NEWS LETTER

Edition 66
5 June 2026

Editor in Chief: Dr. M. Ejaz Sandhu
Editor: Muhammad Firas Shams
Designer: Tabinda Naz

Focus Areas

- Think Tank Wing
- Research and Consultancy Wing
- Education and Learning Wing
- Knowledge Management Wing

Shahid Najam
Vice Chairman
The Shahid Javed Burki Institute
of Public Policy at NetSol

Mediation: A Power and Autonomous Instrument of Conflict Resolution

The global order is witnessing a profound transformation of the World War II and post-Cold War era. The Ukraine war, the massive disruption in the global economy propelled by Trump's trade regime and USA-Israel war on Iran have cumulatively led to the need for recalibrating the international order. The days of unipolar dominance, characterized by indiscriminate use and weaponization of the structural advantage by the US-West Europe alliance,

erosion of the multilateral institutions, notably the United Nations, and recourse to military force and coercive instruments to monopolize the decision-making processes, is rapidly on the decline. The rigid alliances, military might or economic opulence are no longer the exclusive determinants of the destiny of the world. The consequent void and space thus created has made the conduct of international relations far more complex, uncertain and challenging especially for the countries like Pakistan in the global South.

There has been an increasing realization including among the Western powers that diplomatic agility, quest for strategic autonomy driven by principled neutrality and national interests and resilience to withstand the traditional coercive instruments, will play a pivotal role in shaping the future course of world events. There is also a visibly propensity especially in the developing countries with fragile democracies not to easily succumb to external pressures, surrender their sovereignty and accede to the servitude-submission hazards of paying a heavy proxy-cost or becoming an operational theatre for direct or indirect conflicts or multi-domain military campaigns and serve the strategic interests of the great powers.

Mediation unfolds multiplicity of opportunities for the individual countries and indeed the larger world to jointly work for decentralization of the traditional West- dominated power structure, shifting towards a more flexible, context specific and region-based global governance architecture and fostering highly visible interest-based networking and mutually beneficial multi-polar collaborations. As a powerful and cost-effective instrument based on sovereign equality, it leads to the negotiated settlements and enduring peace and stability through Track II diplomacy, dialogue, mutual consent as opposed to zero-sum military interventions and short-term unsustainable gains.

Pakistan is perfectly positioned amidst this rapidly and dynamically evolving environment, to harness its geostrategic dividend and make use of its “dormant” institutional capacity, expertise and credentials as a robust and reliable mediator to intercede and resolve conflicts, reconcile the differences, and arbitrate the disputes between the adversaries and conflicting states. With decades of rich experience to navigate and successfully resolve highly complex and intricate international issues, it has consistently served as a vital diplomatic bridge to pave the way for peaceful engagement and normalization of hostile relations and enmity between the rival countries e.g., Sino-US Rapprochement of 1971 which fundamentally altered the dynamics of cold war; Cricket Diplomacy and sports driven mediation of Gen. Zia-ul-Haq in 1987 to geopolitically maneuver, de-escalate and defuse a severe border crisis between Pakistan and India; the Geneva Accord of 1988 which led to withdrawal of Soviet forces from Afghanistan; the "Agreement for Bringing Peace to Afghanistan", 2020 between US and Taliban to set the stage for complete withdrawal of US and NATO troops from Afghanistan.

Pakistan has once again effectively demonstrated the ability to leverage its geo-strategic advantage to de-escalate and manage highly precarious and potentially apocalyptic ongoing war between USA-Israel and Iran through mediation, shuttle diplomacy, and open channels for communication. It craftily managed to create and expand space for mediated settlement and by engaging the affected countries in the vicinity including Saudi Arabia, Qatar, UAE, Oman, Kuwait and involving regional players e.g., Turkey, Egypt etc., on the

one hand and on the other, big power centers like EU, China and Russia and kept the negotiation process afloat despite incredibly low trust deficit between the rival parties, ostensibly somewhat erratic and changing strands by USA and the nefarious intent of Israel to prevent amicable and peaceful resolution of the major contentious issues e.g., the nuclear and missile capabilities and program of Iran, opening of strait of Hormuz, cessation of military operations of Israel in Lebanon, sanctions and frozen assets of Iran, regional disarmament.

