



Weekly



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OVERVIEW



This week's Policy Pulse's overarching theme is institutional strengthening, improving accountability, managing economic vulnerabilities, and enhancing diplomatic engagement amid global uncertainty.

In governance, scrutiny of EOBI highlights persistent institutional weaknesses, including poor oversight, stalled reforms, and deviation from its welfare mandate, underscoring the need for structural reform and accountability. At the provincial level, Sindh's approval of a comprehensive development package, reflects a proactive approach to integrated governance, security, and service delivery.

In health, rising dengue cases amid weak data reporting systems expose gaps in surveillance and coordination, while improvements in maternal and child health indicators reveal progress alongside persistent provincial inequalities, particularly in Balochistan. These trends highlight the need for targeted interventions and real-time data systems to address disparities.

Socio-economic developments indicate mounting fiscal and structural challenges. The decision to share oil subsidy burdens under the NFC framework reflects coordinated fiscal management in response to global energy shocks. Rising inflation projections driven by the Middle East crisis, coupled with FBR's revenue shortfall, underscore Pakistan's vulnerability to external shocks and structural weaknesses in revenue mobilization. Energy shortages, rising tariffs, and supply constraints further expose systemic inefficiencies, while CPEC Phase II signals a strategic shift toward industrialization and long-term economic transformation.

Internationally, Pakistan's diplomatic engagement gains prominence amid Middle East tensions, with efforts to facilitate dialogue and coordinate with China reflecting a calibrated foreign policy approach. Strengthening ties with Bangladesh and securing fuel supply commitments from Kuwait highlight pragmatic economic diplomacy, while developments at the UN underscore Pakistan's active multilateral engagement.

The policy nuggets reinforce priorities of public health, food security, fiscal balance, environmental cooperation, and economic resilience.

Overall, the week underscores the urgency of aligning governance reform, economic stability, and strategic diplomacy in an increasingly complex global environment.

Pakistan's diplomatic engagement gains prominence amid Middle East tensions, with efforts to facilitate dialogue and coordinate with China reflecting a calibrated foreign policy approach

GOVERNANCE

Senate panel questions EOBİ governance



The Senate Standing Committee on Overseas Pakistanis and Human Resource Development critically reviewed EOBİ, highlighting poor governance, stalled reforms, and a shift from worker welfare to ongoing litigation. The committee noted a decline in overseas workers, legal ambiguities, and concerns over stagnant investments in real estate. EOBİ's Rs691 billion portfolio was discussed, with Rs592 billion in secure instruments and Rs59 billion idle in real estate.

Analysis:

The article underscores systemic governance failures at EOBİ, including a lack of board reconstitution since 2016, mismanagement of funds, and diversion from its welfare mandate. It reflects the need for stronger oversight, clear legal authority, and active reform to safeguard workers' benefits.

Way Forward:

- Immediately restore a functional board with qualified professionals to ensure proper oversight, accountability, and strategic decision-making.
- Maintain accurate records of overseas workers and investments, improve reporting mechanisms, and ensure timely communication with relevant authorities.
- Collaborate with the Federal Investigation Agency and immigration authorities to monitor overseas employment companies, protecting workers from exploitation and ensuring compliance with legal standards.

Sindh cabinet okays survey of Kutcha areas to improve security and governance



Sindh cabinet approved initiatives to improve governance, security, infrastructure, and socio-economic development, including a Kutcha area survey, K-IV power project funding, wheat procurement, and modernisation of health, tourism, and livestock sectors

Analysis:

The article highlights Sindh's strategic focus on integrated governance and development, addressing security, urban infrastructure, and service delivery challenges. It reflects an emphasis on transparency, efficient project execution, and leveraging modern technologies for land, water, and energy management. The initiatives indicate a proactive approach to socio-economic stabilization and long-term provincial planning.

