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SECURITY AND LAW & ORDER	Counterterrorism Operations
INTERNATIONAL AFFAIRS	Strategic Diplomacy

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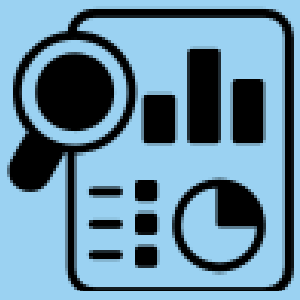
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OVERVIEW



Advancing constitutional governance, economic resilience, national security, climate resilience, and international cooperation.

This week's Policy Pulse examines developments in governance, security, socio-economic affairs and international relations, highlighting Pakistan's priorities in institutional reform, economic development, national security and regional cooperation.

In Governance, political leaders reaffirmed Parliament's authority over any referendum on the creation of new provinces. Sindh also reported completing one million climate-resilient houses for flood-affected families. Meanwhile, progress on the Chashma-5 nuclear project and the government's focus on artificial intelligence highlighted efforts to strengthen energy security and technological development.

Under Security and Law and Order, security forces cleared militant hideouts in North Waziristan, while an ambush in Kohat claimed the lives of 10 police officers and injured 12 others, underscoring persistent threats to law enforcement personnel.

In Socio-Economic Affairs, FBR collected over Rs4 trillion in the first four months of FY2026–27. Other developments included Rs732 million in industrial infrastructure projects in Karachi, $500 million in ADB disaster financing, an increased youth loan ceiling and efforts to attract investment in Pakistan's mineral resources.

In International Affairs, Pakistan condemned the attack targeting Saudi infrastructure and called for urgent humanitarian assistance to Gaza. The Pakistan Minerals Investment Forum secured 13 mining agreements, Japan announced a $4.3 million grant for polio eradication, and engagement with Bangladeshi civil servants highlighted opportunities for institutional cooperation.

The Policy Nuggets cover proposed provincial restructuring, Tarbela Dam safety, regional diplomacy, copper-gold exploration, Pakistan's possible participation in an SCO forum, a Pakistan–Saudi investment fund, civil-service exchanges, debt-servicing pressures and petroleum levy collections.

Overall, the developments underscore the importance of constitutional governance, economic diversification, effective security, climate resilience and sustained international engagement in advancing Pakistan's national interests.

Parliament's nod deemed a must for referendum



President Asif Ali Zardari and PM Shehbaz Sharif met in Lahore and agreed to adhere strictly to constitutional provisions regarding the creation of new provinces, affirming that any proposed referendum cannot bypass parliamentary approval. Responding to Mohsin Naqvi's referendum proposal, Zardari reiterated the PPP's opposition to dividing Sindh. Both leaders affirmed parliamentary authority over any referendum, alongside reviewing coalition coordination.

Analysis

Reaffirming parliamentary supremacy over any referendum on new provinces effectively checks unilateral administrative proposals and preserves ruling coalition cohesion. Tying any referendum and parliamentary consensus ensures constitutional legality while freezing contentious boundary debates in favor of immediate economic stabilization.

Way Forward

- Shift focus from redrawing provincial boundaries toward devolving administrative and financial powers to improve service delivery without constitutional deadlock.
- Establish a formal inter-party consultative committee before floating major structural or constitutional proposals publicly to prevent premature political friction.
- Channel any future debate on administrative restructuring exclusively through a bipartisan parliamentary commission tasked with evaluating fiscal and legal feasibility.

Sindh marks completion of one million houses for flood-hit people



The Government of Sindh celebrated a major milestone by completing the construction of one million climate-resilient houses for families displaced by the catastrophic 2022 floods under the Sindh Peoples Housing for Flood Affectees (SPHF) programme. The provincial administration announced a broader target of constructing 2.1 million homes alongside subsequent infrastructure upgrades for rural villages.

Analysis

Reaching the one-million-house milestone represents a monumental achievement in large-scale post-disaster rehabilitation, moving beyond traditional relief distribution toward structural asset creation. Empowering rural women through mandatory property titling directly transforms household-level socio-economic security and addresses systemic gender disparities in rural land ownership.