Let us hope that Pakistan will employ this tradition and expertise of mediation, conciliation, negotiation and dialogue to manage and resolve the internal rifts and crevices in political, economic and social arenas to build a better, prosperous and inclusive country.

Muhammad Firas Shams
Director Research & Think Tank Functions
The Shahid Javed Burki Institute of Public Policy at NetSol

The Climate Cost of the US-Israel Conflict with Iran

As the global community witnesses Trump's and Netanyahu's military campaign against the clerical regime in Iran which is temporarily on pause due to a fragile ceasefire. While geopolitical analysts debate exits strategies, regional stability, and the future of the Middle East, another crisis is quietly accelerating in the background: the climate crisis. The two are more intertwined than most headlines suggest. When the US and Israeli forces launched coordinated strikes on Iran on February 28, 2026, the world's attention was transfixed on missile trajectories and diplomatic fallout. However very few were watching the smoke plumes rising from Tehran's oil depots, plumes that carried with them a staggering environmental toll. A March 2026 analysis by the Climate and Community Institute found that just the first 14 days of the conflict produced approximately 5.1 million metric tons of carbon dioxide which is more greenhouse gas emissions than Iceland generates in an entire year.

That figure encompasses a sobering range of sources including the destruction of civilian infrastructure, the burning of oil stored in bombed refineries and tankers, fuel consumed in combat and support operations, and the embodied carbon in the missiles and drones deployed by all parties. Experts say this is only the opening act.

Iran, like much of the broader Middle East, was already one of the world's most climate-vulnerable regions before a single bomb fell this year. Decades of water scarcity, desertification, and extreme heat events had already strained the country's agriculture, displaced rural populations, and exacerbated social tensions. Tensions that many analysts argue helped create fertile ground for the political instability that preceded the conflict. The 2026 Iranian protests, which sparked in part from economic desperation and resource scarcity, did not arise in a climate vacuum.

Now, with critical infrastructure shattered like water treatment plants, energy grids, oil facilities, the environmental degradation compounds daily. Polluted air and water are causing acute health crises for civilians across Iran. Long-term contamination from bombed industrial sites poses generational health risks. Mass displacement is forcing hundreds of

thousands of people into areas already straining under climate stress.

Perhaps the most far-reaching climate consequence of the war isn't what burns in Tehran, it's what happens in boardrooms and parliaments far beyond the battlefield. The conflict has rattled global oil markets and renewed political pressure in Washington and allied capitals to prioritize "energy dominance" over clean energy transition. With Strait of Hormuz tensions affecting global supply chains, several governments have quietly shelved renewable energy timelines in favor of expanded fossil fuel extraction to stabilize prices.

This represents a dangerous feedback loop: a war shaped in part by resource competition and regional instability - itself worsened by climate change - is now being used to justify policies that will accelerate climate change further. The long-term emissions from renewed fossil fuel dependence, analysts warn, will dwarf the direct carbon cost of the fighting itself.

Furthermore, wars have always been bad for the environment. But in an era of climate crisis, when the world has a narrowing window to reduce emissions and build resilience, military conflict carries an additional tax - one paid not by governments or armies, but by the global atmosphere and future generations.

The US-Israel-Iran war is a reminder that climate change and geopolitical conflict are not separate beats in the news cycle. They are the same story. Destabilized regions, scarce resources, displaced populations, shattered infrastructure, and renewed fossil fuel dependency - each thread connects back to both war and warming.

The international community must reckon with this reality. Ceasefire negotiations and climate negotiations cannot continue to occupy different rooms. The cost of keeping them apart grows higher by the day.

Rehan Sayeed
Consultant, Education and Training
The Shahid Javed Burki Institute of Public Policy at NetSol

Need for Cohesive National Solar Policy

The adoption of solar energy has been a rare success story in Pakistan's recent history. Sheer economic desperation, driven by crushing utility bills, compelled households and businesses to invest heavily in renewable energy. This citizen-led movement transformed Pakistan into the world's third-largest importer of Chinese-made solar panels. Aided by a highly favorable net metering policy, consumers slashed their previously unbearable utility charges.

