



Weekly



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OVERVIEW



This week's Policy Pulse reflects a policy landscape shaped by governance reforms, socio-economic pressures, and intensifying global uncertainty. The central theme is institutional balancing strengthening regulatory frameworks, managing economic vulnerabilities, and adapting to shifting geopolitical dynamics.

Governance developments show a mix of progress and underlying strain. While reforms like the Child Marriage Bill and AI regulation indicate stronger state oversight, issues such as weak research standards, lack of housing policy, reliance on provincial stopgap financing, and growing cybersecurity needs highlight persistent institutional gaps in coordination and capacity.

Socio-economic developments reveal structural economic strain. Efforts to boost gemstone exports indicate a shift toward value-added trade and resource utilization, while NEPRA's grid connectivity regulations aim to improve energy sector efficiency and reliability. However, fuel prices reaching Rs400 per litre underscore vulnerability to global shocks and rising inflationary pressures. Simultaneously, the government's push to stabilise electricity tariffs highlights ongoing challenges of circular debt, inefficiencies, and affordability in the power sector.

Internationally, geopolitical and economic uncertainties dominate. Divisions within BRICS reflect weakening multilateral cohesion, while rising global military expenditure signals intensifying insecurity and resource diversion toward defence. Shifts in global energy dynamics, including the UAE's withdrawal from OPEC and disruptions in the Strait of Hormuz, highlight growing volatility in oil markets. Global public health concerns, particularly slow progress on hepatitis elimination, underscore persistent systemic gaps. Ongoing instability in global migration and the broader economic fallout of regional conflicts continue to shape external risks for Pakistan.

The policy nuggets reinforce priorities of governance reform, economic resilience, climate adaptation, and regulatory strengthening.

Overall, the week underscores the need for coherent policy coordination to align governance, economic stability, and external strategy in an increasingly uncertain global environment.

Governance reforms, socio-economic strains, and geopolitical volatility drive Pakistan's need for coherent policy coordination amid deepening institutional gaps and external risks.

GOVERNANCE

Punjab PA passes bill to ban under-18 marriage amid heated debate



The Punjab Assembly passed the Punjab Child Marriage Restraint Bill 2026, setting 18 as the minimum legal age for marriage after a heated debate between treasury and opposition members. Government representatives strongly supported the bill, highlighting health risks and education rights of girls, while some opposition members raised religious, cultural, and societal concerns.

Analysis:

The law marks a significant step toward protecting women's rights and reducing child marriage in Punjab, aligning with global human rights standards. However, the intense opposition reflects deep-rooted societal and religious tensions, suggesting that implementation may face resistance despite legal approval.

Way Forward:

- Ensure strict implementation of the law through penalties, mandatory marriage registration, and digital verification via NADRA to prevent underage marriages.
- Expand scholarships, stipends, and vocational programs so families are less likely to marry off daughters early due to financial pressures.
- Empower Union Councils, police, and community organizations to report and prevent child marriages at the grassroots level.

Pakistan Digital Authority's approval made mandatory for all AI-related govt hiring



The government has made prior approval from the Pakistan Digital Authority mandatory for all AI-related hiring and administrative decisions across public institutions, including recruitment and creation of posts. The directive, enforced through the Federal Board of Revenue circular, aims to standardize procedures and ensure regulatory oversight in artificial intelligence governance.

Analysis:

The policy reflects Pakistan's effort to centralize and regulate AI-driven governance, ensuring controlled and standardized adoption across the public sector. However, its success will depend on institutional capacity and efficient coordination, as excessive bureaucracy could slow down digital transformation and innovation.

Way Forward:

- Strengthen the Pakistan Digital Authority with skilled professionals, technical experts, and modern infrastructure to effectively regulate AI-related hiring and policies.
- Ensure fast-track and time-bound clearance mechanisms to avoid delays in recruitment and implementation of AI projects across government departments.
- Standardize transparent criteria for AI-related posts, including qualifications, ethics guidelines, and skill benchmarks.

GOVERNANCE

Standard of research in Pakistani universities ‘very low’, moot told



At a conference hosted by Shaheed Zulfiqar Ali Bhutto Institute of Science and Technology, education experts, including Prof. Dr. Pervez Hoodbhoy, highlighted that research standards in Pakistani universities are “very low” and academic institutions are facing structural decline. Speakers stressed the need for scientific inquiry, curriculum reform, critical thinking, and stronger academic freedom to improve education quality.