Way Forward

- Establish transparent, verifiable tracking mechanisms for remaining housing construction phases to build public trust and satisfy international donor requirements.
- Fast-track the next phase of village-level infrastructure development, prioritizing clean drinking water, sanitation systems, and drainage networks across completed housing clusters.
- Partner with micro-finance institutions and provincial departments to use female-owned property, turning housing assets into economic multipliers.

Chashma-5 dome placement marks key construction milestone



The Pakistan Atomic Energy Commission (PAEC) achieved a major construction milestone at the Chashma Nuclear Power Plant (C-5) site in Mianwali with the successful placement of the reactor building's containment dome. Prime Minister Shehbaz Sharif led the dome-placement ceremony alongside military leadership, highlighting bilateral technological cooperation with China.

Analysis

Expanding nuclear baseload capacity reinforces Pakistan's energy security strategy by mitigating exposure to volatile global fossil-fuel price shocks and lowering aggregate carbon emissions. However, maintaining the aggressive timeline toward 2030 requires sustained technical coordination between Chinese contractors and PAEC engineers, strict adherence to international safety standards, and robust financing flows.

Way Forward

- Fast-track the installation of primary coolant loops, safety systems, and turbine generators now that the structural containment dome is secured.
- Expand specialized training programs with Chinese technical partners to upskill local Pakistani engineers in third-generation nuclear reactor maintenance and operations.
- Upgrade high-voltage transmission corridors around Mianwali to seamlessly absorb the incoming 1,200MW baseload generation upon commissioning.

Pakistan determined to turn AI revolution into opportunity



Speaking at the Margalla Dialogue 2026, IT Minister Shaza Fatima Khawaja emphasized Pakistan's firm commitment to harness the artificial intelligence (AI) revolution for sustainable national growth and technological development. The minister stressed that proactive digital policies, modernizing higher education curricula, and upskilling youth are vital to position Pakistan as a competitive participant in the emerging global digital landscape.

Analysis

Capitalizing on the global AI transition provides Pakistan with a viable path to expand its technology service exports and leverage its large demographic dividend. However, successfully scaling the digital economy requires robust institutional backing, and alignment between academic training and international industry standards.

Way Forward

- Partner with international tech institutions and local universities to deploy standardized, certified machine learning and data science bootcamps nationwide.
- Accelerate nationwide fiber-optic deployment and reliable broadband expansion to ensure equitable access for tech startups across secondary and tertiary cities.
- Establish targeted regulatory sandboxes and tax incentives for AI startups to encourage local software prototyping and global market integration.

Mosques cleared of terrorists in N. Waziristan, says ISPR



Security forces executed an intelligence-based operation (IBO) in Muzak village on the outskirts of Mir Ali, North Waziristan, successfully clearing terrorist hideouts established inside local mosques. According to ISPR, militant factions had weaponized the religious sites to store explosives and were also operating torture cells there

Analysis

The discovery and clearance of militant hideouts inside religious structures highlight the evolving operational tactics used by non-state actors to shield logistics and weapons caches within populated local environments. Sustaining intelligence penetration and local community cooperation remains vital to prevent insurgents from subverting community spaces.

Way Forward

- Partner with local tribal elders and religious leadership committees to monitor community spaces and prevent militants from co-opting local sanctuaries.
- Expand human and technical intelligence channels across frontier tribal districts to detect underground arms and explosive depots before they are established.
- Sustain continuous clearance and sanitization sweeps under the Azm-e-Istehkam framework to deny remnants any breathing room to regroup.

10 cops martyred as police team ambushed in KP



Ten police officers were martyred and 12 others injured when militants ambushed a police party in Khyber Pakhtunkhwa's Kohat district. The convoy came under heavy fire while returning from an operation against illegal gold mining. In the resulting intense exchange of fire, security forces and retaliating units eliminated 18 attackers.

Analysis

The lethal ambush in Kohat highlights the extreme hazards law enforcement personnel face when confronting organized criminal syndicates and militant networks operating in remote frontier sectors. Securing high-risk operational routes requires enhanced intelligence coordination, armored transport integration, and real-time aerial surveillance.

Way Forward

- Mandate the use of mine-resistant and ballistic-protected vehicles for police details operating in high-threat rural districts.
- Establish protocols for immediate drone or helicopter overwatch during the extraction phase of security and anti-crime operations.
- Synchronize provincial counter-terrorism intelligence with local police units to identify and neutralize ambush positions along transit corridors proactively.