However, this remarkable momentum has been abruptly stalled. The recent announcement by the National Electric Power Regulatory Authority (NEPRA) shifting Pakistan from net metering to a less lucrative net billing regime has generated intense controversy and national debate on the issue.

The Mechanics of the Solar Boom

To understand the outrage, one must understand the policy. Net metering credits solar owners for electricity added to the grid. Managed through bidirectional "green meters," the grid effectively serves as a massive, free battery. Bills charge only for net units consumed. If a consumer exports more units than they use, they receive a unit-for-unit credit.

National Policy and Global Context

Generous net metering policies have

successfully accelerated green revolutions worldwide. In these success stories, governments only scaled down incentives after achieving a self-sustaining renewable energy infrastructure.

From a national perspective, a comprehensive solar policy offers Pakistan vital macroeconomic and environmental advantages. Fossil fuels account for nearly 62% of our installed power capacity. De-centralizing power generation from the national grid, and bringing it onto the rooftops, reduces reliance on expensive imported fuels, saving massive foreign exchange, and curtails pollution in smog-hit cities like Lahore. It also means less reliance on the outdated Transmission and Distribution (T&D) system, which routinely suffers losses of 20% upwards.

The "Utility Death Spiral"

Consequent to an escalation of power generation costs, the corresponding net metering buyback rates also hiked to a lucrative PKR 22 to PKR 27 per unit. As a result, the total net-metered capacity also surged from 300 MW in 2021 to over 6,000 MW by 2025. The most positive outcome is that the privately financed rooftops now produce more electricity than the Tarbela Dam, with no government involved.

However, this boom inadvertently created a "utility death spiral." As the grid lost its highest-paying customers to solar, the massive fixed costs of infrastructure upkeep and IPP capacity payments fell onto a shrinking, less affluent consumer base. In the ongoing debate, net metering is routinely blamed for the grid's extensive financial losses. However, making net-metering as a scapegoat completely ignores the grid's own shortcomings: crippling structural inefficiencies, outdated T&D infrastructure, and extraordinarily high-capacity payments to IPPs.

Dismantling the Net Metering System

In a highly controversial and uncalled for action, the NEPRA abruptly announced In February, 2026, the dismantling of net metering, replacing it with net billing, obviously meant to safeguard the interests of the grid. Due to severe public backlash on this action, the Prime Minister intervened to announce that contractual terms of existing customers will remain intact till expiry of the contract period. However, new solar installations will not be entitled to net metering.

The new Net Billing system abandons the equitable "unit-for-unit" exchange. Surplus daytime units are now purchased at a slashed rate of PKR 9 to PKR 11. Meanwhile, consumers must buy nighttime electricity at much higher rates. This gross disparity will disincentivize new customers, stalling rooftop solar expansion.

The Way Forward

The benefits of a decentralized solar network cannot be overlooked. We desperately need a cohesive national policy that protects this green progress. Drastically slashing buyback rates will only disincentivize citizen investment. It's about time that we realize that net metering is not the cause of today's energy crisis and the predicament that the national grid finds itself in. Rather than stifling the growth of solar energy, the state must prioritize modernizing the existing grid, upgrading T&D infrastructure, and renegotiating crippling IPP contracts.

Zahra Khan
Manager Finance and Operations
The Shahid Javed Burki Institute of Public Policy at NetSol

The Knowledge Economy: The New Foundation of National Prosperity

We are in the midst of change in historic proportions. The economies, labor markets and governance systems are undergoing a transformation that will be felt more than ever before in history, due to advances in AI, automation, biotechnology and digital technologies. Today's challenge is not just one of technology adaptation but more about the development of human capital that can grow and prosper in the midst of constant change. One of the key policy challenges in the 21st century is the concept of lifelong learning.

