yar Khan, to reduce pressure on single locations.

Pakistan sticks to its guns on Kabul air strike



Pakistan maintained it conducted precise strikes targeting a former US military base (Camp Phoenix) used by Afghan Taliban forces as an ammunition storage facility. Afghanistan claimed a drug rehabilitation centre (Omid Camp) was hit, with conflicting reports on casualties. Pakistan released video evidence of secondary explosions to support its position, while the UN called for an independent investigation.

Analysis:

The competing narratives highlight the information war accompanying military operations, with both sides seeking to shape domestic and international perceptions. Pakistan is targeting ammunition sites in order to prevent further attacks from TTP; especially after the recent drone attacks countered by the Pakistan army.

Way Forward:

- Cooperate with any credible international investigation to establish facts and counter misinformation about the strike.
- Continue operational pressure against terrorist sanctuaries while exploring diplomatic channels to prevent escalation.
- Engage with China and other stakeholders to facilitate de-escalation and address core security concerns underlying the conflict.

INTERNATIONAL AFFAIRS

Gulf importers race to reroute as Hormuz closure jolts supply chains



The effective closure of the Strait of Hormuz due to the U.S.-Israeli war on Iran has disrupted Gulf supply chains, forcing importers to reroute goods via alternative ports like Fujairah, Khor Fakkan, and Oman's Sohar. Perishable items, industrial supplies, and food imports face delays and higher costs, with trucking surcharges and congestion increasing prices. Air shipments are also being used, though attacks on regional airports add further challenges. Despite disruptions, UAE strategic reserves currently prevent immediate shortages.

Analysis:

The crisis underscores the vulnerability of Gulf nations' import-dependent economies to geopolitical conflicts and chokepoint disruptions. Supply chain resilience is being tested, revealing dependence on limited port infrastructure and logistics capacity. Rerouting increases operational costs, delays, and risk exposure, particularly for perishable goods. The situation highlights the need for diversified trade routes, strategic stockpiles, and regional cooperation to mitigate future disruptions.

Way Forward:

- Implement digital monitoring systems to track shipments, reroute goods quickly, and anticipate bottlenecks.
- Establish a national supply chain task force to coordinate government and private sector responses during geopolitical crises.
- Negotiate agreements with neighboring countries (Iran, Oman, UAE, India) to facilitate smooth rerouting and customs clearances during emergencies.

Pakistan in the limelight as US, Iran 'open backchannel'



Pakistan, along with Türkiye and Egypt, has reportedly facilitated indirect backchannel communication between the United States and Iran amid heightened regional tensions. Diplomatic efforts helped ease immediate escalation risks, including a pause in potential US strikes on Iranian energy infrastructure. Islamabad's role reflects its engagement with both sides and its willingness to support de-escalation through quiet diplomacy in a volatile geopolitical environment.

Analysis:

The development underscores Pakistan's emerging role as a middle-power facilitator in complex regional conflicts, leveraging its diplomatic ties with both Washington and Tehran. Such backchannel engagements highlight the importance of informal diplomacy in crisis management, particularly when formal negotiations remain stalled. However, the fragile nature of these understandings and the absence of sustained dialogue mechanisms limit long-term impact and underscore the need for structured engagement.

Way Forward:

- Institutionalise backchannel diplomacy through sustained engagement frameworks with key regional and global stakeholders.
- Maintain strategic neutrality while strengthening Pakistan's credibility as a trusted intermediary in regional conflicts.
- Coordinate with multilateral platforms to support formal dialogue processes and long-term conflict resolution.

INTERNATIONAL AFFAIRS

Pakistan rejects Afghan claim of hospital bombing, 408 killings



Pakistan rejected Afghan Taliban claims that it bombed a Kabul hospital, asserting that its strikes targeted only military and terrorist infrastructure linked to attacks on Pakistan. The incident, which Afghan authorities allege killed 408 people, has prompted calls from the UN, WHO, China, and the EU for independent investigations, restraint, and dialogue. Pakistan also highlighted cross-border terrorism threats from Afghan soil and stressed the importance of UNAMA's role in stabilizing Afghanistan.

Analysis:

The situation underscores escalating Pakistan-Afghanistan tensions fueled by terrorism and misinformation, highlighting the urgent need for verified investigations, cross-border security cooperation, and sustained diplomatic engagement to protect civilians and prevent further regional destabilization.

Way Forward:

- Maintain continuous dialogue with Afghanistan, China, the UN, and regional partners to de-escalate tensions, ensure ceasefires, and promote peace along the Pakistan-Afghanistan border.
- Counter disinformation through timely, factual communication and release of evidence regarding military operations targeting terrorists.
- Ensure Pakistani operations minimize civilian casualties and support humanitarian aid delivery in Afghanistan, reinforcing Pakistan's commitment to international law and regional stability.

Russia says ready to supply oil to Pakistan



Russia has offered to supply oil to Pakistan amid disruptions caused by the Iran conflict, emphasizing energy cooperation if Pakistan formally requests it. The Russian ambassador condemned US-Israeli strikes on Iranian civilians, called for dialogue, and highlighted ongoing Russia-Ukraine tensions. Pakistan has maintained a balanced stance, engaging diplomatically with Russia, Iran, and Azerbaijan while supporting regional peace and stability.

Analysis:

The developments underscore Pakistan's strategic positioning as a neutral partner amidst complex regional crises, balancing energy security needs, diplomatic engagement, and support for dialogue, while navigating the geopolitical tensions involving Russia, Iran, and the US-led conflicts in the Middle East and Europe.