Socio-Economic Issues

FBR collects over Rs4tr in first four months of FY27



During the first four months of the fiscal year, the Federal Board of Revenue (FBR) collected a net revenue of approximately Rs4.089 trillion, reflecting a steady year-on-year growth trajectory despite missing its initial ambitious targets by a narrow margin. Strong momentum in domestic sales tax and federal excise collections helped offset shortfalls in income tax and customs duty receipts.

Analysis

Surpassing the four-trillion-rupee threshold in the opening four months demonstrates significant domestic revenue mobilization under tight fiscal consolidation frameworks. Expanding the tax net sustainably will require accelerating digital documentation initiatives rather than relying solely on withholding and indirect taxes.

Way Forward

- Enforce automated sales tax monitoring and digital invoicing systems across major retail and wholesale sectors to curb leakages.
- Phase out remaining distortionary tax exemptions and preferential treatments to broaden the direct tax base equitably.
- Utilize data analytics from the FBR's automated databases to identify non-compliant entities and target high-net-worth untaxed sectors.

Mayor launches Rs732m uplift projects in North Karachi Industrial Area



Karachi Mayor Barrister Murtaza Wahab inaugurated infrastructure rehabilitation and development projects worth approximately Rs732 million in the North Karachi Industrial Area. Executed in collaboration with the North Karachi Association of Trade and Industry (NKATI), the initiative focuses on reconstructing internal roads, upgrading sewerage networks, and improving utility services to strengthen commercial productivity in the city's manufacturing hubs.

Analysis

Targeting municipal investments toward key industrial zones directly addresses the infrastructure decay that has historically hampered manufacturing efficiency and export logistics in Karachi. Partnering with trade bodies like NKATI ensures projects match actual operational needs.

Way Forward

- Form dedicated committees comprising KMC engineers and trade association representatives to ensure ongoing upkeep of industrial zone infrastructure.
- Ensure upgraded sewerage and stormwater systems can withstand heavy monsoon runoffs without damaging industrial access routes.
- Expand successful collaboration frameworks used in North Karachi to other neglected industrial zones across the metropolis.

Socio-Economic Issues

ADB approves $500m loan to strengthen disaster preparedness



The Asian Development Bank (ADB) approved contingent disaster financing facilities of up to $500 million for Pakistan to enhance disaster resilience and facilitate prompt emergency response. The financing program aims to provide rapid budget support following eligible catastrophic events and supports institutional reforms in disaster preparedness, risk management, and development planning.

Analysis

Given that climate-induced events like floods impose heavy structural damages and drive long-term fiscal deficits, pre-arranged liquidity lines help stabilize public expenditures during crises.

Way Forward

- Establish transparent inter-ministerial frameworks to route ADB contingent funds directly to provincial disaster management authorities during emergencies.
- Channel climate resilience funds toward reinforcing rural flood defenses, watershed management systems, and local early-warning networks.
- Implement rigorous digital tracking and independent monitoring for all disaster relief and mitigation spending to build donor trust and ensure accountability.

PM hikes youth loan ceiling to Rs25m



Prime Minister Shehbaz Sharif increased the maximum loan ceiling under the Prime Minister's Youth Business and Agriculture Loan Schemes from Rs7.5 million to Rs25 million. During a high-level review meeting, the government also reduced the minimum eligible age limit from 21 to 18 years, mandated that 30% of loans be reserved for women, and earmarked Rs292 billion for youth financing.

Analysis

Expanding the loan ceiling introduces a vital "Tier-4" financing bracket designed to help successful young enterprises transition into scaled small and medium-sized businesses (SMEs). Lowering the age threshold encourages early digital entrepreneurship and tech innovation. However, ensuring long-term programs should be beyond major urban economic centers.

Way Forward

- Ensure transparent, merit-based processing through online portals to eliminate bureaucratic delays and arbitrary local intermediation.
- Prioritize Tier-4 funding allocation toward export-oriented manufacturing, agricultural value addition, cold chains, and renewable solar energy projects.
- Partner with chambers of commerce and technical institutions to offer mandatory financial literacy and mentorship training for young business grantees.