Research around the globe shows that there is a strong link between investments in lifelong learning and economic competitiveness. The Organization for Economic Co-operation and Development (OECD) has confirmed that nations that have high-skills and ongoing training have higher productivity, innovation capacity, and resilience to economic shocks. Singapore offers a good case in point. The "Skills Future" programme, which began in 2015, provides opportunities and funding for all citizens throughout their working lives to continually enhance their skills. This has helped Singapore to stay one of the world's most competitive economies given its low natural resources endowment.

Similarly, the Finland system of education and adult learning has been world-famous and places a strong focus on lifelong learning Therefore, Finland is constantly among the most innovative, high-education quality and socially developed countries in the world. The success of the country has proven that education is not merely an educational goal but a country development strategy: lifelong learning

This need has been compounded by the Fourth Industrial Revolution. According to the World Economic Forum, in the next ten years, millions of jobs are set to be replaced by automation and artificial intelligence in the world. Some professions will be eliminated and new ones will arise in areas like data science, cybersecurity, renewable energy, digital governance and advanced manufacturing. Proactively investing in workforce reskilling will give countries the best chance of benefiting from these opportunities.

Another interesting example is the dual system of vocational education and training in Germany. Germany has effectively balanced academics and industry by making sure that the country employs one of the lowest percentages of young people in the job market and yet has one of the most productive manufacturing industries in Europe. This model is used to show how continuous learning can help align education and labor market needs.

The implications for developing countries like Pakistan are far-reaching. Pakistan has a huge demographic dividend, a large youth population which can bring economic growth. But a high potential of the population does not automatically lead to prosperity. The demographic dividend can easily turn into a developmental challenge if not supported by investment in education, skills development, and the availability of lifelong learning opportunities. The techno-economic revolution of digital technologies, e-commerce, fintech

and artificial intelligence demands a workforce that is not only technologically literate, but has also acquired new skills that go beyond conventional academic qualifications.

The universities have, therefore, to redefine their role. No longer can higher education institutions limit themselves to awarding degrees. They need to be hubs for lifelong learning, offering flexible learning paths, executive learning, micro-credentials, online learning and industry-relevant qualifications. Institutions like the Massachusetts Institute of Technology and the National University of Singapore already provide access to ongoing learning to a broader audience of students, through digital platforms and professional development offerings.

Lifelong learning has also positive effects on the democratic governance and social cohesion, which are not only economic. In today's society of misinformation, technological upheaval, and geopolitical uncertainty, societies need citizens who can think critically, make decisions based on evidence, and participate in their civic lives. Thus, education cannot only be considered a tool for preparing for employment, but a continuous process of adapting, innovating and participating meaningfully in society throughout life.

The future is not going to be of the largest population or natural resources. It will be one of the countries that invests most successfully in the knowledge, skills and creativity of their people. Lifelong learning is not a choice for education anymore, but it is a platform for the future prosperity, competitiveness and national resilience.

Eric John
Research Intern
The Shahid Javed Burki Institute of Public Policy at NetSol

Why are Individuals Compelled Towards Corruption?

In Pakistan, tales of corruption are ever-present and were heard even before we understood anything about governance, economics, or politics; it was like a background noise that was constant all the time. Generally, the term corruption denotes dishonesty and criminal conduct undertaken by individuals in authoritative positions. It could be enacted by abusing power for illicit gains, usually by one individual or, more disturbingly, by an entire organization. Speaking of prevailing corruption, Pakistan ranks 136th out of 182 countries based on the Corruption Perception Index (CPI) 2025. It is evident that the state is plagued by it. The upsetting part is that it is indeed perpetrated mostly by the rational and educated people.

Upon closer examination, multiple reasons emerge for people indulging in corrupt behaviors. Persson, Rothstein, and Teorell explicate a phenomenon termed the "Collective action theory, which posits that people rationalize their corrupt behavior based on the impression of what others will do in a similar situation. When corruption becomes a social norm, it instills a perception to individuals that it is a collective phenomenon; it doesn't add up to be the only honest actor within system. It is quite natural throughout times, that even transgressive behaviors become the norm to individuals who witness them practiced by others, representing the popular adage "Monkey see, Monkey do".

