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OVERVIEW

In this issue of the *Policy Pulse*, Pakistan’s policy landscape remains dynamic, shaped by economic imperatives, security concerns, and geopolitical shifts. The government’s commitment to eradicating terrorism to attract foreign investment underscores the interplay between security and economic stability. The COAS revealed that most of terrorism was emanating from Afghanistan as militants were operating from its soil. Meanwhile, Pakistan’s counterterrorism efforts gained global recognition as U.S. President Donald Trump acknowledged its role in apprehending the mastermind behind the 2021 Abbey Gate bombing.

Security concerns extend to cyber threats, as banking data theft through smartphone malware surged by 196% in 2024. The rise of Trojan malware targeting financial transactions highlights vulnerabilities in digital security, necessitating stringent regulatory measures. Simultaneously, water scarcity threatens Pakistan’s wheat crop, with reservoirs nearing dead levels, exacerbating concerns over food security.

Federal Minister for Power Division, Awais Khan Leghari, announced a new solar panel policy to be presented before the Economic Coordination Committee (ECC). The policy proposes buying electricity from rooftop solar panels at Rs 9.50-10 per unit, enabling consumers to recoup investments in 4-5 years. However, unchecked net metering could burden consumers with an additional Rs600 billion annually, raising electricity costs by Rs5-6 per unit.

The Policy Nuggets highlight key governance and policy shifts, from integrating women into the SME sector to climate resilience initiatives and regulatory reforms affecting exporters. The OIC’s endorsement of a Palestinian-led solution, Pakistan’s engagement with the IMF on climate finance, and evolving diplomatic challenges, including potential U.S. travel restrictions, emphasize the need for proactive foreign policy strategies. As Pakistan navigates these complexities, balancing economic reforms, security imperatives, and international relations will determine its trajectory in the coming months.

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Stamping Out Terrorism Essential for Foreign Investment: PM

The Prime Minister reaffirmed his commitment to eradicating terrorism nationwide to create a secure environment for foreign investment. Emphasizing the need to end the culture of hate speech and division, he called for unity and collaboration in national development. Additionally, he highlighted the army chief's visits to allied nations aimed at strengthening diplomatic and strategic support.



PM stated that the path to progress and prosperity would now accelerate even further. He stressed that Pakistan could only reach its full potential once extremism was completely eradicated. Acknowledging the immense sacrifices of security forces and law enforcement agencies, he honored the dedication of soldiers and officers who risk their lives daily to uphold peace.

Analysis

In 2024, Pakistan witnessed a sharp rise in terrorist activities, with over 800 attacks resulting in more than 1,100 deaths and 1,200 injuries. This surge was attributed to militant groups such as Tehreek-e-Taliban Pakistan (TTP) and the Balochistan Liberation Army (BLA). Notably, in August 2024, BLA militants executed 23 travelers in Balochistan's Musakhail district after verifying their identities, underscoring the severity of the situation.

The escalation of targeted killings further exacerbated security challenges. In Karachi, a series of assassinations—often disguised as street crimes—were linked to foreign terrorist organizations. Investigations revealed that these incidents were part of a coordinated effort to destabilize the region. Authorities arrested suspects involved in the murder of a property dealer in the Ancholi area on November 13, 2024, highlighting the complex nature of these crimes. Eliminating terrorism is crucial for establishing a stable and secure environment that fosters investor confidence and encourages foreign investment.

Way Forward

- A National Counter Terrorism Strategy ought to be devised with the input of all the stakeholders.
- Equip security forces with advanced technology and modern facilities to enhance targeted operations against militant networks.
- Strengthen border controls to prevent the infiltration of extremist elements and weapons.
- Regulate hate speech and engage religious scholars to counter radical ideologies.
- Ensure swift prosecution of terrorists through special courts.

Banking Data Theft Attacks on Smartphones Surged in 2024

A recent report has revealed a staggering 196% increase in cyberattacks targeting smartphones to steal users' banking credentials in 2024 compared to the previous year. According to Russian cybersecurity

firm Kaspersky, the number of Trojan banker attacks on Android devices surged from 420,000 in 2023 to 1,242,000 in 2024. These Trojan banker malwares are malicious programs designed to infiltrate online banking, e-payment, and credit card services by stealing users' login credentials.



