



WEEKLY POLICY PULSE

NATIONAL INSTITUTE OF PUBLIC POLICY

Vol. 9 Issue No. 110

05-11 OCTOBER 2026





The central theme is institutional strengthening and economic management advancing governance reform, digital innovation, and diplomatic engagement amid fiscal pressures and security challenges.

This week's Policy Pulse examines key developments across governance, socio-economic affairs, security and law and order, and international affairs, highlighting Pakistan's efforts to strengthen public institutions, manage economic pressures, improve service delivery, and address domestic and regional security challenges.

In Governance, Pakistan's nuclear electricity generation reached a record high, while rapid solar adoption highlighted the need for power-sector regulatory reforms. The Khyber Pakhtunkhwa government outsourced 18 additional hospitals to improve healthcare delivery, and the National Housing Policy aimed to expand affordable housing. Other developments included the Fatah-4 missile test launch and efforts to document unregistered retailers and improve public-sector efficiency.

In Socio-Economic Affairs, Pakistan reached a staff-level agreement with the IMF for \$1.2 billion in funding, subject to Executive Board approval. The government approved duty-free livestock imports to support exports and planned to secure additional Qatari LNG cargoes amid supply disruptions. Meanwhile, a forecast 22% irrigation water shortage for the Rabi season raised concerns about agricultural productivity, food security, and provincial water distribution. The finance minister's planned engagements at the World Bank-IMF Annual Meetings also highlighted efforts to attract investment and strengthen economic partnerships.

Under Security and Law and Order, security forces killed eight militants during an intelligence-based operation in Dera Ismail Khan. Separate attacks in the district martyred four Federal Board of Revenue officials and one traffic police officer, underscoring persistent security threats and the vulnerability of civilian state personnel.

In International Affairs UN support for Pakistan's counter-terrorism efforts, proposed defence cooperation involving Pakistan, Saudi Arabia and Türkiye, and calls to resolve the Pakistan-Afghanistan border closure. Meanwhile, Pakistan denied reports of PAF involvement in Houthi attacks, as regional tensions raised concerns over maritime security, energy supplies and economic stability.

The Policy Nuggets additionally address cybercrime and misinformation, enforceable environmental, social and governance standards, AI-driven biological research, digital health reforms, Pakistan-Bahrain cooperation, solar-sector regulation, and judicial developments concerning family rights, capital punishment, and civil-service appointments.

Overall, the week's developments underscore the importance of effective implementation, institutional accountability, economic resilience, coordinated security measures, and sustained diplomacy in advancing Pakistan's national interests.

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Policy Nuggets

10

Nuclear power output rises 4pc to record high



According to the World Nuclear Industry Status Report (WNISR) 2026, Pakistan's nuclear electricity production increased by 3.7% (approx. 4%) to reach a record high of 22.5 terawatt-hours (TWh). Meanwhile, decentralized solar generation expanded rapidly to 36.3 TWh, surpassing nuclear output for the first time as high electricity tariffs accelerated private off-grid solar adoption.

Analysis

While nuclear power provides crucial baseload grid stability, the parallel surge in off-grid distributed solar generation is reshaping Pakistan's energy economics. Rapid grid defection risks worsening capacity payment burdens for thermal and nuclear assets, necessitating structural adjustments to grid tariffs, transmission infrastructure, and net-metering policies.

Way Forward

- Upgrade transmission lines and grid-scale battery storage to integrate variable solar generation while preserving baseload reliability.
- Restructure long-term debt repayment schedules for new nuclear plants (K-2/K-3) to lower end-consumer unit tariffs.
- Reform net-metering frameworks to incentivize hybrid microgrids without destabilizing centralized utility revenues.

18 more KP hospitals outsourced to improve patient care



The Khyber Pakhtunkhwa Health Department, through the Health Foundation (HF), outsourced 18 additional underperforming public hospitals to private management organizations under a public-private partnership (PPP) model. The initiative aims to upgrade healthcare delivery, resolve persistent operational deficiencies, and optimize clinical service coverage across primary and secondary healthcare facilities.

Analysis

Expanding public-private partnerships in Khyber Pakhtunkhwa's health sector addresses structural inefficiencies, equipment shortages, and staff absenteeism in state-run hospitals without inflating direct public sector hiring costs

Way Forward

- Establish independent performance evaluation frameworks to monitor private operators on clinical outcomes, emergency readiness, and patient satisfaction.
- Integrate outsourced facilities seamlessly with the provincial health insurance scheme to prevent out-of-pocket costs for vulnerable populations.
- Preserve state ownership of hospital land and assets while ensuring private partners invest in modern diagnostic equipment and facility maintenance.

