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Executive Summary

Pakistan's reform agenda saw over 100 structural changes in 2024, focusing on economic stabilization, governance, security, and digital transformation. While these efforts have shown some progress, challenges remain in implementation, institutional capacity, and long-term sustainability.

The economy has shown signs of stabilization, with a 2.5% GDP growth rate, a strengthened rupee, and increased investment through the Special Investment Facilitation Council (SIFC). However, industries like textiles are in crisis, with 187 mills shutting down in Punjab due to high energy costs and outdated infrastructure. The government's windfall tax on banks has raised investor concerns, while Pakistan's public debt has surged to Rs71.2 trillion, making external financing crucial.

Governance challenges continue, with Pakistan slipping on the Corruption Perception Index and facing criticism over trials of civilians in military courts. Press freedom and digital rights are under scrutiny following the passage of the PECA Amendment Bill 2025. Meanwhile, Pakistan has escalated the repatriation of Afghan refugees, leading to diplomatic tensions with Kabul.

Security threats persist, with militant activity rising in Khyber Pakhtunkhwa and Balochistan. The Tehreek-i-Taliban Pakistan (TTP) has strengthened ties with Al-Qaeda, contributing to a surge in attacks. A tragic migrant boat disaster off Libya claimed 16 Pakistani lives, while over 4,500 cases of missing children highlight domestic security concerns.

On the environmental front, Pakistan has made strides with initiatives like the Ten Billion Tree Tsunami and Green Pakistan Programme, yet climate vulnerabilities remain. The IMF is negotiating a carbon levy, but Jacobabad's worsening water crisis due to a U.S. aid freeze raises humanitarian concerns. Pakistan's polio eradication efforts have also suffered setbacks, with thousands refusing vaccinations.

In diplomacy and trade, Pakistan resumed direct trade with Bangladesh after 50 years but faces bureaucratic hurdles with Iran, causing daily losses of \$2.2 million. The government has requested China to reschedule \$3.4 billion in debt ahead of an IMF review. At the international level, Pakistan continues to advocate for Palestinian statehood within the Organisation of Islamic Cooperation (OIC).

Pakistan's reforms are a step toward recovery, but challenges in governance, security, and economic stability remain. Moving forward, policy transparency, inclusive growth, and diplomatic engagement will be critical for sustainable progress.

Pakistan's Reform Agenda

A CRITICAL LOOK AT PROGRESS AND CHALLENGES

Pakistan has initiated an ambitious transformation, implementing over 100 reforms in 2024 alone. This rapid pace and wide scope of change present both opportunities and potential pitfalls. While these efforts aim to address key challenges, a critical assessment of their effectiveness and long-term impact is essential. Key insights from a [Pakistan's Reforms Report](#) are highlighted below

A Whirlwind of Reforms

The government's agenda spans various sectors, including economic stabilization, legal and judicial improvements, security enhancements, and digital transformation. A fundamental shift in governance includes optimizing the federal workforce by eliminating 150,000 positions and mandating a minimum of 33% female representation on the boards of federal organizations. To promote transparency, federal laws have been digitized, and Right to Information (RTI) processes are being bolstered.

This comprehensive approach aims to unlock economic growth and improve governance. However, the rapid pace of these changes raises concerns about their sustainability and the capacity of institutions to effectively implement and monitor them.

Economic reforms are crucial, particularly in addressing issues such as dollar smuggling and stabilizing foreign exchange reserves. The Special Investment Facilitation Council (SIFC) played a critical role in stabilizing the economy in 2023, preventing a potential default by cracking down on dollar smuggling to Afghanistan, which had drained foreign exchange reserves to less than \$5 billion. This initiative contributed to the appreciation of the Pakistani rupee and revitalized local industries by curbing unfair competition from smuggled goods.

According to the Pakistan Bureau of Statistics, these efforts alongside policy reforms have increased the GDP growth rate in 2024 to 2.5%.

Pakistan's economic challenges are deeply rooted in structural issues, including a narrow tax base, energy crisis, and dependence on foreign debt. While the recent reforms are a step in the right direction, they must be complemented by long-term strategies to diversify the economy, promote exports, and enhance fiscal sustainability.

According to the World Bank, only 38% of the Pakistani population uses the internet. Thus, bridging the digital divide and ensuring equitable access to technology and internet services will be critical to the success of digital transformation initiatives and will depend on addressing issues such as digital literacy, infrastructure development, and cybersecurity.

Initiatives aimed at climate and environmental reform have been undertaken, notably the Ten Billion Tree Tsunami Programme and efforts to enhance climate resilience. As a result of the Green Pakistan Programme, 67.5 million trees have been cultivated. Furthermore, National Policy Guidelines for Trading in Carbon Markets are intended to establish regulations governing carbon trading activities.

Challenges and the Path Forward

It's important to note that the benefits of SIFC do not reach small to medium enterprises. Furthermore, the government officials and stakeholders are unaware of the extent and impact of these reforms. This underscores the need for effective communication and stakeholder engagement to ensure buy-in and ownership of the agenda.

Pakistan's agenda represents a significant effort to address long-standing challenges and promote sustainable development. However, the success of these reforms will depend on a critical assessment of their effectiveness, addressing structural issues, promoting stakeholder engagement, and ensuring a holistic approach to governance. As Pakistan moves forward, it must prioritize evidence-based policymaking, transparency, and accountability to achieve its objectives and build a more stable and prosperous future.