Over the past year, more than 33.3 million attacks have targeted smartphone users worldwide, involving various types of malware and unwanted software. Cybercriminals deceive victims into installing Trojan banker malware by sharing malicious links through SMS and messaging apps, embedding infected attachments in emails, and redirecting users to harmful websites.

Analysis

Data theft through smartphones has become an escalating cybersecurity threat, driven by the increasing sophistication of malware and the widespread use of mobile banking and digital payments. Cybercriminals exploit vulnerabilities in apps, phishing techniques, and Trojan malware to steal sensitive information, often targeting users through deceptive links and compromised websites. The rapid rise in attacks highlights gaps in cybersecurity awareness, inadequate device security, and the challenges of regulating digital threats across borders. While security firms and governments continue to enhance protective measures, a stronger emphasis on user education, stricter app store policies, and improved mobile security frameworks is crucial to mitigating the risks associated with smartphone data theft.

Way Forward

- Tech companies must enforce rigorous security checks on apps to prevent malware-laden applications from infiltrating official stores.
- Cybersecurity firms and FIA should adopt AI and machine learning tools to proactively detect and block evolving malware threats targeting mobile devices.
- Governments should implement stronger cybercrime laws and penalties to deter cybercriminals and hold them accountable.

Militants still operating from Afghan soil: COAS



The Army Chief asserted that militant organizations were still operating from Afghan territory, orchestrating attacks against Pakistan. He highlighted that the use of foreign-made weapons and equipment in recent assaults was undeniable proof that Afghanistan continued to serve as a sanctuary for terrorists. He reaffirmed Pakistan's commitment to safeguarding its peace and stability, warning that no group would be permitted to undermine national security.

The statement was made during Army chief's visit to Bannu district, just two days after security forces successfully thwarted a major militant assault on Bannu Cantonment, as per an official statement from the Inter-Services Public Relations (ISPR).

In past couple of days, a group of 16 militants attempted to infiltrate Bannu Cantonment by driving two vehicles packed with explosives into the perimeter of the highly secured facility. Security forces successfully eliminated all 16 attackers, including four suicide bombers, during the operation. However, five soldiers lost their lives in the confrontation. Army Chief in his statement emphasized that intelligence findings clearly established the direct participation of Afghan nationals in the assault, further revealing that the attack was planned and coordinated by militant leaders based in Afghanistan.

Analysis

Military leadership has highlighted that Afghanistan's authorities had consistently ignored repeated warnings from Islamabad and failed to take action against militant groups. The ruthless assault on innocent civilians men, women, children, and the elderly laid bare the true nature of these militants as enemies of Islam. While the attackers were swiftly eliminated by the brave soldiers, those who orchestrated and enabled this heinous act would not escape justice.

Militants continue to exploit Afghan territory as a base for launching attacks against Pakistan, using it as a safe haven for planning and executing cross-border terrorism. This unchecked activity threatens Pakistan's peace and security, destabilizing the region and undermining efforts for lasting stability.

Way Forward

- Engage in high-level diplomatic talks with Afghan authorities to demand concrete action against militant groups.
- Leverage international platforms (UN, OIC, SCO) to expose Afghanistan's failure to curb terrorism and seek global support.
- Strengthen border trade regulations to prevent smuggling that funds militant groups.

International Relations

Trump Thanks Pakistan for Helping Arrest Top Terrorist

U.S. President Donald Trump announced that the individual responsible for the deaths of 13 U.S. service members during the 2021 Afghanistan withdrawal had been arrested with Pakistan's assistance and was being transported to the United States to face justice. The 2021 Abbey Gate bombing, which occurred during the chaotic U.S. withdrawal from Afghanistan, claimed the lives of 13 U.S. service members and approximately 170 Afghan civilians. The attack was claimed by the militant group Islamic State (IS).



President Trump made the announcement during his first address to Congress after returning to the White House for a second term. He expressed his gratitude to the Pakistani government for its assistance in apprehending the perpetrator, emphasizing Pakistan's crucial role in the arrest. Prime Minister Shehbaz Sharif thanked the U.S. president for acknowledging and appreciating Pakistan's counterterrorism efforts across the region.