Pakistan conducts test launch of Fatah 4



Pakistan successfully conducted a test launch of an indigenously developed, extended-range version of the Fatah-4 ground-launched cruise missile. According to the Inter-Services Public Relations (ISPR), the missile features advanced avionics, state-of-the-art navigation aids, and improved sub-systems designed to deliver high precision, increased lethality, and enhanced operational survivability over extended ranges.

Analysis

Developing indigenous, terrain-hugging cruise missile technology enhances operational reach against high-value ground targets while reducing reliance on foreign defense procurement.

Way Forward

- Continue integrating domestic guidance and avionics packages across artillery and cruise missile arsenals to ensure operational self-reliance.
- Incorporate extended-range precision systems into joint-force operational planning to optimize strategic readiness.
- Expand R&D focus on electronic counter-countermeasures and stealth profiles to maintain high survivability against evolving regional air defense systems.

Ministry launches National Housing Policy



The Ministry of Housing and Works launched the National Housing Policy to address chronic housing shortages, curb urban sprawl, and expand affordable housing access for low- and middle-income segments. The policy framework introduces subsidized financing mechanisms, streamlined land-use regulations, and public-private partnership (PPP) incentives.

Analysis

Providing low-cost financing and promoting vertical development can stimulate economic activity and construction-linked job growth, provided that municipal regulatory approvals and mortgage recovery mechanisms are effectively enforced.

Way Forward

- Simplify zoning laws and building bylaws to encourage private sector investment in high-density, vertical residential projects.
- Partner with commercial banks to offer subsidized, fixed-rate housing loans tailored for low- and middle-income families.
- Ensure new housing developments are linked to public transit networks, clean water supply, and municipal waste management systems.

Pakistan reaches deal with IMF to unlock \$1.2bn in new funds



Pakistan and the International Monetary Fund (IMF) reached a staff-level agreement following the completion of the program review, unlocking a \$1.2 billion loan tranche. Subject to Executive Board approval, the fund urged Islamabad to phase out remaining fuel subsidy mechanisms, pass through international oil price fluctuations directly to consumers, maintain strict fiscal discipline, and enhance governance across state-owned enterprises.

Analysis

Securing funding bolsters foreign exchange liquidity and preserves broader macroeconomic credibility. However, complying with strict structural benchmarks presents an acute policy trade-off between fiscal compliance and domestic inflationary pressures.

Way Forward

- Pakistan can transition energy support toward targeted social safety nets to protect vulnerable segments while removing broad fuel price cross-subsidies.
- Pakistan should accelerate the restructuring and privatization of loss-making state-owned enterprises to eliminate unbudgeted fiscal drag.
- Enhance tax compliance and automated collection to ensure primary surplus targets are met without overburdening compliant taxpayers.

Pakistan Okays Duty-Free Imports to Boost Livestock Exports



Prime Minister Shehbaz Sharif approved duty-free livestock imports for specialised farms aimed at boosting meat and livestock exports. The plan includes restructuring the sector along corporate lines, introducing digital livestock tracking, eradicating Foot-and-Mouth Disease (FMD), and ensuring international certification of slaughterhouses.

Analysis

Pakistan's livestock sector has significant export potential, but fragmented supply chains, animal diseases and certification gaps limit access to international markets. Effective implementation of the reforms could improve productivity, strengthen export competitiveness and increase rural incomes.

Way Forward

- Establish disease-free zones and strengthen vaccination, animal traceability and veterinary surveillance.
- Ensure internationally recognised certification, modern slaughterhouses and reliable cold-chain infrastructure.
- Link duty-free imports and government support with export targets, transparent monitoring and greater participation of small-scale livestock farmers.

Pakistan to Seek Three Qatar LNG Cargoes this month



Pakistan plans to secure three LNG cargoes from Qatar in October as disruptions in the Strait of Hormuz and QatarEnergy's force majeure raise concerns over winter gas supplies. The government may engage Iran to ensure safe passage, while expensive spot LNG purchases could increase financial pressure and shortages may drive LPG prices higher.

Analysis

Prolonged LNG disruptions could affect power generation, industries, exports and household gas supplies during peak winter demand. Pakistan faces the challenge of balancing energy security with affordability, as costly alternative imports and rising LPG prices could increase pressure on the economy and consumers.

Way Forward

- Negotiate alternative supplies and assess spot-market purchases carefully to reduce the risk of winter shortages.
- Engage Qatar, Iran and other relevant partners to facilitate LNG deliveries and maintain safe maritime passage.
- Ensure adequate, affordable LPG supplies, prioritise essential household needs and implement transparent gas-allocation plans for critical sectors.

