



Weekly



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Policy Nuggets



OVERVIEW

This week's *Policy Pulse* highlights developments across governance, security and law and order, international diplomacy, energy cooperation, public health, and emerging technology governance. The central theme is institutional resilience: strengthening legal certainty, public accountability, frontline protection, and strategic partnerships amid domestic unrest, economic pressures, and regional instability.

In governance, the FCC's ruling on the Nai Gaj Dam contract reinforced contractual sanctity and legal procedure in public infrastructure projects. Concerns over private schools failing to meet the free education quota, KP's controversial privileges law, and the JCP appointment process reflected wider demands for stronger regulatory enforcement, transparency, and institutional accountability.

Security and law and order remained a priority, with violence in AJK, attacks on police, the killing of labourers near the Pakistan-Iran border, and enhanced Pakistan-China border cooperation highlighting the need for stronger internal security and border management.

On the economic front, Pakistan secured \$16.2 billion in foreign financing during FY2025–26 but fell short of its annual financing target, reflecting continued fiscal pressures and reliance on external funding. The government also introduced a daily fuel pricing mechanism linked to international oil market trends to improve energy market responsiveness amid renewed geopolitical disruptions and global oil price volatility.

Internationally, Pakistan continued to pursue strategic engagement across energy, defence, digital inclusion, and regional diplomacy. Saudi investment opportunities in Pakistan's power sector signalled efforts to modernise transmission, smart grids, and energy infrastructure. The OIC Islamabad Declaration and Women's Digital Inclusion Initiative placed women's empowerment and digital access at the centre of development cooperation. At the same time, renewed US-Iran tensions threatened Gulf security and energy supply routes, while Pakistan's defence engagements with Türkiye and Kuwait reflected efforts to diversify security partnerships.

The policy nuggets reinforce priorities of constitutional integration, digital access, export competitiveness, energy security, medicine regulation, infrastructure accountability, women's empowerment, and public health preparedness. Overall, the week underscores the need to strengthen institutions, protect vulnerable communities, improve regulatory enforcement, and align domestic reforms with proactive international engagement.



Institutional resilience through legal accountability, security reinforcement, and strategic diplomacy. Regulatory enforcement, civilian protection, and fiscal stability amid regional and economic pressures.

GOVERNANCE

FCC orders strict compliance with original Nai Gaj Dam contract



The Federal Constitutional Court (FCC) set aside the Sindh High Court's orders regarding the Nai Gaj Dam project, ruling that the SHC exceeded its jurisdiction by directing changes to an already concluded contract. The FCC instructed all parties to proceed according to the original contract, arbitral award, court decrees, and the 2021 MoU to ensure timely completion of the project.

Analysis

The judgement reinforces the principle that courts cannot rewrite contractual agreements or exercise powers beyond their legal jurisdiction. By upholding the sanctity of contracts and established legal procedures, the ruling aims to strengthen investor confidence, improve project governance, and reduce delays in major infrastructure projects.

Way Forward

- Ensure timely implementation of the original contract and court directives to avoid further delays in the completion of the Nai Gaj Dam project.
- Strengthen contract management and dispute-resolution mechanisms in public infrastructure projects to minimize prolonged litigation.
- Enhance institutional coordination and legal compliance among government agencies to ensure transparent and efficient execution of development projects.

Private schools not complying with free education requirement: Senate body



A Senate Standing Committee expressed concern that many private schools are failing to implement the mandatory 10% quota for free education of deserving students despite legal requirements. The committee also reviewed issues related to Cambridge exam paper leaks, degree attestation disputes, and the registration standards of private educational institutions.

Analysis

The discussion highlights persistent challenges in ensuring equitable access to education and enforcing regulatory compliance in the private education sector. Weak implementation of scholarship requirements and concerns over educational standards indicate the need for stronger oversight and accountability mechanisms.

Way Forward

- Strictly enforce the 10% free education quota through regular audits, penalties for non-compliance, and transparent reporting by private schools.
- Strengthen regulatory oversight of private educational institutions to ensure compliance with infrastructure, academic, and student welfare standards.
- Expand public-private partnerships and scholarship programmes to increase educational access for underprivileged and out-of-school children.