Analysis

Pakistan's counterterrorism efforts have evolved significantly over the years, marked by military operations, intelligence-based actions, and policy reforms aimed at combating militant groups. Operations like Zarb-e-Azb and Radd-ul-Fasaad have been instrumental in dismantling terrorist networks, particularly in the tribal regions. The country has also strengthened its collaboration with international partners, including the United States and regional allies, to curb transnational terrorism.

Despite progress, challenges remain, including the resurgence of extremist elements and the need for sustained action against all forms of militancy. The U.S. president's acknowledgment of Pakistan's role will reinforce the country's commitment to combating terrorism through sustained efforts and strategic operations. Pakistan will continue to cooperate with the U.S. and other international partners to ensure regional and global security.

Way Forward

- Pakistan must grab the opportunity to enhance coordination and cooperation with the US and West to counter emerging terrorist threats.
- Indian RAW's sinister activities in and against Pakistan must be countered.
- Pressurise Afghanistan, with the help of neighbouring countries like China, Iran, Russia, Tajikistan to stop supporting and facilitating terrorist groups.
- Modernize security forces with advanced training and technology while ensuring a robust legal framework to effectively prosecute terrorism cases.

Environment

Wheat Crop at risk as Dams nearly dry



With water levels in the Tarbela and Mangla dams nearing their dead thresholds, the Indus River System Authority (IRSA) has cautioned Punjab and Sindh—Pakistan's primary agricultural provinces—to prepare for severe water shortages of up to 35% in the final phase of the current crop season. The water regulatory body informed all four provinces that both reservoirs were critically low, warning that Punjab and Sindh could experience a 30-35% shortfall as the dams operate in a run-of-the-river mode at or near dead levels.

Analysis

The depletion of reservoirs to dead levels is a recurring occurrence that can take place twice a year. However, the wheat crop which is already impacted by lower-than-expected sowing due to shifting government policies, is now at a crucial stage, requiring its final watering before harvest, which is expected by the end of this month.

Fortunately, the recent spell of rainfall has provided much-needed relief to the Indus Basin Irrigation System (IBIS), enhancing water availability. As a result, water releases to the provinces are currently near the requested allocations, with adjustments made in accordance with the shortages outlined in

the Water Accounts Report. It is hoped that more upcoming rain spells would positively contribute to the system. However, provincial authorities should take measures to tackle the adverse situation.

Way Forward

- Strengthen coordination between IRSA and provincial irrigation departments to equitably manage available water resources.
- Implement strict water conservation measures, ensuring efficient distribution, especially for wheat's final watering.
- Expedite the development of new reservoirs and enhance storage capacity at Tarbela and Mangla to prevent recurrent dead-level depletion.

Energy

New Solar Panel Policy to be presented before ECC soon



Federal Minister for Power Division, Awais Khan Leghari, has revealed that a proposal for a new solar panel policy will soon be submitted to the Economic Coordination Committee (ECC) for approval. As part of this initiative, the national grid will buy electricity generated from newly installed rooftop solar panels at a rate ranging between Rs 9.50 and Rs10 per unit. Consumers opting for this solar solution can expect to recoup their investment within 4 to 5 years, making it an attractive and cost-effective choice for both residential and commercial users.

The minister expressed concern that if the current situation persists, the rising use of net metering could impose an extra financial burden on consumers, surpassing Rs600 billion annually. This could result in an increase of Rs5-6 per unit in electricity costs for consumers. Further he informed that government is working to reduce electricity prices to a more affordable level while boosting industrial demand to encourage widespread reliance on grid power.

Analysis

Introducing a solar panel policy that enables the production of less expensive electricity can have far-reaching benefits for both consumers and the economy. Lower electricity costs from solar energy can significantly reduce household and business expenses, making energy more affordable and accessible. This, in turn, can stimulate industrial growth by lowering operational costs, encouraging investment, and boosting productivity. Additionally, a well-structured solar policy promotes energy independence, reducing reliance on fossil fuels and mitigating the impact of fuel price fluctuations. It also contributes to environmental sustainability by decreasing carbon emissions, aligning with global clean energy goals.

Overall, a comprehensive solar panel policy can drive economic stability, energy security, and long-term environmental benefits.

Way Forward

- Provide subsidies, low-interest loans, and tax incentives for households and businesses to install rooftop solar panels, making the transition more financially feasible.
- Modernize the national grid to efficiently integrate distributed solar power, reducing transmission losses and ensuring smooth energy distribution.
- Encourage public-private partnerships to expand the solar manufacturing industry, reducing dependence on imported solar panels and fostering local production for job creation and economic growth.