Way Forward:

- Expedite digitised land records to identify lawful occupants, curb illegal encroachments, and strengthen security and governance in sensitive areas.
- Fast-track K-IV power and water projects, road widening, and interchanges to improve urban services, traffic flow, and bulk water supply in Karachi.
- Establish autonomous institutions for urology, reproductive health, and higher education projects to improve quality care and training.

SOCIO-ECONOMIC ISSUES

Provinces to share oil subsidy burden under NFC formula



Pakistan's federal and provincial governments have agreed to share the burden of the oil subsidy under the NFC formula amid the global fuel crisis triggered by the US-Israel-Iran conflict. The government has shelved proposed smart lockdowns and initiated austerity measures, including cutting development budgets and grounding 60% of official vehicles, while ensuring sufficient fuel and essential supplies for the public.

Analysis:

This coordinated approach highlights the government's focus on protecting consumers, especially vulnerable populations, from rising energy costs, balancing fiscal responsibility with social relief, and promoting fuel conservation and demand management to mitigate the impact of global crises.

Way Forward:

- Provinces should continue contributing to the oil subsidy based on their NFC shares, ensuring equitable distribution of fiscal burden across the federation.
- Prioritize relief for low- and middle-income populations, ensuring that subsidy measures and austerity savings directly benefit those most affected by rising prices.
- Maintain government austerity measures, including cuts in non-essential expenditures, grounding of official vehicles, and rationalization of development budgets to free resources for public relief.

Gulf war pushes Pak inflation projection to 7.5pc



Pakistan's CPI-based inflation for 2025-26 has been revised upward to 7.5% due to the Gulf war's impact on global oil prices, while GDP growth is projected at 4.2%. The current account deficit is expected at \$2 billion, and economic activity shows early signs of recovery in agriculture, industry, and services.

Analysis:

The article highlights how external shocks like the Gulf war are fueling inflationary pressures, stressing the need for vigilant monetary policy, continued fiscal prudence, and support for key sectors to sustain growth and stabilize the economy.

Way Forward:

- The State Bank of Pakistan (SBP) should remain vigilant, using monetary tools to curb inflation while monitoring global oil market developments.
- Encourage company incorporations, investment in production capacity, and import of agricultural machinery to enhance domestic productivity and economic resilience.
- Promote agriculture, industry, and services sectors through targeted policies, credit expansion, and incentives for manufacturing, ICT, and trade to sustain GDP growth.

SOCIO-ECONOMIC ISSUES

F BR faces uphill task to meet March target



The Federal Board of Revenue is expected to miss its March 2026 tax target by Rs150–200 billion due to declining imports, reduced property transactions, and higher tax refunds. External shocks like rising oil prices and regional conflict have slowed economic activity, weakening revenue collection.

Analysis:

This shortfall highlights Pakistan's structural fiscal weaknesses, including heavy reliance on import-based taxes and limited domestic tax expansion. The situation underscores the urgency of broadening the tax base and improving enforcement to meet commitments linked with the International Monetary Fund.

Way Forward:

- The Federal Board of Revenue must bring untaxed sectors especially retail, real estate, and agriculture, into the tax net to reduce over-reliance on existing taxpayers.
- Develop contingency fiscal strategies to manage revenue during geopolitical crises, such as diversifying revenue streams and building fiscal buffers.
- Streamline and automate refund processes to avoid sudden large payouts that disrupt monthly revenue targets.

Restoration of original LG Act 2013 demanded



Former neighborhood and village council nazims in Peshawar demanded the immediate restoration of the Local Government Act 2013 in its original form, criticizing PTI-led provincial government amendments after the 2019 elections. They alleged the two-tier system replaced district-level governance, weakening elected representatives. The committee also claimed Rs156.40 billion allocated for local bodies over four years saw only Rs3.60 billion released.

