



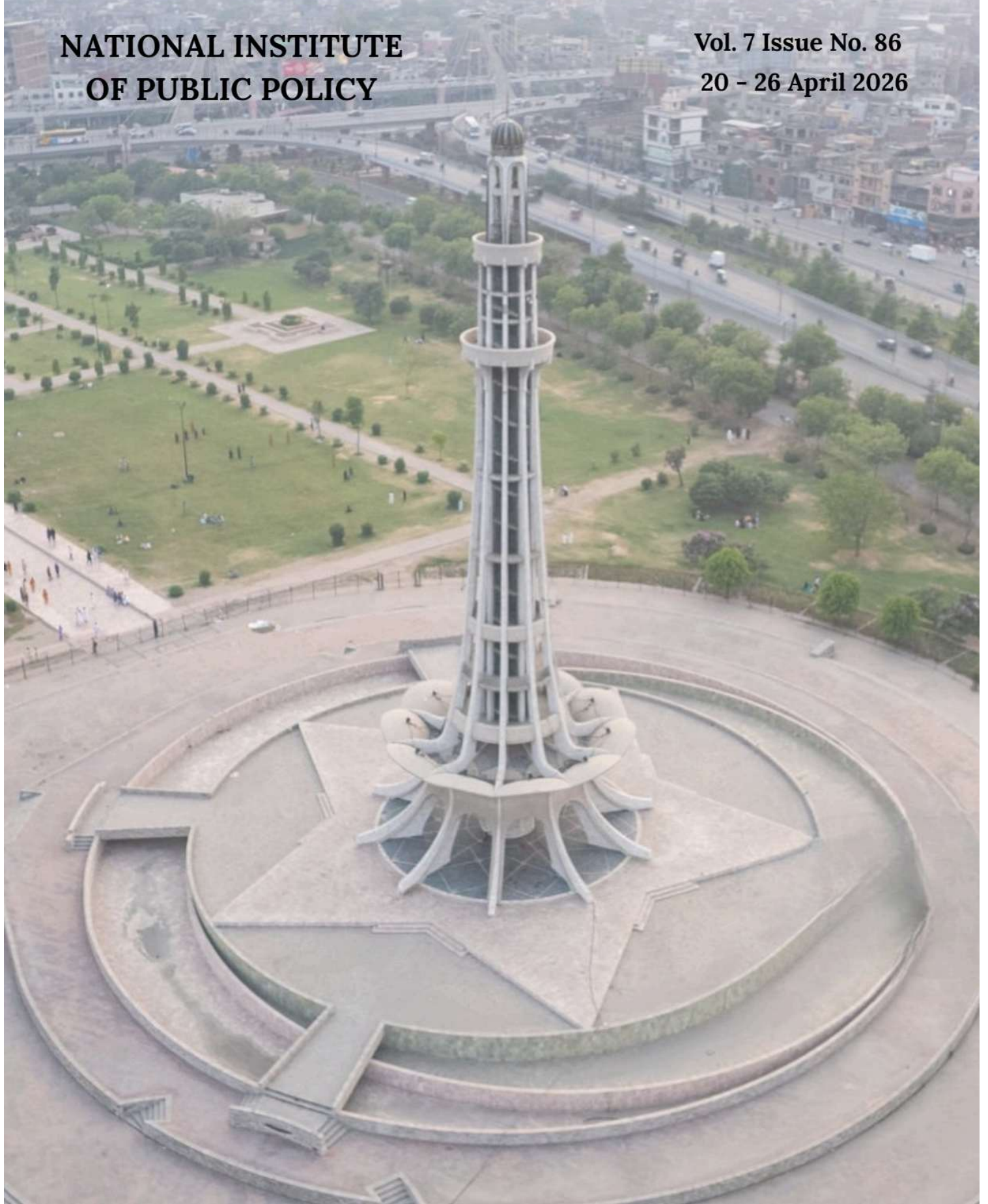
Weekly



POLICY PULSE

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OVERVIEW

This week's *Policy Pulse* reflects a landscape shaped by governance reforms, fiscal consolidation, socio-economic adjustments, and rising international uncertainty. The central theme is structural transformation, improving institutional efficiency, strengthening macroeconomic stability, and managing external risks.