IRSA Forecasts 22% Water Shortage for Rabi Season



The Indus River System Authority (IRSA) has forecast a 22% irrigation water shortage for Punjab and Sindh during the Rabi season, threatening crops such as wheat, barley, mustard and pulses. The forecast follows below-average river inflows and water storage, while IRSA has called for the early completion of key hydropower projects.

Analysis

Water shortages could reduce agricultural productivity, threaten food security and increase pressure on farmers and food prices. Declining inflows and storage highlight the need for improved water management, timely infrastructure development and equitable provincial distribution.

Way Forward

- Promote water-efficient irrigation, better scheduling and conservation practices to minimise losses and protect essential Rabi crops.
- Accelerate the completion of critical water and hydropower projects and improve existing storage and distribution systems.
- Strengthen IRSA's monitoring, coordinate provincial requirements and encourage transparent implementation of Water Accord allocations.

G overnment Steps Up Mapping of Unregistered Retailers



Finance Minister Muhammad Aurangzeb chaired a meeting to review efforts to identify and register unregistered retailers through data mapping and validation by the Federal Board of Revenue (FBR). The government aims to simplify tax procedures, facilitate compliance and make the Retailers' Tax Scheme a long-term mechanism for documenting economic activity.

Analysis

Bringing unregistered retailers into the formal tax system could improve tax collection and broaden Pakistan's narrow tax base. However, effective implementation will depend on accurate business records, simplified registration procedures and practical support to help small retailers comply with tax requirements.

Way Forward

- Use verified data to identify unregistered businesses while ensuring accurate records and avoiding duplicate or incorrect registrations.
- Provide accessible registration, clear filing deadlines and guidance to help small retailers fulfil their tax obligations.
- Monitor registrations, return filing and tax payments to assess progress and encourage sustained participation in the formal economy.

A urangzeb to Hold Over 60 Engagements at World Bank-IMF Annual Meetings



Finance Minister Muhammad Aurangzeb will lead Pakistan's delegation to the World Bank-IMF Annual Meetings in Bangkok from October 12-18, 2026, with more than 60 engagements planned with international financial institutions, investors, credit rating agencies and development partners. Discussions will focus on Pakistan's economic reforms, investment and export-led growth, capital-market access, digital commerce and bilateral economic cooperation.

Analysis

The visit provides an opportunity to strengthen investor confidence, expand development partnerships and mobilise investment for Pakistan's economic transformation. However, sustained progress will depend on implementing structural reforms, improving the business environment and translating international engagement into tangible investment, exports and employment.

Way Forward

- Pursue concrete investment commitments, financing agreements and partnerships that support productive sectors, exports and job creation.
- Continue fiscal discipline, improve governance and regulatory transparency, and address structural barriers to private-sector growth.
- Strengthen cooperation with multilateral institutions and bilateral partners in digital commerce, technology, climate resilience and human-capital development.

8

India-backed terrorists killed in KP's DI Khan operation



Security forces killed eight India-backed terrorists including three key commanders of Fitna al-Khawarij during an intelligence-based operation (IBO) in Khyber Pakhtunkhwa's Dera Ismail Khan district. Forces recovered arms, ammunition, and foreign currency following reports of terrorist presence in the area.

Analysis

Neutralizing high-value militant commanders in DI Khan highlights the efficacy of intelligence-led targeting in containing cross-border terror networks. Disrupting active cells along strategic KP corridors weakens operational coordination and prevents targeted attacks on regional infrastructure and security personnel.

Way Forward

- Strengthen local human and electronic intelligence networks across southern KP to preemptively disrupt sleeper cells.
- Track foreign currency networks and illicit funding channels fueling militant operations in border regions.
- Secure cleared operational sectors through sustained law enforcement presence to prevent militant re-entry.

4

FBR men, traffic cop martyred in D.I. Khan attacks



Five public officials, four Federal Board of Revenue (FBR) staff members and one traffic police officer, were martyred in two coordinated armed attacks in Dera Ismail Khan, Khyber Pakhtunkhwa. Unidentified gunmen opened fire on FBR personnel near Qureshi Mor before launching a separate ambush on a highway traffic police vehicle near the Mufti Mahmood Chowk bypass.

Analysis

Repeated attacks in southern Khyber Pakhtunkhwa highlight severe security risks for civilian state personnel, requiring enhanced physical security for mobile field teams and intensified counter-militancy sweeps.

Way Forward

- Mandate armed police or Frontier Constabulary escorts for FBR, customs, and administrative teams operating in high-risk districts.
- Expand smart CCTV, automated license plate recognition, and drone monitoring along transit bypasses like Mufti Mahmood Chowk.
- Execute joint law enforcement and intelligence-based operations to dismantle urban militant cells operating around Dera Ismail Khan.