Analysis:

The demand reflects ongoing tensions between provincial governments and local representatives over devolution and fiscal autonomy. The alleged funding gaps only account for 2.3% of allocated amounts released; pointing to systemic issues in fiscal transfers to local governments. The dispute also highlights broader challenges facing Pakistan's local governance framework, where provincial authorities retain significant control over resource distribution and administrative structures.

Way Forward:

- Conduct an independent audit of local government fund releases to verify claims and ensure transparency in fiscal transfers.
- Establish a legislative review mechanism to assess impact of 2019 amendments on service delivery and representation.
- Create a predictable, formula-based revenue sharing system between provincial and local governments to prevent discretionary withholding.

SOCIO-ECONOMIC ISSUES

Lights out, bills up as summer approaches



The government is finalizing a plan to curb summer electricity consumption through scheduled outages, compulsory conservation measures, and higher tariffs as cooling demand rises. Peak demand is expected at 27-28 GW, with LNG supplies completely disrupted due to the Middle East war and Thar coal facing constraints. Experts warn tariffs could exceed Rs55-60/kWh with emergency fuel adjustments.

Analysis:

The energy crisis exposes Pakistan's structural vulnerability to external shocks, with Hormuz disruption cutting RLNG generation by an estimated 8,800 GWh. Reliance on costly imported coal and oil as alternatives will add Rs100-110 billion in fuel costs, worsening the current account. Solar adoption offers daytime relief, but near-zero battery storage leaves night-time demand exposed to severe load-shedding.

Way Forward:

- Remove all taxes on battery energy storage systems immediately to trigger a "second phase" of solar transition and enable night-time renewable utilization.
- Provide subsidized solar financing schemes for low-income households and support mini-grids for localized distribution
- Implement transparent load management schedules with advance public communication to help households and businesses plan around outages

CPEC forms basis of modern economic architecture: Ahsan



Planning Minister Ahsan Iqbal highlighted CPEC's transformative role in strengthening Pakistan's energy security and infrastructure, with 43 projects worth approximately \$25 billion completed and nearly 9,000MW added to the national grid. He announced CPEC Phase II is now entering a strategic shift toward industrialization, innovation, and inclusive growth through a Five-Year Action Plan (2025-2029) aligned with Pakistan's URAAN framework.

Analysis:

The transition to CPEC Phase II signals a maturation of the partnership beyond infrastructure toward industrial cooperation and knowledge transfer. Alignment with the URAAN Pakistan framework suggests greater strategic coherence in national development planning. Expansion into agriculture, mining, and social development diversifies the bilateral portfolio, though realization of SEZ potential and technology transfer remains critical for sustainable job creation and export growth.

Way Forward:

- Accelerate operationalization of Special Economic Zones with investor-friendly policies and reliable utilities to attract foreign direct investment
- Ensure transparency and timely completion of priority projects under the Five-Year Action Plan through robust monitoring mechanisms
- Leverage agricultural and mining sector collaboration to enhance value-added exports and reduce reliance on traditional commodities.

HEALTH

C oncern voiced over lack of dengue data as cases rise to seven



Seven dengue cases have been reported across four districts of Khyber Pakhtunkhwa, with authorities warning that incomplete patient data and weak monitoring could hinder effective control measures. Health workers are conducting surveillance, eliminating mosquito larvae, and training physicians, while community awareness campaigns continue to prevent further spread.

Analysis:

The article highlights systemic gaps in data sharing, supervision, and coordination between private and public health sectors, which could exacerbate outbreaks. Despite expertise and ongoing field activities, effective dengue management requires improved data collection, timely verification, and stronger provincial oversight.

Way Forward:

- Mandate all public and private hospitals to report dengue cases promptly, ensuring complete patient-level data for accurate provincial-level planning.
- Increase awareness campaigns and community participation to promote preventive practices, including proper water storage and elimination of mosquito breeding sites.
- Conduct regular supervisory visits at district and provincial levels to verify field data, improve accountability, and ensure anti-dengue activities are effective.