In governance, the rollout of smart power metering under a public-private partnership with IFC signals a shift toward digitalisation, transparency, and loss reduction in the energy sector. The Higher Education Commission's decision to halt sub-campus expansion reflects a quality-over-access approach. Reforms to streamline the Public-Private Partnership Authority and the ADB-backed development of the M6 motorway highlight growing reliance on PPP models to accelerate infrastructure delivery.

Socio-economic developments show cautious recovery alongside structural pressures. FY27 targets of 5.1% GDP growth and Rs15.5 trillion in tax revenue aim to sustain stability under IMF oversight. Planned auto tariff cuts signal trade liberalisation, while a likely \$1.2 billion IMF tranche highlights continued external dependence. Rising energy demand, projected at over 70,000MW by 2035, underscores capacity gaps, while closing government bank accounts aims to improve fiscal liquidity. Global success of Pakistani-led tech ventures points to untapped innovation potential.

Internationally, dynamics remain volatile. Concerns over civil liberties raised by Amnesty International highlight governance challenges, while UNDP-Japan collaboration reflects efforts to build climate resilience. Energy insecurity persists due to LNG supply risks and import dependence. Rising migration risks and the economic fallout of the Iran conflict expose broader vulnerabilities, while ongoing US-Iran talks facilitated by Pakistan reinforce its diplomatic role.

The policy nuggets highlight priorities of fiscal discipline, energy security, climate resilience, and strategic diplomacy.

Overall, the week highlights the need to align governance reforms with economic resilience and proactive foreign policy in a volatile global environment.



Structural transformation focused on governance digitalisation, fiscal consolidation, and PPP-driven infrastructure, paired with strategic diplomacy to manage external risks and sustain economic stabilisation.

GOVERNANCE

Pakistan signs deal with IFC for smart power metering plan



Ministry of Energy (Power Division) Pakistan has signed a Transaction Advisory Services Agreement with International Finance Corporation to roll out smart meters for 10 million connections through a public-private partnership model. The initiative aims to digitalise Pakistan's power sector, improve billing, reduce theft, and enhance efficiency through Advanced Metering Infrastructure (AMI).

Analysis:

This move signals a structural reform toward transparency and financial sustainability in Pakistan's energy sector, with private investment reducing fiscal burden. However, successful implementation will depend on regulatory consistency, investor confidence, and the capacity of distribution companies to manage large-scale digital integration.

Way Forward:

- National Electric Power Regulatory Authority should ensure clear guidelines, tariff structures, and monitoring mechanisms to support smooth PPP implementation.
- Maintain competitive and transparent procurement processes to attract credible local and international investors through International Finance Corporation advisory support.
- Begin with high-loss and urban areas to maximise early impact before scaling to nationwide coverage.

More than 16,000 lives lost in over 350 disasters in 2025'



Higher Education Commission Pakistan has banned universities from establishing sub-campus at the tehsil level, citing concerns over poor academic quality, weak infrastructure, and lack of qualified faculty. Degrees from such unapproved campuses will not be recognised or attested, and all related proposals and activities have been suspended immediately.

Analysis:

This decision reflects a policy shift toward prioritising quality over expansion in Pakistan's higher education sector. While it may improve academic standards and credibility, it could also limit access to higher education in smaller or remote areas unless alternative solutions are developed.

Way Forward:

- Higher Education Commission Pakistan should promote distance learning, virtual campuses, and hybrid education systems to ensure students in tehsil-level areas are not excluded.
- Create a transparent and rigorous approval system for any future expansion to ensure faculty quality, infrastructure, and programme viability.
- Invest in increasing the number of PhD-qualified faculty, especially in private universities, through incentives and training initiatives.

GOVERNANCE

Shehbaz approves streamlining of P3A to expedite development projects



Prime Minister Shehbaz Sharif approved reforms to streamline the Public-Private Partnership Authority (P3A) to speed up development projects through PPPs. The authority will now operate under the Privatisation Division, with improved oversight and inclusion of PPP targets in ministries' KPIs. The government aims to enhance transparency, efficiency, and alignment with global PPP models.

Analysis:

This move signals a policy shift toward greater reliance on public-private partnerships to address development gaps and fiscal constraints. Placing P3A under the Privatisation Division may centralize control but could also raise concerns about accountability. Success will depend on institutional capacity and whether reforms translate into timely project execution.