Analysis:

The discussion reflects deep-rooted systemic weaknesses in Pakistan’s higher education sector, particularly limited research output and reliance on rote learning. Without serious reforms in governance, funding, and academic culture, universities risk further decline, weakening the country’s long-term knowledge and innovation capacity.

Way Forward:

- Increase sustainable funding for universities in Pakistan to support quality research, labs, and international publications.
- Ensure universities operate independently, allowing researchers and faculty to pursue inquiry without political or administrative pressure.
- Invest in training, competitive hiring, and international exposure for university teachers to raise teaching and research standards.

Govt urged to formulate policy on housing rights for all citizens in Islamabad



A coalition of activists, intellectuals, and civil society groups in Pakistan urged the government to formulate a comprehensive housing rights policy for Islamabad’s informal settlements, citing violations of constitutional rights and repeated summary evictions by the Capital Development Authority. They also highlighted inadequate surveys, population growth in katchi abadis, and environmental and legal concerns linked to urban development practices.

Analysis:

The issue reflects a growing urban governance crisis in Islamabad, where rapid population growth, weak housing policy, and enforcement-heavy approaches are clashing with constitutional housing rights. Without inclusive urban planning and regularization of informal settlements, tensions between authorities and low-income communities are likely to intensify further.

Way Forward:

- Pakistan should establish a rights-based housing policy that formally recognizes adequate shelter as a constitutional obligation.
- The Capital Development Authority should prioritize in-situ regularization of katchi abadis instead of forced evictions.
- Carry out a comprehensive and transparent survey of all informal settlements to ensure accurate urban planning and resource allocation.

GOVERNANCE

KP government announces bridge financing for stalled health projects



On May 3, 2026, KP Chief Minister Muhammad Sohail Afridi announced bridge financing to sustain health projects stalled by federal funding delays. He termed the federal government's withholding of funds as discriminatory, warning that institutional reforms and health infrastructure face a complete halt. The move signals a provincial shift toward fiscal self-reliance to bypass administrative bottlenecks at the Centre.

Analysis:

This decision highlights a deepening fissure in Pakistan's fiscal federalism, where provincial service delivery is becoming increasingly decoupled from federal disbursements. By opting for bridge financing, KP is prioritizing immediate governance outcomes over long-term debt sustainability, potentially setting a precedent for other provinces facing similar liquidity constraints.

Way Forward:

- The National Economic Council (NEC) should convene an emergency session to rationalize the release of funds for social sector projects across all provinces.
- The federal government must provide a transparent, time-bound disbursement schedule to prevent provincial administrations from taking on high-interest short-term liabilities.
- Establish an independent federal-provincial fiscal monitoring body to mediate disputes regarding the National Finance Commission (NFC) award and development grants.

Pakistan calls for stronger cyber defenses as financial sector digitizes



Finance Minister Muhammad Aurangzeb has called for stronger cybersecurity measures across Pakistan's financial sector as digital banking expands and cyber threats grow more sophisticated. The directive followed a high-level meeting with bank CEOs and chief information security officers to review preparedness against emerging risks, including AI-driven cyberattacks. Authorities emphasized closer coordination between regulators, financial institutions, and technical teams to strengthen system-wide resilience.

Analysis:

The move reflects increasing recognition of cybersecurity as a systemic risk to financial stability as Pakistan accelerates digital transformation in banking and payments. Without robust safeguards, vulnerabilities in digital systems could erode public trust, disrupt financial services, and expose the economy to large-scale operational and financial risks.

Way Forward:

- Strengthen regulatory oversight through the State Bank of Pakistan by enforcing mandatory cybersecurity standards, audits, and compliance frameworks.
- Establish a centralized financial sector cyber response mechanism with real-time threat intelligence sharing among banks, regulators, and security agencies.
- Invest in upgrading legacy infrastructure and building technical capacity to counter advanced and AI-driven cyber threats.

SOCIO-ECONOMIC ISSUES

P M for boosting gemstones exports using local resources



Prime Minister Shehbaz Sharif emphasized boosting Pakistan's gemstone exports by utilizing local resources, improving mining and processing standards, and establishing Centers of Excellence. The government is preparing a comprehensive export strategy, launching training programs, and planning an international gemstone exhibition in 2026, while also addressing transparency concerns in SNGPL.

Analysis:

The initiative signals a shift toward value-added exports and industrial upgrading, which could enhance foreign exchange earnings. However, success depends on effective implementation, transparency, and skill development, as governance issues and weak institutional capacity could undermine progress if not addressed.