UN stands with Pakistan in confronting terrorism: Guterres



During an official visit to Islamabad, United Nations Secretary-General António Guterres reaffirmed full UN solidarity with Pakistan as the country confronts renewed terrorism threats. In high-level engagements with military and civilian leadership, the UN chief praised Pakistan's contributions to UN peacekeeping and acknowledged the security challenges, cross-border terrorism, and regional stability issues facing the nation.

Analysis

Explicit UN backing for Pakistan's counter-terrorism posture reinforces Islamabad's diplomatic narrative regarding cross-border militant threats along its western border. It further highlights Pakistan's role as a major UN peacekeeping contributor while securing multilateral recognition for its strategic security pressures.

Way Forward

- Pakistan should deepen engagement with the UN Security Council and UN Office of Counter-Terrorism to highlight cross-border militant sanctuaries.
- Pakistan should maintain active, high-level participation in global peacekeeping operations to sustain international diplomatic goodwill and strategic leverage.
- Use diplomatic channels to build broader multilateral consensus on border management and counter-terrorism coordination in the region.

Pakistan, Türkiye to Deploy Forces to Saudi Arabia Amid Houthi Attacks



Pakistan, Saudi Arabia and Türkiye agreed to implement their collective defence commitments and facilitate the deployment of agreed military forces and capabilities in Saudi Arabia under the Makkah Joint Defence Agreement. The meeting also reaffirmed support for Saudi Arabia's sovereignty and security and called for peaceful resolution of regional tensions. Meanwhile, Saudi-backed Yemeni government forces launched an offensive against Houthi positions near the strategically important Bab el-Mandeb Strait.

Analysis

The proposed deployment signals deeper security cooperation between Pakistan, Saudi Arabia and Türkiye amid escalating regional conflict. Instability around Bab el-Mandeb and other key maritime routes could threaten global energy supplies, shipping and regional security, with potential economic implications for Pakistan.

Way Forward

- Clarify the scope and operational terms of any deployment in line with Pakistan's national interests and approved defence arrangements.
- Pursue diplomatic engagement to de-escalate the Yemen conflict and protect civilian lives and maritime navigation.
- Strengthen contingency planning for disruptions to shipping routes and energy supplies that could affect Pakistan's economy.

Afghan Diplomat Urges FPCCI, ICC to Help Resolve Border Closure



Afghanistan's Consul General in Karachi, Syed Abdul Jabbar Takhari, urged the Federation of Pakistan Chambers of Commerce and Industry (FPCCI) and the Islamic Chamber of Commerce to facilitate dialogue to resolve the prolonged Pakistan-Afghanistan border closure. He said the closure had left thousands of small traders unemployed and caused billions of rupees in bilateral trade losses.

Analysis

The prolonged border closure has disrupted cross-border trade, transport and livelihoods, weakening economic ties between Pakistan and Afghanistan. Business organisations could facilitate dialogue, but a lasting resolution requires diplomatic engagement and cooperation between both governments.

Way Forward

- Engage Afghanistan through appropriate diplomatic channels to address border-related concerns and develop a mutually acceptable resolution.
- Encourage FPCCI and the Islamic Chamber to facilitate consultations between traders, transporters and relevant authorities on restoring trade.
- Explore practical measures to facilitate legitimate cross-border commerce while addressing security concerns and reducing economic losses.

Pakistan Denies PAF Involvement in Houthi Attacks as US-Iran Talks Continue



Pakistan's Ministry of Information and Broadcasting rejected reports that Pakistan Air Force aircraft were being used against Yemen's Houthis, calling the claims fabricated and speculative. Meanwhile, US President Donald Trump cited productive discussions with Iran and ruled out attacks before the November 3 midterm elections, although sanctions and regional hostilities continued. Houthi attacks on Saudi Arabia and tensions around the Strait of Hormuz heightened concerns over regional security and global oil supplies.

Analysis

The denial highlights the sensitivity of Pakistan's defence commitments to Saudi Arabia under the Makkah Joint Defence Agreement. Continued conflict involving Iran, the Houthis and regional powers threatens maritime security, energy supplies and oil prices, creating diplomatic and economic risks for Pakistan.

Way Forward

- Issue timely, authoritative updates on Pakistan's military commitments to counter misinformation and avoid ambiguity over its role.
- Coordinate with Saudi Arabia and Türkiye within agreed arrangements while supporting dialogue and de-escalation across the region.
- Monitor developments around the Strait of Hormuz and Red Sea, strengthen contingency planning for fuel supplies and limit the impact of oil-price volatility on Pakistan's economy.