Way Forward:

- Enhance the capacity of ministries and departments to design, manage, and implement PPP projects effectively.
- Place P3A under the Privatisation Division to ensure better coordination, faster approvals, and streamlined decision-making.
- Include PPP-based development targets in ministries' Key Performance Indicators (KPIs) to ensure accountability and results

ADB, NHA to develop two sections of M6



The Asian Development Bank and National Highway Authority signed an agreement to develop two sections of the M6 Hyderabad-Sukkur Motorway under a PPP model. The project includes a 120-km six-lane motorway aimed at improving connectivity, reducing travel time, and boosting trade. ADB will provide advisory support, including feasibility studies and structuring for transparent private sector participation.

Analysis:

This project reflects Pakistan's growing reliance on PPPs and international financial institutions for infrastructure development. Completing the M6 fills a key gap in the north-south corridor, which can significantly enhance logistics efficiency and economic integration. However, timely execution and attracting credible private investors will be critical for its success.

Way Forward:

- Ensure effective coordination between Asian Development Bank and National Highway Authority to avoid delays and maintain project timelines.
- Develop a bankable PPP structure that attracts credible private investors and ensures long-term sustainability.
- Implement open and competitive bidding processes to build investor confidence and reduce corruption risks.

SOCIO-ECONOMIC ISSUES

Govt bets on ambitious 5.1% GDP growth and Rs15.5 trillion tax target in FY27 budget



The federal government is preparing the FY2026-27 budget with a GDP growth target of 5.1% (up from 4.2%) and a tax collection goal exceeding Rs15.5 trillion, aligned with IMF benchmarks. The budget, expected in early June, focuses on expanding the tax base, sustaining economic stabilisation, and maintaining fiscal discipline. It also aims to manage external pressures, including global oil price volatility and regional geopolitical risks affecting imports and inflation.

Analysis:

The targets reflect a push for higher growth and stronger revenue mobilisation to support macroeconomic recovery and reduce reliance on external borrowing. However, they remain ambitious given cautious global projections and ongoing external risks, meaning outcomes will depend on effective tax reforms, disciplined expenditure management, and maintaining credibility with the IMF.

Way Forward:

- Accelerate tax base expansion through improved documentation and stronger FBR enforcement.
- Prioritise investment in exports, renewable energy, and infrastructure to support sustainable growth.
- Maintain fiscal discipline and ensure consistent engagement with the IMF to secure programme continuity.

New auto policy: Pakistan to slash weighted average tariff for imports of vehicles



Pakistan, in agreement with the International Monetary Fund, plans a new five-year auto policy reducing the weighted average vehicle import tariff from 10.6% to 7.4% by 2030. The policy includes eliminating regulatory duties, introducing a simplified tariff structure, and promoting local manufacturing and localisation. It also tightens rules on used car imports while aligning with the National Tariff Policy.

Analysis:

The policy signals a shift toward trade liberalisation and IMF-driven structural reforms to make the auto sector more competitive. Lower tariffs may reduce vehicle prices and increase consumer choice, but could pressure local manufacturers if localisation is not strengthened. Its success depends on balancing import openness with domestic industry protection and effective regulatory enforcement.

Way Forward:

- Implement the agreed reduction in tariffs in phases to avoid sudden shocks to the domestic auto industry while ensuring compliance with International Monetary Fund commitments.
- Introduce targeted incentives (tax breaks, subsidies, technology transfer) to strengthen domestic assemblers and parts manufacturers.
- Set clear localisation targets and encourage production of auto parts within Pakistan to reduce import dependence.

SOCIO-ECONOMIC ISSUES

Most IMF targets met, \$1.2bn tranche approval likely in May



Pakistan has met most of the IMF's performance benchmarks, increasing the likelihood of a \$1.2 billion tranche approval in May. The progress reflects improved fiscal discipline and adherence to reform commitments. Final approval remains contingent on continued policy consistency.

Analysis:

The expected tranche will ease external financing pressures but reinforce Pakistan's dependence on IMF-led stabilization. Continued reliance limits fiscal autonomy and constrains policy flexibility, particularly in managing subsidies and public spending.

Way Forward:

- Maintain fiscal discipline by avoiding pre-election spending slippages.
- Accelerate structural reforms in taxation and energy sectors to meet future IMF conditions.
- Build foreign exchange buffers to reduce reliance on external bailouts.