Way Forward:

- Move from raw gemstone exports to processed, cut, and polished stones to significantly increase export earnings.
- Ensure the planned centers in Gilgit-Baltistan, AJK, and Islamabad deliver international-standard training, technology transfer, and certification.
- Introduce mechanized and environmentally sustainable mining to reduce wastage and improve quality.

NEPRA notifies grid connectivity regulations for power producers



NEPRA has introduced the Grid Connectivity Regulations 2026, setting mandatory technical standards for power producers to connect to Pakistan's national grid. The rules require formal agreements, strict compliance with Grid and Distribution Codes, and continuous adherence to safety and operational standards, with penalties for violations.

Analysis:

The regulations aim to improve reliability, efficiency, and safety of the power system while ensuring better integration of new energy projects. However, their effectiveness will depend on consistent enforcement, regulatory capacity, and whether producers can meet technical and financial requirements without slowing investment.

Way Forward:

- National Electric Power Regulatory Authority must ensure consistent monitoring, audits, and penalties to guarantee full compliance with grid standards.
- Provide technical support and training so both public and private generators can meet advanced grid requirements without delays.
- Invest in smart grids, automation, and digital monitoring systems to handle increased load and integration of diverse energy sources.

SOCIO-ECONOMIC ISSUES

Fuel prices hit Rs400 per litre amid global pressure



Pakistan has sharply increased fuel prices amid rising global oil costs and fiscal pressures linked to IMF programme commitments. The increase reflects the government's attempt to maintain petroleum levy targets while managing external account pressures and rising import bills. Higher fuel costs are expected to have widespread effects across transport, production, and household consumption.

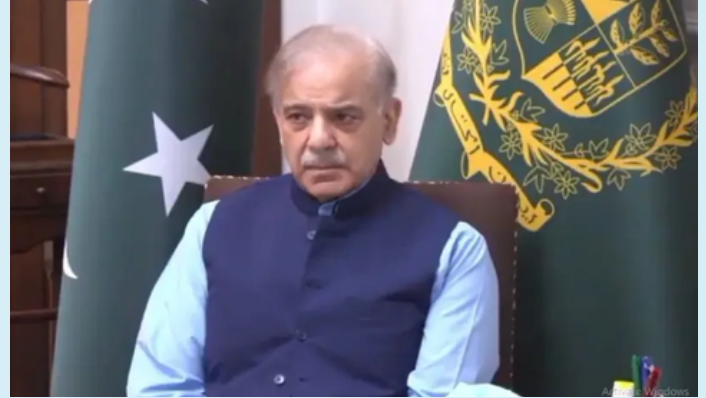
Analysis:

The price hike will directly contribute to inflationary pressures by increasing transportation and input costs across sectors, disproportionately affecting low- and middle-income households. It also highlights Pakistan's continued vulnerability to external energy shocks and its limited fiscal space to cushion such impacts without undermining IMF commitments.

Way Forward:

- Introduce targeted fuel subsidies or support mechanisms for vulnerable households and public transport systems.
- Accelerate diversification of energy imports and expand strategic fuel reserves to reduce exposure to global shocks.
- Improve transparency in fuel pricing mechanisms to build public trust and manage expectations.

Premier orders strategy to stabilise electricity tariffs



Prime Minister Shehbaz Sharif has directed authorities to formulate a comprehensive strategy to stabilise electricity tariffs amid rising costs and public concerns over affordability. The move comes as the government seeks to address issues such as circular debt, inefficiencies in distribution, and high capacity payments to power producers. The strategy aims to balance cost recovery with consumer protection while ensuring sector sustainability.

Analysis:

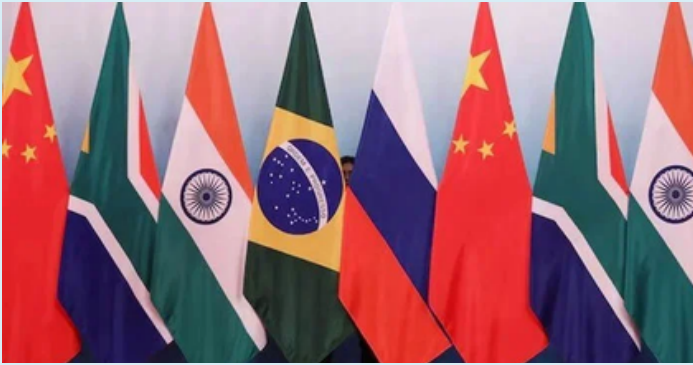
Tariff stability is critical for both industrial competitiveness and household affordability, but achieving it requires addressing deep structural inefficiencies in the power sector. Without reforms in loss reduction, governance, and contract management, any short-term relief measures risk increasing fiscal burdens and undermining long-term sustainability.