GOVERNANCE

K P Assembly refers controversial privileges law to committee



The Khyber Pakhtunkhwa Assembly speaker referred controversial provisions of the KP Provincial Assembly privileges law back to the Standing Committee on Privileges for review after public and media criticism. The law had drawn concern over clauses granting expanded privileges to lawmakers, including special protections and facilities. The provincial government said the disputed clauses would be reconsidered and aligned with earlier legal provisions.

Analysis

The move reflects public pressure against excessive privileges for elected representatives and highlights the need for transparency in legislative processes. It also shows that laws affecting accountability, public trust, and institutional fairness require wider consultation before approval.

Way Forward

- Review all controversial clauses through an open and transparent committee process.
- Ensure legislative privileges remain limited, reasonable, and consistent with democratic accountability.
- Allow public, media, and civil society input before finalising laws affecting elected representatives' powers and protections.

L awyers' committee challenges JCP appointment process



The Lawyers Action Committee criticised the Judicial Commission of Pakistan's process for appointing high court judges and announced a nationwide movement over concerns about judicial independence and transparency. The committee alleged that appointments were being influenced by political bargaining rather than competence and integrity. It also called for wider mobilisation to protect public confidence in the justice system.

Analysis

The development highlights growing tensions over judicial appointments and the perceived independence of the judiciary. If appointment processes are seen as opaque or politically influenced, public confidence in courts and constitutional governance can weaken.

Way Forward

- Make judicial appointment procedures more transparent, merit-based, and institutionally accountable.
- Ensure meaningful consultation with the legal community while preserving judicial independence.
- Strengthen public confidence by clearly defining selection criteria, interview procedures, and accountability safeguards.

SECURITY AND LAW & ORDER

Protesters, law enforcers clash during AJK ‘clearance’ operation



Violent clashes erupted between law enforcement personnel and supporters of the proscribed Joint Awami Action Committee (JAAC) during a clearance operation in Azad Jammu and Kashmir. At least two security personnel were martyred and seven protesters lost their lives as authorities moved to remove road blockades and restore the movement of people and essential supplies.

Analysis

The violence highlights escalating tensions between state authorities and protest groups, posing risks to public safety, governance, and economic activity in the region. The prolonged disruptions, including road closures and internet suspension, underscore the need for balancing law enforcement measures with political dialogue and protection of civil rights.

Way Forward

- Initiate dialogue and confidence-building measures to address grievances peacefully and prevent further escalation of violence.
- Ensure proportionate law enforcement and transparent investigations into the clashes to maintain public trust and accountability.
- Restore essential services and normal economic activity by reopening transport routes, resolving internet disruptions, and strengthening community engagement mechanisms.

2 cops martyred, as many injured in Tank blast



Two policemen were martyred and two others injured when a roadside IED targeted a police armoured vehicle in Tank district. In a separate incident in Bannu, a police constable was martyred after unidentified attackers opened fire, prompting security forces to launch search operations and investigations.

Analysis

The attacks highlight the persistent security challenges facing Khyber Pakhtunkhwa, particularly threats directed at law enforcement personnel. Such incidents underscore the need for sustained counterterrorism efforts, enhanced intelligence gathering, and stronger protection measures for frontline security forces.

Way Forward

- Strengthen intelligence-based operations and surveillance to identify and dismantle militant networks before they can carry out attacks.
- Enhance security equipment, route clearance, and protective measures for police patrols operating in high-risk areas.
- Improve coordination among police, intelligence agencies, and local communities to facilitate early threat detection and strengthen law and order.

SECURITY AND LAW & ORDER

Five labourers shot dead near Pakistan-Iran border



Five labourers from Punjab were shot dead by armed attackers in Mashkel town of Balochistan's Washuk district, close to the Pakistan-Iran border. The victims were working at shops when gunmen opened fire and fled the scene. Federal and provincial authorities condemned the attack and ordered security operations to trace those involved.

Analysis

The attack highlights the continuing threat to civilians and migrant workers in parts of Balochistan affected by militancy and weak local security. It also shows how targeted violence can deepen inter-provincial mistrust, disrupt livelihoods, and challenge the state's ability to protect vulnerable workers.