Way Forward:

- Continue a neutral, balanced approach in regional crises, engaging with Russia, Iran, Azerbaijan, and other stakeholders to protect Pakistan's strategic interests.
- Participate in frameworks like Eurasian security architecture discussions to secure Pakistan's political and economic influence in emerging regional arrangements.
- Advocate for peaceful resolution of conflicts in the Middle East and Eurasia, supporting UN-led initiatives and regional diplomatic efforts to reduce tensions.

INTERNATIONAL AFFAIRS

China to provide aid to Middle East nations amid war in Iran, Lebanon



China announced emergency humanitarian assistance to Iran, Jordan, Lebanon, and Iraq as the US-Israeli conflict enters its third week, citing "grave humanitarian catastrophes." The aid aims to alleviate suffering of local populations affected by the war. Beijing also reiterated its call for de-escalation and peace efforts through diplomatic engagement with regional actors.

Analysis:

China's aid package reinforces its positioning as a neutral humanitarian actor and potential mediator in the conflict, contrasting with US military involvement. By extending assistance to multiple affected nations including Iran, Beijing signals even-handedness while expanding its Middle East footprint. The move also protects China's economic interests given its reliance on regional energy supplies and infrastructure investments.

Way Forward:

- Pakistan should also provide aid to Iran and other gulf states and provide assistance to gulf nationals currently stuck in Pakistan.
- Coordinate with Chinese to ensure aid reaches affected populations, including any Pakistani nationals in conflict zones
- Support multilateral efforts at the UN and OIC to mobilize additional humanitarian assistance and protect civilians

Israel assassinates Larijani as world loses war appetite



Israel assassinated Ali Larijani, head of Iran's Supreme National Security Council, in an air strike. The US counterterrorism director resigned in protest, claiming Trump was deceived by the "Israel lobby" into believing Iran posed an imminent threat. EU and Pakistani officials called for diplomatic resolution as global support for the war wanes.

Analysis:

The assassination of a key security official signals Israel's intent to decapitate Iran's leadership, potentially complicating future negotiations. Simultaneously, the US official's resignation and EU's push for diplomacy reveal growing international discomfort with the conflict's trajectory. Pakistan's call for dialogue reflects its delicate position, balancing ties with both Washington and Tehran while avoiding direct entanglement.

Way Forward:

- Pakistan should condemn Israel's strikes on political leadership and civilian infrastructure that complicate diplomatic engagement.
- Intensify diplomatic engagement with EU, China, and Gulf states to support collective ceasefire efforts and protect regional stability.
- Advocate at OIC and UN for protection of civilians and adherence to international humanitarian law by all parties

POLICY NUGGETS

1 Balochistan plans school upgrades and enrollment drives.

Impact:

Improves access to education and helps reduce the long-standing issue of out-of-school children, especially in underserved areas.

Recommendation:

Ensure effective implementation through teacher training, monitoring systems, and incentives for girls' education

"One child, one teacher, one book, and one pen can change the world." – Malala Yousafzai

4 Punjab introduces new enforcement and prosecution system.

Impact:

Signals stronger regulatory enforcement, potentially improving transparency and reducing corruption in administrative processes.

Recommendation:

Ensure legal safeguards and oversight mechanisms to protect due process while strengthening institutional capacity.

"There is no crueler tyranny than that which is perpetrated under the shield of law and in the name of justice." – Montesquieu

7 Israel Strikes Major Gas Field Escalates Middle East Energy Conflict

Impact:

Direct attacks on critical energy infrastructure risk triggering regional escalation and severe disruption to global oil and gas markets.

Recommendation:

Urgently prioritize multilateral de-escalation and protection of energy infrastructure to prevent prolonged economic and geopolitical instability. *"Energy security is national security."* – Daniel Yergin

2 UNDP hands over climate-resilient homes in Balochistan.

Impact:

Supports recovery of flood-affected families while promoting climate resilience in vulnerable communities.

Recommendation:

Scale up climate-resilient housing projects and integrate disaster risk reduction into future development planning.

"Climate change is the defining issue of our time." – Ban Ki Moon

5 Migratory bird numbers rise in Sindh wetlands

Impact:

Signals ecological stability, but ongoing threats like pesticide use continue to endanger wetland ecosystems.

Recommendation:

Pakistan should regulate pesticide use and strengthen wetland conservation policies to protect habitats and sustain biodiversity. *"In nature nothing exists alone."* – Rachel Carson

8 ADB Unveils \$10 Billion Financing Plan for Pakistan

Impact:

It can strengthen fiscal stability, infrastructure development, and long-term economic resilience amid ongoing reform pressures.

Recommendation:

Align ADB financing with structural reforms, ensuring transparency, efficient utilization, and growth-oriented investments.

"Sustainable public finances are the cornerstone of economic stability." – Christine Lagarde

3 Pakistan's public debt rises sharply.

Impact:

Highlights growing fiscal pressures and rising dependence on borrowing, which may limit future economic stability

Recommendation:

Implement fiscal discipline by enhancing revenue collection and prioritising sustainable debt management strategies.

"A great nation is never impoverished by private, though it may be by public prodigality." – David Ricardo

6 Health authorities issue dengue prevention advisory

Impact:

Highlights increasing public health risks, driven by urbanisation, climate factors, and inadequate sanitation systems.

Recommendation:

Strengthen early surveillance, improve waste management, and promote public awareness campaigns to effectively control dengue outbreaks. *"The best defence against any outbreak is a strong health system."* – Margaret Chan

9 Pakistan Joins Saudi-Led Initiative for Regional De-escalation

Impact:

Participation enhances Pakistan's diplomatic role as a stabilizing actor while safeguarding its strategic and economic interests in a volatile region.

Recommendation:

Sustain balanced diplomacy and leverage multilateral platforms to promote dialogue, conflict resolution, and regional stability. *"All war represents a failure of diplomacy."* – Tony Benn



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