Pakistan needs over 70,000MW of additional power by 2035



Estimates indicate Pakistan will require over 70,000MW of additional electricity generation capacity by 2035. Rising population, urbanization, and industrial demand are driving the surge. Current infrastructure expansion is insufficient to meet projected needs.

Analysis:

Without aggressive capacity expansion, Pakistan risks prolonged energy shortages that could constrain economic growth. Delays in investment and planning could further widen the supply-demand gap, increasing reliance on costly energy imports.

Way Forward:

- Fast-track renewable energy projects to reduce reliance on imported fuels.
- Modernize transmission and distribution systems to minimize losses.
- Attract private investment through regulatory reforms and tariff rationalization

SOCIO-ECONOMIC ISSUES

Pakistani cofounder's AI startup Cursor set for \$60bn deal with SpaceX



An AI startup co-founded by a Pakistani entrepreneur, Cursor, is reportedly nearing a \$60 billion deal with SpaceX, reflecting deepening integration between artificial intelligence and advanced space technologies. The potential partnership signals rapid growth in AI-driven applications such as automation, large-scale data processing, and system optimization in high-tech industries. It highlights the expanding global influence of Pakistani-origin talent in frontier sectors, even as most innovation continues to scale outside Pakistan.

Analysis:

The development underscores Pakistan's untapped potential in high-value technology exports and innovation-led growth, particularly in emerging fields like AI and deep tech. However, persistent gaps in funding, regulatory support, and research infrastructure mean that domestic ecosystems are unable to capture value from such breakthroughs, limiting spillovers into local industry, employment, and technological capacity.

Way Forward:

- Introduce targeted policy incentives, including tax relief and venture funding support, to retain and attract high-skilled tech talent.
- Expand investment in AI research, university-industry collaboration, and startup incubation to build a competitive innovation ecosystem.
- Strengthen global partnerships while creating mechanisms to anchor intellectual property and business operations within Pakistan.

Pakistan to close 70 government bank accounts under IMF programme.



Pakistan has agreed to close around 70 dormant or redundant bank accounts held by government departments to transfer approximately Rs300 billion into the consolidated national fund. The measure is part of ongoing fiscal consolidation under the IMF programme aimed at improving liquidity management and reducing unnecessary borrowing. It aligns with broader reform commitments in public financial management, debt restructuring, and revenue enhancement.

Analysis:

The move targets inefficiencies caused by fragmented government cash holdings, which increase borrowing costs and weaken fiscal coordination across departments. While it can improve short-term liquidity and support IMF compliance, it also highlights persistent structural weaknesses in revenue generation, institutional coordination, and reliance on externally driven reform frameworks for macroeconomic stability.

Way Forward:

- Ensure transparent and time-bound closure of accounts with independent audits to strengthen fiscal accountability.
- Introduce centralized digital cash management systems to monitor and control government funds across all entities.
- Strengthen domestic revenue mobilization and expenditure discipline to reduce dependence on external financing programs.

INTERNATIONAL AFFAIRS

A mnesty highlights erosion of civil liberties in Pakistan



Amnesty International reports that civil liberties in Pakistan are deteriorating due to expanded use of cybercrime and anti-terror laws, restrictions on media, and increased surveillance. The report highlights cases of political repression, enforced disappearances, and restrictions on journalists, activists, and opposition figures, alongside broader global human rights concerns.

Analysis:

The findings indicate a growing tension between state security frameworks and fundamental freedoms in Pakistan, where legal and digital tools are increasingly used to control dissent. This raises serious concerns about democratic governance, judicial independence, and long-term impacts on civic space and human rights protections.

Way Forward:

- Pakistan should reform cybercrime and anti-terror laws to prevent their misuse and ensure they are applied strictly within constitutional limits of free speech and due process.
- Pakistan should strengthen judicial independence by ensuring transparent appointments, reducing external influence, and safeguarding fair trial rights.
- Pakistan should establish strict oversight mechanisms for digital surveillance to protect privacy rights and prevent arbitrary monitoring of citizens.

U NDP, Japan partner to boost climate resilience



United Nations Development Programme and the Government of Japan have launched a \$400,000 project to enhance climate resilience and disaster preparedness in flood-affected areas of southern Punjab, Pakistan. The one-year initiative aims to train around 3,000 people, especially women and youth, in early warning systems, preparedness, and emergency response.