C hild, mother health indicators improve, but inequality persists: PBS



Pakistan recorded measurable improvements in child and maternal health between 2018-19 and 2024-25, with full immunization rising from 68% to 73% and skilled birth attendance increasing from 70% to 84%. However, significant disparities remain across provinces, with Balochistan at 54% immunization coverage compared to Punjab's 79%. Infant mortality declined from 57 to 47 deaths per 1,000 live births.

Analysis:

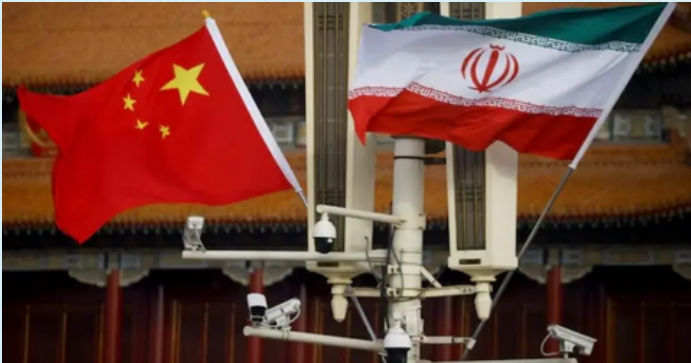
While national averages show progress, the persistent provincial gap with Balochistan lagging 25 points behind Punjab reveals structural inequalities in healthcare access. Maternal education emerges as a critical determinant, with infant mortality 72 per 1,000 for uneducated mothers versus 11 for educated mothers. The decline in healthcare consultation for childhood diarrhea despite increased prevalence signals concerning gaps in treatment-seeking behavior.

Way Forward:

- Target increased healthcare financing and human resources to Balochistan and rural Sindh to address provincial disparities
- Strengthen community health worker networks to improve consultation rates for childhood illnesses
- Implement real-time data tracking at district level to identify and address health inequality hotspots more rapidly

INTERNATIONAL AFFAIRS

What Mideast war means for China's ties with Iran



The ongoing Middle East war has highlighted China's pragmatic approach to Iran, balancing economic interests with diplomatic caution. While China relies on Iranian oil and has some dual-use military support ties, it avoids direct military involvement. Beijing focuses on stability, energy security, and maintaining regional commercial relationships, urging ceasefires but lacking strong leverage over Iran.

Analysis:

China treats Iran as a strategic but transactional partner, using diplomacy to safeguard its economic and energy interests while minimizing risks from regional instability. The war presents both opportunities and diplomatic leverage against the US and challenges, including higher oil prices and disruption to export markets. Beijing aims to maintain influence without becoming entangled in military conflict or regional escalation.

Way Forward:

- Pakistan should leverage its strong ties with both China and Iran to ensure regional stability, acting as a bridge for diplomatic engagement.
- Enhance border monitoring and intelligence sharing to prevent any conflict spillover from affecting Pakistan.
- Engage with multilateral forums, including OIC and SCO, to push for ceasefires and conflict resolution in line with Pakistan's interest in regional peace.

B D seeks Pakistan's support for FM's UNGA presidency bid



Bangladesh has sought Pakistan's support for its Foreign Minister Dr Khalilur Rahman's UNGA presidency bid, highlighting strengthened bilateral ties. The request was made during a reception marking Bangladesh's 55th Independence Day, emphasizing cooperation in trade, connectivity, education, and healthcare. Both countries stressed deepening relations for mutual benefit.

Analysis:

The move reflects Bangladesh's diplomatic strategy to enhance regional influence and bilateral cooperation. It signals opportunities for economic, cultural, and infrastructural collaboration with Pakistan. Supporting the bid can strengthen goodwill and multilateral engagement between the two nations.

Way Forward:

- Pakistan should carefully assess the implications of supporting Bangladesh's Foreign Minister for UNGA presidency, ensuring alignment with national foreign policy interests.
- Use support as an opportunity to improve Pakistan-Bangladesh relations, fostering goodwill and constructive dialogue on regional and multilateral platforms.
- Leverage the engagement to expand trade, direct air and maritime connectivity, education, healthcare, and energy collaboration with Bangladesh.