Way Forward:

- Renegotiate or restructure capacity payment agreements where feasible to reduce tariff pressures.
- Strengthen enforcement against power theft and improve efficiency in distribution companies.
- Promote energy efficiency and demand-side management to reduce overall system costs.

INTERNATIONAL AFFAIRS

UAE-Iran spat mars Brics meet hosted by India: report



A BRICS meeting hosted by India failed to produce a joint consensus document due to sharp disagreements between Iran and United Arab Emirates over the West Asia conflict. Despite discussions on Gaza, Palestine, and regional stability, only a chair's statement was issued reflecting general concerns.

Analysis:

The failure to reach consensus highlights growing internal divisions within BRICS, limiting its effectiveness as a unified geopolitical bloc. It also reflects how Middle East conflicts are spilling into global forums, weakening multilateral cooperation and complicating diplomatic coordination among emerging powers.

Way Forward:

- Promote balanced diplomacy: Pakistan should maintain neutrality between Iran and United Arab Emirates, avoiding alignment while encouraging dialogue and de-escalation.
- Support multilateral conflict resolution: Actively back UN-led initiatives and diplomatic forums to resolve the West Asia crisis peacefully rather than bloc-based polarization.
- Leverage role in the Muslim world: Use platforms like the Organisation of Islamic Cooperation to push for a unified stance on Palestine and regional stability.

After conflict-stricken year, global military expenditure rises again



According to Stockholm International Peace Research Institute, global military spending reached \$2.89 trillion in 2025, rising for the 11th consecutive year, while Pakistan increased its defence budget by 11% to \$11.9bn. Growth was driven mainly by conflicts like the Russia-Ukraine War, NATO rearmament, and rising expenditures in Asia, despite a temporary decline in United States spending.

Analysis:

The continued rise reflects intensifying global insecurity and great power competition, pushing states toward militarisation over development priorities. For Pakistan, increased defence spending highlights regional security concerns but also raises challenges in balancing economic stability with security needs amid global arms competition.

Way Forward:

- Pakistan should ensure defence spending does not overshadow investment in health, education, and economic growth.
- Prioritize modernisation, technology, and efficiency (cybersecurity, drones, intelligence) instead of simply increasing the budget.
- Reduce tensions with neighbours like India and Afghanistan to lower long-term security costs.

INTERNATIONAL AFFAIRS

UAE pulls out of OPEC oil cartels citing ‘national interests’



The United Arab Emirates announced its withdrawal from OPEC and OPEC+, citing national economic and strategic interests amid rising geopolitical tensions and energy market instability. The move comes during an oil shock driven by Middle East conflict and could alter global oil supply dynamics.

Analysis:

The decision signals a shift toward more independent energy policy by major producers, potentially weakening coordinated supply management within OPEC+. In the short term markets may remain stable due to disrupted supply routes, but long-term it could increase volatility and reduce collective market control.

Way Forward:

- Pakistan should reduce dependence on volatile Gulf oil markets by diversifying suppliers and expanding long-term energy contracts.
- Increase investment in solar, wind, and hydro projects to reduce exposure to global oil shocks and price volatility.
- Build and maintain sufficient oil reserves to cushion against sudden supply disruptions caused by global cartel shifts.

World going too slow on eliminating hepatitis: WHO



The World Health Organization reported that global progress in eliminating hepatitis remains too slow, despite available tools to combat the disease. In 2024, hepatitis B and C caused about 1.34 million deaths and 1.8 million new infections annually, mainly due to weak health systems, stigma, and limited access to treatment.

Analysis:

The report highlights a major global public health gap where medical solutions exist but are not effectively implemented, especially in low-resource settings. Without stronger investment in prevention, screening, and equitable healthcare access, hepatitis will continue to remain a leading cause of preventable deaths worldwide.

Way Forward:

- Pakistan should expand screening, vaccination (especially Hepatitis B), and early diagnosis at the primary healthcare level.
- Upgrade rural and urban health facilities to ensure affordable testing and treatment access for Hepatitis B and C patients.
- Launch nationwide education drives to reduce stigma and promote prevention through safe medical practices and hygiene awareness.

INTERNATIONAL AFFAIRS

Hormuz shipping traffic remains severely restricted



Shipping traffic through the Strait of Hormuz remains severely restricted due to escalating tensions between the United States and Iran, with vessel movement dropping significantly below normal levels. The disruption is affecting global oil and LNG supply chains, increasing freight costs and delivery times. This has raised concerns about prolonged instability in one of the world's most critical energy chokepoints.