Incident/News	Impact	Recommendation	Priority
Pildat suggests reactivating National Security Committee role as premier civil-military forum	Strengthening civil-military coordination is crucial for national security and strategic policy-making.	Institutionalize regular NSC meetings to ensure proactive responses to security challenges; enhance parliamentary oversight of national security affairs for balanced decision-making. <i>"The security of a nation depends not only on its military might but also on its unity and governance."</i> – Dwight D. Eisenhower	Highest
Women linked to cottage industries, small businesses to be integrated into SME sector	Expanding women's participation in SMEs will boost economic growth and financial inclusion.	Provide targeted financial incentives and capacity-building programs for women entrepreneurs; streamline SME regulations to ensure fair access to markets and resources. <i>"No country can truly develop if it leaves half of its population behind."</i> – Michelle Obama	High
Pakistan seeks clarity as US mulls restrictions on entry	Potential US entry restrictions for Pakistani citizens could impact travel, education, and business ties.	Engage in diplomatic dialogue with US authorities to seek transparency on potential restrictions; strengthen consular services to assist Pakistani nationals affected by visa policy changes. <i>"Diplomacy is the art of letting someone else have your way."</i> – Daniele Vare	High

OIC adopts Arab alternative to Trump's Gaza plan	The OIC's endorsement signals a shift in regional diplomatic efforts toward a Palestinian-led resolution.	Actively support multilateral initiatives that align with Pakistan's pro-Palestine stance; leverage diplomatic channels to advocate for humanitarian aid and conflict resolution. <i>"Peace cannot be kept by force; it can only be achieved by understanding."</i> – Albert Einstein	High
PM Shehbaz assures businesspersons of favourable environment	Government reaffirms its commitment to economic reforms to foster investor confidence and business growth.	Streamline bureaucratic processes to facilitate ease of doing business; implement investor-friendly tax policies to attract FDI and support local enterprises. <i>"The ease of doing business is the fundamental driver of economic growth. Governments must cut red tape, simplify regulations, and create a predictable policy environment to attract investment and support entrepreneurship."</i> — Kristalina Georgieva, Managing Director, International Monetary Fund (IMF)	Highest
Project launched to boost capacity to fight climate change	New climate resilience initiatives mark progress in Pakistan's adaptation and mitigation efforts.	Expand research on climate vulnerabilities to inform future policymaking; enhance inter-agency coordination for effective climate action and disaster preparedness. <i>"We cannot win the battle against climate change without sound science, better policies, and stronger partnerships. Research and coordination are essential to building resilience and protecting our future."</i> — Ban Ki-moon, Former UN Secretary-General	High
Exporters warn EFS changes could disrupt trade, raise costs	Potential disruption in trade and increased operational costs for exporters.	Review and revise EFS policies to ensure minimal trade disruption; engage exporters in consultations to address concerns. <i>"Trade policies should empower, not hinder, economic growth."</i> – Adam Smith.	High
Tariff plan for rooftop solar panel users shared with IMF; & Pakistan 'well positioned' for first review of IMF bailout	Balancing renewable energy adoption with fiscal sustainability.	Implement a phased tariff plan to encourage solar adoption without burdening consumers; ensure IMF review targets are met to maintain economic stability. <i>"The future belongs to renewable energy."</i> – Al Gore.	Highest
Bannu attack toll rises to 18, five troops martyred	Escalating security threats in volatile regions.	Strengthen counter-terrorism operations with enhanced intelligence-sharing; provide immediate support to affected families. <i>"The fight against terrorism is not just about military force; it requires intelligence, resilience, and unwavering support for those who sacrifice to protect us."</i> — Antonio Guterres, UN Secretary-General	Highest

<p>IB official martyred in Peshawar</p>	<p>Highlights persistent security challenges in urban centers.</p>	<p>Enhance security protocols for intelligence personnel; invest in advanced surveillance and counter-terrorism technologies.</p> <p><i>"Security is not a product but a process. Continuous investment in intelligence, technology, and preparedness is essential to staying ahead of emerging threats."</i></p> <p>— Bruce Schneier, Cybersecurity and Security Expert</p>	<p>High</p>
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