Way Forward

- Strengthen protection for labourers, traders, and transport workers in high-risk districts.
- Improve intelligence-led policing and border-area surveillance to prevent targeted civilian attacks.
- Support victims' families through compensation, legal assistance, and transparent investigation updates.

Pakistan, China to enhance cooperation on immigration and border management



Pakistan and China agreed to strengthen cooperation on immigration, border management, and institutional coordination during talks between Interior Minister Mohsin Naqvi and China's National Immigration Administration. Both countries decided to establish a joint working group, enhance joint operations against illegal immigration and cross-border crimes, and expedite a bilateral immigration agreement.

Analysis

The agreement reinforces the Pakistan-China strategic partnership by improving border security and institutional cooperation. It also reflects Pakistan's focus on curbing illegal immigration, safeguarding border infrastructure, and strengthening law enforcement capacity through Chinese technical support and training.

Way Forward

- Finalize the bilateral immigration agreement promptly to facilitate secure and efficient cross-border movement while strengthening legal migration mechanisms.
- Operationalise the Pakistan-China Joint Working Group with regular intelligence sharing, coordinated border operations, and joint capacity-building initiatives.
- Invest in modern border management systems by expanding digital surveillance, biometric screening, and specialised training for border security and immigration personnel.

SOCIO-ECONOMIC ISSUES

Fuel prices will change daily as disruptions loom



The government announced that petrol and diesel prices will now be revised daily based on a seven-day average of international oil prices to respond more quickly to global supply disruptions. It also increased diesel and petrol prices and tasked Ogra with publishing updated rates on its website.

Analysis

The new pricing mechanism aims to improve market responsiveness and align domestic fuel prices with international trends amid Middle East tensions. However, daily price fluctuations may increase uncertainty for consumers and businesses, while opposition from petrol pump owners highlights potential implementation challenges.

Way Forward

- Strengthen market oversight to prevent fuel hoarding, price manipulation, and ensure transparent implementation of daily price revisions.
- Accelerate energy diversification by expanding electric vehicles, renewable energy, and domestic energy production to reduce dependence on imported fuel.
- Introduce targeted relief measures for vulnerable households and transport sectors to cushion the impact of frequent fuel price increases.

Pakistan secures \$16.2bn in foreign financing, misses FY26 target by \$3.7bn



Pakistan secured \$16.2 billion in foreign financing during FY2025–26 but fell \$3.7 billion short of its \$19.92 billion target. The financing came mainly from China, Saudi Arabia, multilateral institutions, international bonds, and the IMF, while the country also missed its commercial borrowing target.

Analysis

The financing helped support Pakistan's external financing needs and foreign exchange position, but the shortfall highlights continued challenges in attracting external capital. Heavy reliance on bilateral partners and multilateral lenders underscores the need to strengthen domestic revenue generation and improve investor confidence for sustainable economic stability.

Way Forward

- Broaden external financing sources by improving the investment climate and expanding access to international capital markets and foreign direct investment (FDI).
- Strengthen fiscal and structural reforms to reduce dependence on external borrowing and improve debt sustainability.
- Enhance export competitiveness and domestic revenue mobilisation to generate sustainable foreign exchange earnings and narrow future financing gaps.

INTERNATIONAL AFFAIRS

Pakistan offers Saudi Arabia investment opportunities in power sector



Pakistan has offered Saudi Arabia investment opportunities worth billions of dollars in power transmission, smart grid technology, and energy infrastructure to modernize its electricity sector. During bilateral discussions, both sides explored cooperation in energy transition, sector reforms, and private investment to improve efficiency and strengthen Pakistan's power system.

Analysis

The initiative reflects Pakistan's efforts to attract foreign investment and address long-standing challenges in the power sector, including transmission losses and outdated infrastructure. Greater Saudi investment could accelerate energy modernization, but success will depend on regulatory stability, governance reforms, and effective project implementation.