Analysis:

For Pakistan, the disruption poses a direct threat to energy security, as a significant portion of its oil and LNG imports depend on Gulf shipping routes. Continued instability could increase import costs, worsen inflation, and place additional strain on the country's external account and fiscal position.

Way Forward:

- Develop contingency plans for energy imports, including alternative routes and suppliers to reduce reliance on the Strait of Hormuz.
- Build and maintain strategic fuel reserves to manage short-term supply disruptions.
- Engage diplomatically with regional stakeholders to support maritime security and ensure continuity of trade flows.
-

OPEC+ eyes output hike despite Hormuz closure



OPEC+ is reportedly considering an increase in oil output quotas despite ongoing disruptions in the Strait of Hormuz and broader geopolitical instability. While the decision signals an attempt to stabilise global markets, actual supply increases may remain limited due to logistical constraints and security concerns. The situation highlights uncertainty in global energy markets amid conflicting supply and demand pressures.

Analysis:

For Pakistan, increased production announcements may not translate into immediate price relief if supply routes remain constrained. This reinforces the need to focus on physical supply security and long-term energy diversification rather than relying solely on global production decisions.

Way Forward:

- Monitor both production decisions and actual supply flows to inform realistic energy planning.
- Secure flexible energy contracts that allow adjustments during supply disruptions.
- Accelerate investment in renewable energy to reduce long-term dependence on imported oil.

POLICY NUGGETS

1 Pakistan plans new SDGs unit amid funding gaps and governance concerns.

Impact:

Raises concerns over fiscal burden and weak accountability due to limited donor support and past coordination issues.

Recommendation:

Establish clear oversight mechanisms and performance audits while redefining roles with UNDP.

"Development is not about spending more, but spending wisely and accountably." – Mahbub ul Haq

2 Pakistan opens new transit corridors to facilitate trade with Iran

Impact:

Enhances regional connectivity and transit trade potential but increases regulatory and border management responsibilities.

Recommendation:

Strengthen customs enforcement and digital tracking systems through the FBR to prevent smuggling.

"Trade is a powerful engine for economic growth when supported by strong institutions." – Ngozi Okonjo-Iweala

3 Pakistan approves pricing of life-saving drugs to address critical shortages.

Impact:

Improves access to essential treatments and reduces reliance on unsafe, smuggled medicines.

Recommendation:

Streamline and time-bound pricing approvals to prevent future supply disruptions of critical therapies.

"Health is the core of human development." – Gro Harlem Brundtland

4 Pakistan moves to ease regulations for small-scale solar adoption.

Impact:

Encourages rooftop solar uptake by reducing regulatory barriers and costs for households.

Recommendation:

Reinstate decentralised approvals and ensure policy consistency via NEPRA to sustain growth in distributed renewable energy.

"Renewable energy is not just an option, it is an imperative." – Ban Ki-moon

5 Pakistan's exports to Europe decline despite GSP+ access.

Impact:

Signals weakening competitiveness amid rising global disruptions and increased competition in key export markets.

Recommendation:

Diversify export markets and upgrade product value chains while ensuring compliance with European Union standards.

"Trade is about more than goods; it is about competitiveness and adaptability." – Pascal Lamy

6 IMF set to approve \$1.21bn tranche for Pakistan under reform programmes.

Impact:

Strengthens external financing position but reinforces pressure for fiscal tightening and subsidy reforms.

Recommendation:

Align upcoming budget with reform commitments while protecting vulnerable groups through targeted subsidies.

"Stability is not an end in itself, but a means to sustainable and inclusive growth." – Christine Lagarde

7 ECC Bans Export of Goods Produced Through Forced Labour

Impact:

Strengthens compliance with international labour standards, safeguarding Pakistan's export credibility and market access.

Recommendation:

Enforce supply chain audits and certification mechanisms to ensure compliance across export industries.

"The rights of every man are diminished when the rights of one man are threatened." – John F. Kennedy

8 Shrinking Snow Signals Water Stress in Indus Basin

Impact:

Threatens long-term water availability, increasing risks to agriculture, energy, and food security.

Recommendation:

Accelerate water conservation, storage capacity, and climate-adaptive resource management strategies.

"Thousands have lived without love, none without water." – W. H. Auden

9 Digital Life Reducing Human Interaction: Report

Impact:

Rising digital engagement is weakening social cohesion and interpersonal communication patterns.

Recommendation:

Promote balanced digital use through awareness, education, and policies supporting social well-being.

"Technology is a useful servant but a dangerous master." – Christian Lous Lange



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