INTERNATIONAL AFFAIRS

Kuwait pledges full fuel supply support to Pakistan



Kuwait has pledged full facilitation of diesel and jet fuel supplies to Pakistan, which were disrupted due to the closure of the Strait of Hormuz amid the US-Israel-Iran conflict. Pakistan imports over 60% of its diesel from Kuwait under a long-term agreement, and both countries reaffirmed their longstanding energy and bilateral cooperation.

Analysis:

The article highlights Pakistan's reliance on international energy partners for fuel security, emphasizes the strategic importance of Kuwait-Pakistan ties, and reflects Islamabad's role in promoting regional stability and diplomatic engagement amid geopolitical tensions.

Way Forward:

- Continue close coordination with Kuwait and other Gulf partners to ensure uninterrupted supply of diesel, jet fuel, and other essential petroleum products.
- Develop contingency plans and alternative shipping routes to mitigate risks from regional disruptions, such as Strait of Hormuz closures, to protect domestic energy security.
- Actively participate in diplomatic efforts to promote peace and stability in the Gulf region, reducing geopolitical risks that directly affect Pakistan's energy imports.

US tariffs to hit India's GDP growth, prompt more rate cuts



The Donald Trump administration's 26% tariffs on India are expected to reduce India's GDP growth by 20-40 basis points, lowering forecasts to around 6.1-6.3%. In response, the Reserve Bank of India is likely to accelerate interest rate cuts, possibly bringing rates down to 5.5% to support economic activity.

Analysis:

The tariffs create downside risks to growth while inflation remains controlled, giving policymakers room to ease monetary policy. India is likely to rely on rate cuts, tax relief, and domestic demand to offset external shocks rather than broad stimulus, reflecting a cautious but flexible economic strategy.

Way Forward:

- With US tariffs on India, Pakistan can increase exports (especially textiles, rice, and surgical goods) to the US market by positioning itself as a competitive alternative.
- Pakistan should improve product quality, reduce production costs, and ensure compliance with international standards to capture shifting global demand.
- Learning from India's policy response, Pakistan should maintain controlled inflation and use prudent monetary easing (via State Bank of Pakistan) to support growth.

INTERNATIONAL AFFAIRS

B Beijing talks to 'refine' peace framework



Deputy PM Ishaq Dar traveled to Beijing for talks with Chinese Foreign Minister Wang Yi to develop a framework and guiding principles for prospective Iran-US dialogue to end the war. Pakistan outlined five key principles: immediate cessation of hostilities, resumption of dialogue, protection of civilians, security of maritime routes, and adherence to UN Charter. China endorsed Pakistan's role as mediator while Iran maintained cautious distance.

Analysis:

Pakistan's diplomatic efforts including hosting Saudi, Turkish and Egyptian ministers followed by Beijing talks signals a coordinated push to position Islamabad as a credible intermediary. China's backing provides diplomatic weight, but Iran's guarded response highlights Tehran's insistence on recognizing who started the war. The success of these efforts depends on both Washington and Tehran accepting Pakistan's good offices.

Way Forward:

- Maintain sustained communication with both Iranian and US officials to build trust and address reservations about the mediation framework
- Coordinate closely with China, EU, and regional partners to present a united diplomatic front that pressures both parties toward negotiations
- Continue advocating for protection of civilians and adherence to international law as non-negotiable principles in any peace framework

A Alarm at UNSC as Israel announces destruction plan



Israel announced plans to destroy border villages in southern Lebanon and establish a security zone reaching the Litani River, prompting diplomatic alarm at an emergency UNSC meeting. Pakistan's UN envoy warned that attacks on peacekeepers "may constitute war crimes," noting three Indonesian peacekeepers were killed. Lebanon reported at least 1,247 people killed since the March 2 offensive, including 124 children.

