

## Subjective Part -

### Part - II

Q. 8.

Answer:

#### 1. Introduction:

Gaza Peace Plan "20 Point Plan" initiated by Trump administration. It fundamentally shifts the focus from immediate final-status negotiation to a phased "stabilization and technocratic" approach. Pakistan's response to the crisis has been a delicate balance between US. and Gulf allies.

#### 2. Critical Analysis of the Plan:

##### i) Technocratic Governance vs. Sovereignty:

Board of Peace (BOP) aims to manage Gaza's reconstruction and internal affairs. Critics believe this approach



circumvent the Hamas-Fatah deadlock but undermine Palestinian sovereignty.

## ii) International stabilization Force (ISF):

Outsourcing security to third-party state may jeopardize their reputation if viewed as enforced Israeli security interest instead of protecting Palestinian civilian.

## iii) Demilitarization Precondition:

Phase 1 (ceasefire) to Phase 2 (Political settlement). But Phase 2 remains controversial despite release of hostages by Hamas.

## 3. Chances of success:

### i) Fragility of ceasefire:

The ceasefire is describe as "rocky" with sporadic violations as late 2025 by Israel.

### ii) Regional Buy-In:



key Arab state pressure Hamas to accept initial term. Failure of 'technocratic governance' to deliver aid.

#### 4. Islamabad's Policy and Possible Fallouts on Pakistan:

##### i) Cautious Engagement:

The Ministry of Foreign Affairs (MOFA) officially welcomed the ceasefire to stop genocide. Islamabad has not fully endorsed the political aspects the comprehensive Palestinian statehood.

##### ii) Potential Military Involvement:

This policy to join ISF is driven by the cement to recently signed defense pact with KSA to maintain relevance in U.S. led security architecture.

##### iii) Diplomatic Tightrope:

This could be strengthen the Partnership of Islamabad with Gulf allies.



## 5. Possible fallouts on Pakistan:

### i) Domestic Political:

Public sentiment in Pakistan is pro-Palestinian. Deploying troops to Gaza under U.S. brokered plan - seen by many as enforcing of the occupation could trigger massive street protest.

### ii) Operational threat:

Pakistani troops in the ISF could become target for remnant militant faction in Gaza.

### iii) Diplomatic: Secession

Closer alignment with the U.S. Saudi axis might alienate Iran, which views the peace plan as an extension of the Abraham Accord.

### iv) Economic: short term gain:

Participation could offering temporary relief to Pakistan's strained economy but could be long term consequences.



## 6. Conclusion:

The Gaza peace plan offers a tenuous respite rather than a permanent solution, burdened by structural flaws that prioritize security control over Palestinian self determination. For Pakistan, the decision to potentially engage via the International stabilization force respects a high stake gamble.

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Q. 5.

Answer:

### 1. Introduction:

The 2025 Strategic Mutual Defense Agreement (SMDA) between Pakistan and Kingdom of Saudi formalizes decades of security cooperation into a binding pact. This new treaty declares that "aggression against one is aggression against both." (Islamabad Policy Institute, 2025). This paradigm shift transitions that the relationship from transactional model to a "strategic comprehensive partnership" aligning Pakistan's military prowess with Saudi's Vision 2030 ambition and economic strengthen for Pakistan.

### 2. "Aggression Against One is Aggression Against Both":

The defining feature of the SMDA is its Article 5-style clause (echoing NATO), which states that attack on one will be considered an aggression



against to other.

### 3. Geopolitical Achievement: Countering the "India - Israel Nexus":

The pact effectively neutralizes the IMEC's security architecture. By aligning Saudi security with Pakistan, it complicates India's strategic calculation, and after Noha attack September 9, now after this pact Israel reconsiders any aggression against KSA because of this pact.

### 4. Saudi Strategic Autonomy: The "Hedging" strategy

For Saudi Arabia, this pact serves as a 'Hedge' against unreliable U.S. support. It allows Riyadh to maintain defense ties with the West while securing a partner that is not beholden to US congressional approval for troop deployment.

Reference: CSIS (Oct 2025). First step towards a NATO style alliance in the Gulf.

### 5. The "Nuclear Ambiguity" Doctrine:



While the pact does not clearly mention 'a nuclear umbrella' the vague language creates strategic ambiguity.