Additionally, a scourge like corruption thrives in an environment where resistance against it remains feeble. Like a fractured system, where transparency and accountability are almost non-existent, and in these kinds of spaces, people act on the premise of moral disengagement. Mobutu Sese Seko, the dictator of Zaire from 1971 to 1997, openly advised his officials that "If you want to steal, steal a little in a nice way, but if you steal to become rich overnight, you will be caught". This starkly exemplifies an environment where moral disengagement takes root. "Murad Musa Khan in Dawn" argues that in a system where individuals representing authoritative positions go unpunished for illicit behaviors, others receive an implicit signal that it is permissible. This observation also reflects on the idea that the rules are applied selectively; when accountability is missing at the highest echelons, unethical behavior appears justified at every subordinate levels too. That is how corruption is normalized.

Surely, there exists a considerably greater personal gain when weighed against the loss for partaking in illegal activities. Otherwise, why would people be drawn towards it? In conclusion, corruption doesn't always constitute a moral failure; very often, it is a coherent response to weak systems, until necessary reforms are undertaken. By no means is corruption being justified here; behaviors involving corruption should never be, and individuals and organizations should be held accountable for it.

Maleeha Tariq
Research Intern
The Shahid Javed Burki Institute of Public Policy at NetSol

Rethinking Pakistan's Climate Finance Architecture: From Rhetoric to Fiscal Reality

Despite contributing less than 1% to global greenhouse gas emissions, Pakistan remains locked at the frontline of the macro-climate crisis. The compounding devastation of the 2022 super-floods and subsequent 2025 monsoon cycles have made it clear that climate extremes are no longer isolated environmental shocks - they are structural economic disrupters. With the World Bank estimating an annual adaptation financing gap of $7 to $14 billion, Pakistan's transition from passive crisis management to active climate-finance mobilization is a macroeconomic imperative.

While global climate advocacy focuses heavily on international fund access, Pakistan's immediate challenge is internal, institutionalizing a transparent, accountable, and rigorous domestic financial framework.

Pakistan's Investing Need (Until 2030)

Total Required: $348 Billion (2025)

[═══ 56% ═══][═══ 44% ═══]

De-carbonization ($196 Billion) | Adaptation ($152 Billion)

Institutional Progress: The IMF RSF and Climate Tagging

The fiscal year 2025–26 marks a structural turning point for Pakistan's climate governance. Under the oversight of the International Monetary Fund's (IMF) Resilience and Sustainability Facility (RSF), the federal government officially implemented the Climate Budget Tagging (CBT) tool for the Public Sector Development Program. This regulatory mechanism forces ministries to classify development expenditures across three clean pillars:

- Adaptation (Resilience building)
- Mitigation (Clean energy/low carbon transitions)
- Supporting Areas (Institutional capacity and research)

Concurrently, institutional anchoring is maturing. The Ministry of Finance's *Sustainable Financing Framework (2025)* and the State Bank of Pakistan's (SBP) development of a green taxonomy have enabled market-driven instruments, exemplified by recent rounds of sovereign Green Sukuk bonds targeting PKR 30 to 32 billion.

The "Repackaging" Trap and Budgetary Contradictions

Despite these positive framework adjustments, a deeper look at the FY26 federal budget reveals an alarming gap between policy intentions and execution. Total allocations to the core Ministry of Climate Change and Environmental Coordination (MoCCEC) were actually reduced from Rs. 3.5 billion to Rs. 2.7 billion. Furthermore, funds dedicated strictly to environmental protection dropped from Rs. 7.2 billion down to Rs. 3.1 billion.

This trend exposes a critical policy challenge: "repackaging" traditional infrastructural spending into green vocabulary without genuinely scaling up adaptation investments. Currently, adaptation receives only an estimated 12% of total climate-tagged federal development allocations, leaving agriculture, municipal water infrastructure, and food security systems deeply exposed to climate shocks.