Pakistan to be a major economy by 2050: PM



Addressing the Pakistan Minerals Investment Forum 2026 (PMIF-26) in Islamabad, Prime Minister Shehbaz Sharif expressed confidence that Pakistan will emerge as a major global economy before 2050, referencing Goldman Sachs' projection that it could become the world's sixth-largest economy by 2075.

Analysis

Shifting from raw ore exports to domestic smelting and value-added manufacturing is critical for maximizing foreign exchange retention and industrial job creation. However, translating these long-term growth projections into reality depends on overcoming chronic energy cost bottlenecks, rapidly completing transport corridors, and ensuring local communities receive tangible socio-economic benefits.

Way Forward

- Offer targeted tax incentives and dedicated energy tariffs to establish domestic copper smelting and mineral refining plants rather than exporting raw concentrates.
- Prioritize financing and execution of the Chagai-Gwadar road links and Rohri-Nokundi railway upgrades to lower logistics costs for bulk mineral exports.
- Enforce mandatory local hiring quotas and social development funds within mining licenses to secure long-term community trust and prevent localized disruptions.

Pakistan pitches $8tr mineral wealth to global investors at PMIF26



At the Pakistan Minerals Investment Forum 2026 (PMIF26) in Islamabad, federal leadership showcased Pakistan's estimated $8 trillion in untapped mineral wealth to delegates from over 60 countries. Organized under the endorsement of the Special Investment Facilitation Council (SIFC), the two-day summit centered on leveraging critical minerals.

Analysis

Pitching Pakistan's mineral potential to global mining giants like Barrick Gold and Ivanhoe Mines marks a strategic push to transition the economy away from traditional aid and debt dependency toward export-driven resource commercialization. Flagship developments like the Reko Diq project signal operational viability to international markets.

Way Forward

- Streamline investor access to geological datasets by fully integrating the National Minerals Data Centre and GeoPortal for transparent license processing.
- Accelerate the construction of dedicated rail, road, and power networks connecting mineral-rich regions to major export ports such as Gwadar and Karachi.
- Mandate robust environmental safeguards and local capacity-building agreements to ensure long-term social license and equitable community development in mining districts.

PM orders urgent Gaza aid: Pakistan slams Houthi attack on Aramco building in Riyadh



Pakistan's Foreign Office strongly condemned an attempted Houthi ballistic missile strike targeting a Saudi Aramco administrative building in Riyadh's King Abdullah Financial District. Concurrently, Prime Minister Shehbaz Sharif directed authorities to expedite urgent humanitarian relief assistance for Gaza.

Analysis

Issuing an unequivocal condemnation of attacks on Saudi energy and civilian infrastructure reinforces Islamabad's core strategic alignment and security commitment to Riyadh. However, escalating cross-border strikes in the Red Sea and Gulf corridors risk widening regional conflict, threatening global energy price stability and maritime trade flows vital to Pakistan's economy.

Way Forward

- Maintain close diplomatic and defense coordination with Riyadh to support regional deterrence and safeguard critical Gulf infrastructure.
- Coordinate with regional partners and international relief agencies through the NDMA to ensure rapid, unimpeded delivery of Pakistani medical and food aid to Gaza.
- Utilize platforms like the OIC and UN to advocate for an immediate ceasefire in Gaza and diplomatic restraint across the wider Middle East to prevent regional spillover.

Pakistan secures 13 mining MoUs, agreements



During the two-day PMIF-26, Pakistan secured 13 MoUs and agreements alongside $1.3 billion in project financing interest from international lenders, including the US Export-Import Bank. OGDCL Managing Director Ahmed Hayat noted strong participation from companies across the US, China, Canada, and the EU.

Analysis

Securing 13 international agreements and $1.3 billion in prospective lending indicates growing global investor confidence in Pakistan's updated regulatory and licensing frameworks. However, converting MoUs into binding capital inflows requires maintaining consistent policy stability, accelerating infrastructure connectivity in Balochistan, and preventing bureaucratic bottlenecks.

Way Forward

- Establish a dedicated Special Investment Facilitation Council (SIFC) tracking desk to fast-track feasibility clearances and convert non-binding MoUs into legally binding joint ventures.
- Coordinate closely with the US Export-Import Bank and global financial institutions to meet environmental, social, and governance (ESG) compliance standards for rapid loan closure.
- Prioritize security and rail-road connectivity upgrades linking Chagai mining sites to Gwadar and Karachi ports to ensure cost-effective project execution.