## 6 Economic Pillar: SIFC and the \$20 billion Injection:

The defence pact underpins the economic revival plan. The SIFC has operationalised the pact's economic clause:

- The \$40B Aramco Refinery in Qudwah
- \$5B investments in corporate farming in  $\phi$

## 7. Energy security:

Beyond oil, the pact includes a 'Green Energy corridor'. Saudi company ACWA Power has committed to a 3GW solar park in Balochistan.

## 8. Workforce transformation:

The pact upgrades the Pakistani workforce quota in KSA. It introduces a "skill visa priority" for Pakistan engineers and IT exp. for "NEOM" and 'The Line'.



## 9. Fulfillment of vision 2030:

Crown Prince MBS aims to localize 50% of Saudi defense spending by 2030. Western nations are often reluctant to share "source code" or high end tech. Pakistan offers:

a) - Joint production:

- co-manufacturing of the JF-17 Block III fighters
- shahpar-III combat drones.

b). Technology Transfer:

Joint venture in missile maintenance and electronic warfare system.

## 10. Countering asymmetric threats:

(Houthi) and Drone defense.

- Air defense integration
- Intelligence sharing.

The psychological weight of a nuclear armed ally.

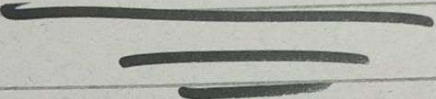
## Conclusion:

The Pakistan - KSA strategy



Mutual Defense Agreement is a watershed moment that transcend traditional military cooperation. For Pakistan, it offers an lifeline through industrial cooperation. For Saudi Arabia, it buys battle hardened security expertise.

~~However~~





Q. no. 2

Answer:

1. Introduction:

The Pakistan economy is currently tethered to a network of nearly 200 SOEs that were originally intended to provide public good and stabilize the market. However, over decades, these entities have transformed into "white elephants", draining the national exchequer and necessitating aggressive intervention under the IMF's Extended Fund Facility.

2. The Burden of Accumulated Losses:

The fiscal drain is staggering. Accumulated losses from major SOEs like PIA, Pakistan Steel Mills, and DISCOs have exceeded Rs. 5.7 trillion over the last decade. In 2025-26 budget, allocate over Rs 850bn just to keep these entities afloat.

3. The "Circular Debt" Trap:

The energy sectors SOEs (DISCOs)



are the primary drivers of the country's circular debt. Inefficiencies in power distribution, coupled with low recovery rate and line losses creates debt vortex that currently stand R.S. 2.5 trillion.

#### 4. Crowding out private Investment:

By subsidizing failing SOEs, the state "crowd out" private credit. Banks prefer lending to the governments rather than the private sector. This stifles entrepreneurship and prevents the emergence of competitive market where efficient firms can thrive.

#### 5. The IMF Mandate and Pressure:

Privatization is no longer just a domestic preference, it is a hard conditionality of the IMF. The 2024-2027 EFF program explicitly requires the rightsourcing and sale of non-essential SOEs to ensure fiscal discipline and debt sustainability.



## 6. Recommendations:

### i) Prioritize "Transaction-Ready" Entities:

Instead of attempting to privatize all SOEs at once, the government should focus on entities that are financially "clean" and ready to sell.

### ii) The "Debt-Parking" Strategy:

Transfer legacy debt to a "Bad Bank" (Holding company) to offer clean balance sheets to investors, ensuring a much higher sale price.

### iii) Competitive Bidding and Transparency:

Mandate live streamed auction and third party international audit to eliminate crony capitalism and ensure the highest market value.

### iv) Regulatory Empowerment:



strengthen bodies like NEPRA and CCP to prevent private monopolies and protect consumer rights post privatization.

## v) Management Outsourcing (The Middle Path)

For sensitive utilities (DISCOs), use long term management contracts or public private partnership instead of outright sales to improve recovery.

## vi) Utilizing of SIFC:

Leverage the SIFC to provide sovereign guarantees and a "one window facility for Government to Government sales.

## Conclusion:

Privatization is not a silver bullet for Pakistan, it is an inevitable remedy. The fiscal space gained from offloading loss making SOEs can be redirected toward HDI and climate resilience.



The success of this transition will depend not on the "will to sell" but on the "capacity to regulate."