Analysis:

The project reflects a targeted shift toward community-based disaster risk reduction in climate-vulnerable regions of Pakistan. While modest in scale, it strengthens local capacity and highlights the importance of international partnerships in improving resilience against recurring climate-induced disasters.

Way Forward:

- Pakistan should scale up community-based disaster resilience programs beyond pilot projects like the one led by United Nations Development Programme, ensuring wider geographic coverage in flood-prone regions.
- Pakistan should institutionalise early warning systems by integrating meteorological data with local governance structures for faster and more effective response.
- Pakistan should prioritise training of women and youth at the district and union council level to strengthen grassroots disaster preparedness and response capacity.

INTERNATIONAL AFFAIRS

Azerbaijan says ready to supply LNG as Pakistan faces shortages



SOCAR has offered to supply LNG to Pakistan under a 2025 framework agreement with Pakistan LNG Limited to address the country's energy shortfall. The offer comes as LNG imports from QatarEnergy face disruption due to the closure of the Strait of Hormuz amid regional tensions. Pakistan is seeking alternative and spot cargoes to manage immediate supply needs.

Analysis:

This development highlights Pakistan's vulnerability to external energy shocks and geopolitical disruptions. Diversifying LNG suppliers, such as engaging SOCAR, can enhance energy security in the short term. However, long-term stability will require reducing reliance on imports and strengthening domestic energy production and storage capacity.

Way Forward:

- Pakistan must diversify LNG suppliers by actively engaging partners like SOCAR alongside QatarEnergy to reduce dependence on a single source.
- Pakistan should secure long-term LNG contracts to avoid exposure to volatile spot markets and geopolitical disruptions such as closures of the Strait of Hormuz.
- Pakistan needs to enhance strategic energy reserves to manage short-term supply shocks and ensure continuity during crises.

7,900 people died, disappeared on migration routes in 2025: UN



The International Organization for Migration reported that around 7,900 migrants died or went missing on global migration routes in 2025, bringing the total since 2014 to over 80,000. Dangerous journeys continue due to lack of safe migration pathways, with significant deaths recorded in regions like the Mediterranean, Bay of Bengal, and Atlantic routes. The agency also highlighted that funding cuts and data gaps are making many migrant deaths less visible.

Analysis:

The report reflects a persistent global governance failure in managing migration safely and humanely. Restrictive migration policies and limited legal pathways are pushing migrants toward riskier routes despite declining overall movements. Addressing this crisis requires stronger international cooperation, better data systems, and policies focused on safe, legal migration channels.

Way Forward:

- Pakistan must strengthen anti-human smuggling enforcement to dismantle networks that exploit migrants and push them into life-threatening journeys.
- Pakistan needs to improve migrant awareness campaigns about risks of irregular migration and available legal pathways abroad.
- Pakistan should enhance data collection and coordination with international bodies to track migration trends and protect its citizens overseas.

INTERNATIONAL AFFAIRS

I ran war pushing more than 30 million into poverty: UNDP



The UNDP reports that the ongoing conflict involving Iran could push more than 30 million people into poverty due to widespread economic disruption, displacement, and breakdown of livelihoods. The crisis is severely impacting regional economies, energy markets, and cross-border trade flows, creating ripple effects across South and West Asia. Vulnerable populations in neighboring regions face heightened risks as inflation, unemployment, and supply chain disruptions intensify.

Analysis:

Escalating instability threatens Pakistan through sustained increases in energy import costs, disruptions in regional trade corridors, and the risk of refugee inflows that could strain already limited resources. Prolonged conflict may further weaken Pakistan's external account position, fuel imported inflation through volatile oil and commodity prices, and complicate macroeconomic stabilization efforts under existing fiscal constraints.

Way Forward:

- Develop contingency plans to manage potential refugee inflows and strengthen border management and humanitarian response systems.
- Diversify energy import sources and secure long-term supply arrangements to reduce exposure to regional price shocks.
- Strengthen regional diplomatic engagement and coordination to support de-escalation and protect critical trade and energy routes.

U S-Iran talks resume amid ceasefire tensions



US and Iranian officials have resumed talks in Islamabad as a fragile two-week ceasefire nears expiry, with Pakistan facilitating direct and indirect diplomatic engagement between both sides. Tensions remain elevated due to restrictions and security incidents in the Strait of Hormuz, including threats to commercial shipping and disruptions to critical global energy flows. The outcome remains uncertain amid conflicting positions, raising the risk of renewed escalation and broader regional instability.