01

NCCIA SPECIAL UNITS SET UP TO CURB FAKE NEWS

Impact: Deploying specialized cyber-units to combat misinformation safeguards public discourse but risks state overreach into digital free expression.

Recommendation: Must establish transparent, legally defined oversight thresholds and independent judicial safeguards to prevent the misuse of anti-fake news mandates.

"Information is the currency of democracy, but when it is weaponized, the truth becomes the first casualty."

Kofi Annan

03

\$1.8BN GLOBAL PUSH TO BUILD AI-READY BIOLOGICAL DATA

Impact: Scaling structured biological datasets accelerates AI-driven biomedical research, vaccine development, and global health security while highlighting data sovereignty gaps in developing nations.

Recommendation: Establish secure national genomic databases and build domestic capabilities to leverage international AI-biotech initiatives.

"Data is the new science; biological data holds the answers, but ethics must guide the key."

Pat Gelsinger

05

PM PUSHES FOR DEEPER TIES WITH SAUDI

Impact: Stronger Pakistan–Saudi cooperation could expand trade, investment, energy collaboration and employment opportunities, while effective government digitisation could improve public service delivery and transparency.

Recommendation: Pakistan should translate bilateral commitments into measurable economic projects and strengthen secure intergovernmental data-sharing systems to improve service delivery, accountability and institutional efficiency.

"The secret of change is to focus all of your energy not on fighting the old, but on building the new."

Socrates

07

SPOUSE CANNOT BE DENIED LAWFUL RIGHTS OR JUDICIALLY STIGMATISED: SC

Impact: The Supreme Court ruling reinforces legal protections for spouses by safeguarding lawful entitlements to dower and ensuring that marital dissolution is decided according to law and evidence.

Recommendation: Strengthen the consistent application of family laws and ensure that family courts protect spouses' legal rights through evidence-based, fair, and dignified proceedings.

"Justice must not only be done, but must also be seen to be done."

Lord Hewart

09

IHC QUESTIONS LEGAL STATUS OF INTELLIGENCE REPORTS IN OVERSEAS POSTINGS

Impact: The case highlights the need to balance national security requirements with transparency, merit, and due process in the selection of civil servants for overseas postings.

Recommendation: Establish clear legal criteria for security clearances, ensure decisions are evidence-based, and provide appropriate review mechanisms for affected officials.

"The rule of law is the foundation of a democratic society."

United Nations

02

PAKISTAN MUST MAKE ENVIRONMENTAL, SOCIAL AND GOVERNANCE RULES ENFORCEABLE, INCENTIVE-DRIVEN, SAYS SHERRY

Impact: Lacking enforceable ESG frameworks prevents corporate accountability, deters sustainable investments, and heightens climate vulnerability.

Recommendation: Must mandate transparent ESG disclosures and introduce tax incentives for compliant corporations.

"Sustainability is no longer a corporate choice; it is a structural imperative for economic survival and climate resilience."

Sherry Rehman

04

BALUCHISTAN'S DIGITAL HEALTH REFORMS RECOGNISED AT COLOMBO MOOT

Impact: International recognition of provincial digital health initiatives validates the scalability of technology-driven healthcare delivery in underserved regions.

Recommendation: The Baluchistan health department should institutionalize these reforms through sustained budgetary allocation and provincial capacity-building.

"Digital innovation in healthcare is the bridge that turns geographical isolation into connected wellness."

Tedros Adhanom Ghebreyesus

06

GOVT MOVES TO FORTIFY NEPRA AMID RAPID SOLARISATION OF POWER SECTOR

Impact: Strengthening NEPRA's regulatory capacity could help Pakistan adapt to growing rooftop solar adoption, improve power-sector efficiency, and protect consumers amid changing electricity demand.

Recommendation: Modernise the regulatory framework, ensure fair and transparent net-metering policies, and promote competition while protecting consumers and maintaining the financial sustainability of the national grid.

"Energy efficiency is one of the most effective ways to enhance energy security and affordability."

International Energy Agency (IEA)

08

SC UPHOLDS DEATH SENTENCE IN BLASPHEMY CASE

Impact: The ruling underscores the gravity of blasphemy prosecutions and the importance of rigorous judicial scrutiny, reliable evidence, and due process in capital cases.

Recommendation: Ensure strict adherence to fair-trial guarantees, impartial evaluation of evidence, and access to effective legal representation in all capital cases.

"Everyone is entitled in full equality to a fair and public hearing by an independent and impartial tribunal."

Article 10, Universal Declaration of Human Rights



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