Analysis:

Israel's proposed security zone marks a significant escalation, potentially reshaping Lebanon's southern border and deepening the humanitarian crisis. Pakistan's strong condemnation at the Security Council reinforces its diplomatic positioning on Middle East issues while highlighting its peacekeeping credentials. France and China joined in condemning Israeli actions, though the US called for investigation before judgement.

Way Forward:

- Israel is using the war as a cover to expand its borders hence Pakistan should proactively raise voice at multinational platforms to ensure accountability for attacks.
- Advocate for immediate ceasefire and prevention of Lebanon becoming "another Gaza" through multilateral diplomatic channels.
- Coordinate with OIC members to maintain collective pressure on Israel to respect Lebanese sovereignty and territorial integrity.

POLICY NUGGETS

1 HIV cases rise in Pakistan

Impact:

Highlights public health risks and gaps in awareness, sanitation, and preventive healthcare systems across provinces.

Recommendation:

Strengthen nationwide awareness campaigns, regulate medical and hygiene practices, and expand testing and treatment facilities.

“An ounce of prevention is worth a pound of cure.” – Benjamin Franklin

4 Pakistan signs first-ever carbon market deal with Norway

Impact:

Opens access to international carbon trading, climate finance, and investment in clean energy and climate-smart agriculture.

Recommendation:

Develop strong regulatory frameworks and transparent monitoring systems to attract global investors.

“The greatest threat to our planet is the belief that someone else will save it.” – Robert Swan

7 Pakistan’s Trade Deficit Widens as Imports Outpace Exports

Impact:

A 23% rise in the trade deficit pressures foreign reserves and the rupee.

Recommendation:

Boost exports and rationalize imports to restore external balance.

“True individual freedom cannot exist without economic security and independence.” – Franklin D. Roosevelt

2 Food waste worsens nutrition crisis

Impact:

Highlights severe malnutrition and limited access to a healthy diet, deepening social and economic challenges.

Recommendation:

Promote responsible consumption, strengthen food distribution systems, and encourage partnerships with charities.

“Waste not, want not.” – Benjamin Franklin

5 AJK Education reform plan

Impact:

Aims to improve academic standards, expand access in remote areas, and modernise the education system.

Recommendation:

Ensure transparent recruitment, invest in skill-based education, and strengthen institutional capacity.

“Education is not preparation for life; education is life itself.” – John Dewey

8 Pakistan Managing Supply Pressures Amid Middle East Crisis

Impact

Government efforts to manage supply disruptions highlight Pakistan’s vulnerability to external energy shocks.

Recommendation:

Strengthen energy diversification and strategic reserves while enhancing domestic supply chain resilience.

“Energy security is national security.” – Daniel Yergin

3 Wheat sector reform roadmap by IMF

Impact:

Highlights structural inefficiencies, low productivity, poor seed systems, and overreliance on wheat.

Recommendation:

Implement market-oriented reforms, invest in agricultural research, and support small farmers.

“Agriculture is the foundation of manufacture and commerce.” – Ezra Taft Benson

6 Migrant deaths highlight risks

Impact:

Underscores the danger of irregular migration and gaps in safe, legal pathways, reflecting policy challenges.

Recommendation:

Strengthen legal migration channels, enhance border safety measures, and increase public awareness.

“Migration is an expression of the human aspiration for dignity, safety and a better future.” – Ban Ki-moon

9 Experts Urge Pakistan-India Cooperation on Smog Crisis

Impact

Persistent transboundary smog underscores shared environmental risks, affecting public health, productivity, and regional sustainability.

Recommendation:

Establish a joint Pakistan-India environmental forum with data-sharing and coordinated pollution control strategies.

“The environment is where we all meet; where we all have a mutual interest; it is the one thing all of us share.” – Lady Bird Johnson



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