Analysis:

The situation enhances Pakistan's diplomatic standing as a mediator but also increases its vulnerability to external shocks, particularly through disruptions in oil and LNG supply chains passing through the Strait of Hormuz. A breakdown in talks could intensify energy price volatility, widen Pakistan's current account deficit, and complicate inflation management, placing additional strain on an already fragile economic recovery.

Way Forward:

- Sustain high-level diplomatic engagement with both parties to facilitate ceasefire extension and position Pakistan as a credible mediator.
- Prepare contingency strategies for energy supply disruptions, including diversified sourcing, spot procurement planning, and reserve management.
- Strengthen coordination with regional and international partners to support maritime security and ensure continuity of trade and energy flows.

POLICY NUGGETS

1 Sindh strengthens governance through administrative reforms

Impact:

Improves service delivery and protection of public assets through structured governance systems.

Recommendation:

Institutionalise merit-based recruitment and standardised service structures across enforcement bodies.

“Good governance is perhaps the single most important factor in eradicating poverty and promoting development.”

– Kofi Annan

4 Proposed tax rationalisation on mobile imports

Impact:

Strengthens digital accessibility while influencing consumer affordability of smart devices.

Recommendation:

Adopt a balanced tax framework that promotes affordable digital access without undermining fiscal stability.

“Access to technology is a great equalizer in education and economic opportunity.” – Bill Gates

7 Trump Signals Islamabad Visit Amid Iran Deal Prospects

Impact:

Prospective US presidential visit reflects Pakistan’s rising diplomatic relevance as a mediator in high-stakes global negotiations.

Recommendation:

Convert diplomatic momentum into a structured facilitation framework, anchored in multilateral legitimacy.

“Jaw-jaw is always better than war-war.” – Winston Churchill

2 International humanitarian aid to Pakistan

Impact:

Strengthens emergency food security and livelihood recovery in disaster-affected communities.

Recommendation:

Strengthen national disaster preparedness systems through sustained partnerships with international donors.

“Alone we can do so little; together we can do so much.” – Helen Keller

5 SOEs park Rs1tr outside Federal Fund

Impact:

Reduces government liquidity available for debt management and public spending, forcing the state to borrow at higher costs.

Recommendation:

Strictly enforce the Public Finance Management framework to ensure timely transfer of public funds into the Federal Consolidated Fund.

“Transparency is the currency of trust.” – Howard Schultz

8 HIV Outbreak in Taunsa Exposes Public Health Gaps

Impact:

The outbreak signals critical failures in infection control, surveillance, and healthcare governance with serious transmission risks.

Recommendation:

Strengthen regulatory oversight, enforce infection protocols, and expand real-time disease surveillance systems.

“There can be no real growth without healthy populations. No sustainable development without tackling disease” – Harlem Brundtland

3 Mandatory women representation in public decision-making.

Impact:

Enhances institutional responsiveness through broader representation in policy decisions.

Recommendation:

Ensure merit-based implementation of gender quotas supported by leadership training.

“There is no tool for development more effective than the empowerment of women.” – Kofi Annan

6 Pakistan-Italy cooperation strengthens protection against cultural smuggling

Impact:

Enhances institutional capacity strengthens cross-border enforcement against antiquities trafficking.

Recommendation:

Formalise sustained intelligence-sharing frameworks and expand specialised training for cultural crime units.

“A people without the knowledge of their past history, origin and culture is like a tree without roots.” – Marcus Garvey

9 Iran War Highlights Asia's Fossil Fuel Vulnerability

Impact:

Hormuz disruptions expose Asia's dangerous over-reliance on a single energy corridor, fuelling inflation and economic instability.

Recommendation:

Accelerate renewable transition and diversify supply routes to reduce single-corridor dependency.

“The starting point for energy security today is diversification of supplies and sources.” – Daniel Yergin



Editorial Team

Dr. Naveed Elahi
Naeema Naeem
Jahanzeb Waheed

Editorial Assistants

Saffa Amjad
Arhum Kammran Shah
Laiba Tanveer
Abdul Wakeel

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

Email: polycypulse.nipp@nspp.gov.pk