Japan announces $4.3m grant to support Pakistan's polio programme



The Government of Japan announced a new financial grant of $4.3 million to support Pakistan's national polio eradication campaign. The funding will be channeled toward procuring critical polio vaccines, strengthening immunization coverage, and supporting nationwide vaccination drives aimed at reaching high-risk mobile and vulnerable populations.

Analysis

Securing consistent international grant assistance is vital for sustaining Pakistan's intensive anti-polio vaccination operations, particularly in remote and high-risk border regions. External backing from bilateral partners like Japan alleviates domestic fiscal pressures on public health expenditures and ensures uninterrupted vaccine cold-chain maintenance and frontline worker deployments.

Way Forward

- Prioritize the deployment of Japan-funded vaccine batches toward persistent transmission zones and porous high-mobility border belts in KP and Balochistan.
- Partner with local religious and community leaders to build vaccine confidence and neutralize localized resistance or misinformation.
- Upgrade cold-chain storage facilities across district health headquarters to prevent vaccine wastage during distribution cycles.

Bangladeshi civil servants explore Pakistan's heritage, higher education in Lahore



A delegation of 34 senior Bangladeshi civil servants visited Lahore as part of a specialized training and exchange program, exploring Pakistan's historical heritage, institutional frameworks, and higher education landscape. The delegation visited prominent historical landmarks, academic institutions, and public sector governance training facilities to study administrative procedures, policy formulation, and cultural preservation initiatives.

Analysis

Hosting senior administrative delegations from regional partners like Bangladesh fosters institutional goodwill, professional knowledge-sharing, and long-term diplomatic engagement. Expanding these peer-to-peer training vectors creates durable channels for regional cooperation and professional networking across South Asia.

Way Forward

- Establish structured, multi-lateral training programs enabling Pakistani administrative officers to participate in counterpart capacity-building modules abroad.
- Facilitate formal institutional linkages between Pakistani universities and Bangladeshi higher education centers to promote joint research and student exchanges.
- Showcase historical sites, museums, and institutional modernization efforts systematically during foreign delegate visits to enhance Pakistan's soft power projection.

POLICY NUGGETS

01

12 PROVINCES LIKELY AFTER 2029 POLLS

Impact: The proposed creation of 12 provinces could improve administrative decentralisation and local governance, but unresolved issues surrounding NFC resource distribution, water-sharing arrangements and financial liabilities may intensify intergovernmental tensions and complicate implementation.
Recommendation: The federal government should initiate inclusive consultations with all provinces and develop a transparent constitutional, fiscal and administrative framework addressing resource allocation, water rights, asset distribution and liabilities before proceeding with restructuring.

"The price of greatness is responsibility."
Winston Churchill

02

NO THREAT TO TARBELA DAM'S INTEGRITY, STRUCTURE: WAPDA CHIEF

Impact: The tunnel accident at Tarbela's fifth extension project highlights potential construction and geological risks to critical water and energy infrastructure. The departmental inquiry and independent expert review are essential to establish the cause, ensure accountability and maintain public confidence in dam safety.
Recommendation: WAPDA should ensure an independent technical investigation, strengthen geological risk assessments and construction safety protocols, and introduce regular structural monitoring and transparent reporting to prevent similar incidents at major hydropower projects.

"The greatest danger in times of turbulence is not the turbulence; it is to act with yesterday's logic."
Peter Drucker

03

PM CALLS FOR BUILDING ON ISLAMABAD MOU

Impact: Pakistan's renewed diplomatic engagement with Iran and other regional partners strengthens its role in promoting dialogue, regional stability and bilateral cooperation. Its clean energy commitments at COP31 also highlight the need for international financing and technology transfer to achieve climate targets.
Recommendation: Pakistan should translate diplomatic understandings into measurable cooperation through sustained consultations, trade and investment initiatives, and regional confidence-building, while pursuing concessional climate finance and affordable clean-energy technology to support its transition.

"We must learn to live together as brothers or perish together as fools."
Martin Luther King Jr.