Strategic Recommendations for Public Policy

To transform Pakistan's climate finance architecture into a functional tool for economic resilience, policymakers must prioritize three systemic shifts:

1. Strengthen Provincial Pipeline Readiness: Under the 18th Amendment, implementation lies with the provinces. Following Sindh and Punjab's establishment of Provincial Climate Change departments, local governments must build robust project pipelines that meet the strict fiduciary standards required by the Green Climate Fund (GCF) and international private investors.
2. Incentivize ESG and Private Capital: Public funds alone cannot bridge the gap. Pakistan must deploy market-correcting incentives such as green tax exemptions and standardized ESG (Environmental, Social, and Governance) disclosure metrics to channel private capital toward its rapidly expanding domestic solar energy and clean transport sectors.
3. Refine the CBT Framework: The Ministry of Finance must transition Climate Budget Tagging from a passive accounting exercise into a performance-based budgeting metric, ensuring that funds are directed toward high-impact adaptation strategies rather than legacy infrastructure.

Tabinda Naz
IT & Digital Solutions Manager
The Shahid Javed Burki Institute of Public Policy at NetSol

BIPP Round Up

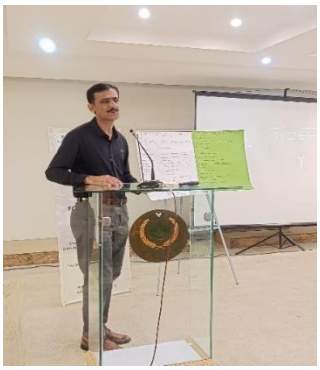
On April 17, 2026, the Shahid Javed Burki Institute of Public Policy (BIPP) awarded scholarship cheques to students of The Sahara College Narowal at the head office of the Sahara for Life Trust. The initiative reflects BIPP's continued commitment to promoting educational access and supporting talented students through academic empowerment initiatives.

On April 29, 2026, a Focus Group Discussion (FGD) was successfully held at the Lahore Chamber of Commerce and Industry (LCCI), jointly organized by the Environment Protection and Climate Change Department (EPCCD), Punjab, and BIPP as part of the consultative process for the formulation of the Punjab Climate Change Act (PCCA). The session followed a structured multi-stakeholder consultation model centered around six thematic areas. Proceedings commenced with welcome remarks and a technical presentation on Punjab's climate profile and the proposed framework of the PCCA, followed by facilitated roundtable discussions, group presentations, and a synthesis plenary session.

During May 2026, a promising collaboration emerged between RIO Energy Korea, BIPP, and Premier Waste Management to advance climate-smart agriculture and decentralized green energy solutions across Punjab's canal networks. The initiative proposes the installation of small hydropower units along irrigation canals to generate clean energy without disrupting water flow. The project is expected to support smart irrigation systems, low-carbon farming. practices, rural electrification, waste-to-resource solutions, green employment opportunities, and enhanced water-energy-food security for local communities. This collaboration marks a forward-looking step toward sustainable agriculture, renewable energy development, and greener rural economic growth in Punjab.

On May 21, 2026, the second Focus Group Discussion (FGD) on the Punjab Climate Change Act was successfully conducted at the Rawalpindi Chamber of Commerce and Industry (RCCI). The session featured thematic breakout discussions based on the six consultation pillars and engaged representatives from government departments, private sector institutions, academia, civil society organizations, and technical experts. Participants deliberated on key aspects of climate governance in Punjab from institutional, legal, financial, and sectoral perspectives.

The Rawalpindi consultation provided valuable context-specific insights into climate adaptation needs, urban resilience, renewable energy integration, sustainable transport planning, and institutional arrangements. The discussions further reinforced the importance of stakeholder engagement in legislative development and expanded the evidence base for the formulation of the Punjab Climate Change Act.



Excellence Competence Commitment Integrity & Impact

BIPP

Policy for Present, Gains for posterity,
Reducing Deficit, Producing Results

Mission Statement

BIPP's mission is to improve the welfare of the citizenry with particular emphasis on identifying policy measures that will lead to inclusive, people-centered growth with equity, political stability and sustainable development besides fully harnessing the potential for regional and global integration of the country. BIPP primary areas of interest encompass social, economic, environmental and political development and security, trade and foreign policy-related issues.

http://www.sjbipp.org/

admin@sjbipp.org

+92-42-35913304

138, Abubakar Block, New Garden Town, Lahore