Way Forward

- Fast-track investment agreements and regulatory approvals to attract Saudi capital into priority energy and infrastructure projects.
- Expand smart grid and smart metering technologies to reduce electricity theft, improve billing efficiency, and lower transmission losses.
- Strengthen public-private partnerships and energy sector reforms to create a stable and investor-friendly environment for long-term energy development.

OIC states urged to bridge gender digital divide



The Ninth OIC Ministerial Conference on Women adopted the Islamabad Declaration, reaffirming commitments to women's socio-economic and political empowerment across member states. The conference also launched the Islamabad Initiative on Women's Digital Inclusion to promote digital literacy, STEM education, entrepreneurship, and access to technology for women and girls.

Analysis

The agreement reinforces the Pakistan-China strategic partnership by improving border security and institutional cooperation. It also reflects Pakistan's focus on curbing illegal immigration, safeguarding border infrastructure, and strengthening law enforcement capacity through Chinese technical support and training.

Way Forward

- Lead the implementation of the Islamabad Initiative by expanding digital literacy, STEM training, and technology-focused education programmes for women and girls.
- Strengthen partnerships with OIC member states, development organizations, and the private sector to mobilize resources and share best practices on women's empowerment.
- Establish measurable monitoring mechanisms and performance indicators to track progress in women's digital access, economic participation, leadership, and entrepreneurship.

INTERNATIONAL AFFAIRS

US drops idea of 'levy' as strikes rock Gulf states



The United States carried out strikes against Iran for a fourth consecutive day and reimposed a naval blockade, escalating tensions in the Gulf region. Iran responded with attacks targeting US-linked interests and commercial shipping, while regional states, including Bahrain and Jordan, reported intercepting Iranian strikes amid growing concerns over regional stability.

Analysis

The intensifying US-Iran confrontation threatens regional security, global energy supplies, and freedom of navigation through the Strait of Hormuz, a critical maritime trade route. Continued escalation risks drawing more regional actors into the conflict and could undermine diplomatic efforts, including the Islamabad Memorandum aimed at de-escalation.

Way Forward

- Advocate for an immediate ceasefire and revival of diplomatic negotiations to prevent a wider regional conflict and preserve stability in the Gulf.
- Engage with regional and international partners to support maritime security and uninterrupted energy trade routes while maintaining a balanced foreign policy stance.
- Strengthen Pakistan's energy security and contingency planning by diversifying import sources, enhancing strategic reserves, and preparing for potential disruptions in global oil markets.

CD calls on Turkish president



Field Marshal Asim Munir met Turkish President Recep Tayyip Erdoğan and Defence Minister Yaşar Güler during his official visit to Türkiye to discuss regional security, defence cooperation, and bilateral strategic relations. The visit reaffirmed the long-standing Pakistan-Türkiye partnership and commitment to closer military collaboration.

Analysis

The visit reflects Pakistan's efforts to deepen defence and strategic ties with a key regional ally amid evolving geopolitical challenges. Enhanced military cooperation with Türkiye can strengthen Pakistan's defence capabilities, diplomatic outreach, and regional security coordination.

Way Forward

- Expand defence cooperation through joint military exercises, training programmes, and defence technology collaboration with Türkiye.
- Increase strategic dialogue on regional security issues, including counterterrorism, Middle East developments, and emerging security threats.
- Promote economic and defence-industrial partnerships by encouraging joint ventures in defence production, aerospace, and advanced military technologies.

INTERNATIONAL AFFAIRS

Dar to join China-led AI governance body signing



Deputy Prime Minister and Foreign Minister Ishaq Dar travelled to Shanghai to attend the signing ceremony of the World Artificial Intelligence Cooperation Organisation. Pakistan is expected to join the China-led body as a founding member. Dar was also scheduled to participate in the World Artificial Intelligence Conference and a high-level meeting on global AI governance.

Analysis

Pakistan's participation reflects the growing importance of artificial intelligence in foreign policy, technology cooperation, and global governance. Joining such platforms can support Pakistan's digital diplomacy, but it must be linked with domestic AI capacity, data governance, and regulatory preparedness.

Way Forward

- Develop a national AI cooperation strategy aligned with Pakistan's digital transformation priorities.
- Use international AI platforms to attract research partnerships, skills development, and technology investment.
- Strengthen domestic AI regulation, data protection, and ethical governance frameworks.