04

NEW COPPER-GOLD DISCOVERY REPORTED IN BALOCHISTAN

Impact: The discovery in Chagai strengthens Pakistan's mineral exploration prospects and could expand the country's copper and gold resource base, attract foreign investment and support export growth. However, its commercial potential remains subject to further drilling, resource estimation and technical assessments.
Recommendation: Pakistan should ensure transparent and internationally compliant exploration practices, strengthen geological and technical capacity, and establish a clear framework for responsible mining, local community participation and equitable distribution of benefits in Balochistan.

"The Earth has enough resources for our need, but not for our greed."
Mahatma Gandhi

05

PAKISTAN TO DECIDE ON SCO FORUM PARTICIPATION IN NEW DELHI BY MONDAY

Impact: Pakistan's possible participation in the SCO Civilisational Dialogue Forum offers an opportunity to sustain multilateral engagement with India, promote cultural exchanges and maintain regional dialogue despite unresolved bilateral tensions. It may also reinforce Pakistan's engagement with the wider SCO framework.
Recommendation: Pakistan should assess participation in light of its diplomatic priorities and national interests, while using the SCO platform to promote cultural diplomacy, regional connectivity and constructive dialogue without compromising its established positions on bilateral issues.

"Culture is the widening of the mind and of the spirit."
Jawaharlal Nehru

06

PAKISTAN, SAUDI ARABIA INVESTORS PLAN JOINT FUND

Impact: The launch of a joint private equity fund signals growing private-sector cooperation between Pakistan and Saudi Arabia. It could attract investment, support business expansion and create opportunities across key sectors, contributing to economic growth and stronger bilateral trade ties.
Recommendation: Pakistan should establish a transparent and investor-friendly regulatory framework, identify viable sectors for joint investment, and facilitate public-private partnerships to ensure that the fund generates sustainable economic benefits, employment and technology transfer.

"Investment in knowledge pays the best interest."
Benjamin Franklin

07

NSPP RECTOR, BANGLADESH ENVOY STRESS STRONGER INSTITUTIONAL TIES THROUGH CIVIL SERVICE ENGAGEMENT

Impact: The executive development programme strengthens Pakistan-Bangladesh institutional relations by promoting professional exchanges, shared administrative learning and cooperation between civil services. Such engagement can contribute to improved governance practices and long-term bilateral understanding.
Recommendation: Pakistan should institutionalise regular civil service exchange programmes with Bangladesh, expand joint training in digital governance and public-sector innovation, and establish mechanisms to sustain collaboration beyond individual training initiatives.

"The most valuable learning occurs when experienced practitioners engage with one another across national boundaries."
Muhammad Sualeh Ahmad Faruqui, Rector NSPP

08

RS1.7TR SPENT ON DEBT SERVICING IN JULY-SEPT 2026

Impact: Pakistan's expenditure of Rs1.7 trillion on debt servicing, nearly half of its net revenue receipts in the first quarter of FY2026-27, highlights the growing pressure of debt obligations on public finances. Limited fiscal space has constrained development spending, with only Rs80 billion allocated to the Public Sector Development Programme (PSDP) during the period.
Recommendation: The government should strengthen fiscal discipline through improved tax collection, broaden the tax base, rationalise non-development expenditure and adopt a sustainable debt-management strategy to reduce borrowing costs and create greater fiscal space for development priorities.

"The budget should be balanced not by more taxes, but by reduction of futile expenditures."
Herbert Hoover

09

RS220BN PETROLEUM LEVY COLLECTED IN JULY, AUGUST

Impact: The collection of Rs220 billion in petroleum levy revenue during the first two months of FY2026–27 underscores the government's dependence on fuel taxation to meet revenue targets under the IMF programme. However, the Rs80-per-litre levy on petrol and diesel adds to fuel costs, intensifies inflationary pressures and places a greater burden on consumers.
Recommendation: The government should pursue a balanced revenue strategy by broadening the tax base, improving tax compliance and mobilising alternative revenue sources to gradually reduce dependence on petroleum levies. Any adjustment should be fiscally sustainable and accompanied by targeted relief for low-income households.

"The art of taxation consists in so plucking the goose as to obtain the largest amount of feathers with the least possible amount of hissing."
Jean-Baptiste Colbert



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