Pakistan, Kuwait discuss expanded defence pact



Pakistan and Kuwait are reportedly discussing an expanded defence arrangement linked to energy cooperation and investment. The talks remain at an early stage and could include defence training, procurement, fuel storage, and broader energy security cooperation. The discussions come amid rising Gulf tensions and growing interest among Gulf states in diversified security partnerships.

Analysis

The talks reflect Pakistan's increasing strategic relevance in Gulf security and its effort to link defence diplomacy with economic and energy cooperation. However, expanded defence commitments must be carefully managed to avoid overextension or entanglement in regional conflicts.

Way Forward

- Pursue defence cooperation with Kuwait while clearly defining the scope and limits of any commitment.
- Link security cooperation with practical energy security, investment, and fuel storage benefits for Pakistan.
- Maintain balanced diplomacy in the Gulf to protect Pakistan's strategic interests and avoid regional polarisation.

POLICY NUGGETS

1 GB Assembly Seeks Provisional Provincial Status

Impact: It could strengthen Gilgit-Baltistan's political representation and administrative integration while advancing constitutional debate.

Recommendation: Build broad political consensus and pursue an inclusive constitutional framework for Gilgit-Baltistan.

"The strength of the Constitution lies entirely in the determination of each citizen to defend it." — Albert Einstein

4 Revised refining policy aims to attract \$6bn investment.

Impact: Strengthen Pakistan's energy security, reduce dependence on imported fuels, and support industrial growth.

Recommendation: Ensure a stable and transparent regulatory framework to encourage timely refinery upgrades while promoting cleaner fuel standards.

"Energy security is inseparable from economic security." — Fatih Birol

7 Pakistan and Saudi Arabia agree to expand energy cooperation.

Impact: Diversify investment opportunities, strengthen energy resilience, and deepen strategic economic ties.

Recommendation: Prioritise partnerships in renewable energy, technology transfer, and energy infrastructure to ensure long-term sustainability.

"International cooperation is essential to achieving energy security." — Fatih Birol

2 Uniform Policy Planned for Free e-SIM Transfer

Impact: A standardised e-SIM transfer policy can improve digital access, consumer convenience, and regulatory consistency.

Recommendation: Implement secure identity verification and uniform telecom standards to safeguard users and ensure seamless adoption.

"Technology is best when it brings people together." — Matt Mullenweg

5 Medicine pricing delays raise shortage and counterfeit drug risks.

Impact: Disrupts pharmaceutical supply chains, reduces medicine availability, and increases the circulation of counterfeit drugs.

Recommendation: Establish a predictable medicine pricing mechanism that balances affordability with industry sustainability and patient safety.

"Access to safe medicines is a cornerstone of public health." — Margaret Chan

8 Twin cities face increased risk of seasonal diseases during monsoon.

Impact: Places additional pressure on healthcare systems and reduces workforce productivity.

Recommendation: Strengthen disease surveillance, sanitation measures, and public awareness campaigns before peak monsoon transmission.

"Prevention is better than cure." — Desiderius Erasmus

3 Pakistan Must Do More to Secure GSP+ Status

Impact: Sustaining GSP+ remains vital for export competitiveness and continued preferential access to European markets.

Recommendation: Accelerate reforms on labour rights, governance, and human rights to ensure continued GSP+ compliance.

"Peace, commerce, and honest friendship with all nations, entangling alliances with none." — Thomas Jefferson

6 Stakeholders blamed for Tarbela-5 cofferdam collapse.

Impact: Delays critical hydropower infrastructure, increases costs, and affects Pakistan's long-term energy and water security.

Recommendation: Strengthen project governance through independent technical audits, risk management, and strict contractor accountability.

"Infrastructure investment must be matched by institutional accountability." — Jim Yong Kim

9 OIC Women's Ministerial Conference opens with focus on empowerment and inclusion.

Impact: Improves female economic participation, leadership opportunities, and inclusive development.

Recommendation: Translate conference commitments into measurable national policies on education, employment, and women's leadership.

"There is no tool for development more effective than the empowerment of women." — Kofi Annan



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