Economic Outlook

Economic Nationalists Call for Urgent Revival of Pakistan's Textile Sector:

Economic nationalists have expressed deep concern over the decline of Pakistan's textile industry, particularly in Punjab, where around [187 textile mills have closed](#), causing severe socio-economic repercussions. They argue that regions like Faisalabad and Karachi, which hold immense potential, are being stifled by poor economic planning and lack of policy support.

Experts have called for immediate measures such as the establishment of textile development banks, tax courts, and model R&D centres to address challenges such as high energy costs, outdated machinery, and an unstable cotton supply. Textile industry leaders, including Naveed Ahmed of APTMA, have emphasized the unsustainable electricity costs, with rates as high as Rs38–40 per unit for industrial units, compared to Rs26 per unit, which is needed for competitiveness. Prominent economist Dr. Mehmood Ul Hassan Khan highlighted the sector's crucial contribution to exports and GDP, urging the government to implement structural reforms, modernize machinery, and introduce financial incentives for upgrades.



Source: Tribune

He also recommended targeted investments from regional countries and suggested collaboration under CPEC Phase 2.0 to establish a "Pak-China Textile and Garment City" in Faisalabad.

The sector's revival, he argued, requires an integrated approach involving technological advancement, policy changes, and strategic partnerships.

SIFC Apex Committee Reviews Economic Initiatives for Pakistan's Revival:

The Special Investment Facilitation Council (SIFC) held its [11th Apex Committee](#) meeting on January 2, 2025, chaired by Prime Minister Muhammad Shahbaz Sharif, with key government and military officials in attendance. The committee reviewed strategic initiatives under the National Economic Transformation Plan 2025-2029, 'Uraan Pakistan,' expressing satisfaction over macroeconomic improvements.

Key approvals included an Action Plan for optimizing Special Economic Zones (SEZs) and a National Minerals Harmonization Framework. Discussions also covered skill development and global accreditation to enhance Pakistan's human resource potential.

Windfall Tax Enforcement: A Bold Move or a Short-Term Fix?

The Pakistani government's swift recovery of [Rs23 billion](#) from banks following the Sindh High Court's ruling on windfall taxes marks a significant shift in the state's approach to taxation.

A windfall tax is a one-time levy imposed on businesses that experience unexpectedly high profits due to external factors rather than their own strategic decisions. In the case of Pakistan, Section 99D of the Income Tax Ordinance 2001 targets banks that benefited from rising interest rates and macroeconomic instability. While the [Sindh High Court \(SHC\)](#) has upheld the government's right to collect this tax, the decision raises broader concerns about policy unpredictability, retroactive taxation, and the impact on investor confidence.

The abrupt collection of Rs 23 billion in a single day signals an aggressive approach that may temporarily boost government revenues but could have deeper economic repercussions. The move also highlights Pakistan's reliance on ad-hoc revenue measures rather than structural tax reforms to address fiscal shortfalls.

In the short term, this tax provides an immediate fiscal injection, helping the government meet revenue targets amid an economic crisis. However, it also sets a troubling precedent by penalizing specific industries retrospectively, deterring investment and leading to uncertainty in financial markets.



Source: Brecorder

Banks, facing increased taxation, may pass on the burden to consumers through higher lending rates and reduced access to credit, stifling economic activity.

In the long run, such policies erode investor trust in Pakistan's regulatory framework, discouraging foreign investment and weakening the banking sector's ability to support sustainable economic growth.

Instead of relying on windfall taxes, a more stable and predictable tax regime, coupled with structural reforms in public finance, would ensure sustainable revenue generation without harming financial stability.

Pakistan's Foreign Reserves Decline Amid Debt Repayments, While Gold Prices Surge:

Pakistan's foreign exchange reserves have [dropped by \\$252 million](#), with the State Bank of Pakistan (SBP) holding \$11.17 billion as of February 7, 2025, primarily due to external debt repayments.

The country's total liquid reserves stand at \$15.86 billion, with commercial banks holding \$4.70 billion. Although reserves have fluctuated, there has been a \$1.87 billion increase over the fiscal year, despite a \$65 million decline from December 2024.

The import cover, which indicates how long the country can sustain imports with its reserves, has slightly decreased from 2.10 months to 2.05 months. While the reserves peaked at over \$27 billion in mid-2021, they have been in decline due to debt obligations. Meanwhile, gold prices in Pakistan surged by Rs2,500 to reach a record high of Rs304,000 per tola, following a global uptick in gold prices.

Gold is seen as a safe-haven asset during economic uncertainty, although rising interest rates can dampen its appeal. Experts caution that gold prices may face a correction if they continue to rise sharply. The Pakistani rupee remained stable against the US dollar, holding steady at 279.26 per dollar in the inter-bank market.

Economists suggest that while a weaker rupee benefits exporters by making Pakistani goods more competitive, it also limits the SBP's ability to build reserves, creating a delicate balance between economic stability and affordability.

IFC Increases Focus on Pakistan, Aiming for \$2 Billion Annual Investment in Key Sectors:

The International Finance Corporation (IFC) is increasing its focus on Pakistan, aiming to unlock \$2 billion annually in investments over the next decade, particularly in infrastructure, agriculture, and digital sectors.

IFC Managing Director Makhtar Diop emphasized the importance of large-scale financing for critical infrastructure, including airports, energy, and ports, to support Pakistan's development.

With a record [\\$2.1 billion exposure](#) in Pakistan in 2024, the IFC plans to deepen its equity investments, signaling confidence in the country's recovery.

Despite economic challenges, including a bailout program and a narrow escape from a debt default, the IFC sees potential for long-term growth and financing opportunities in Pakistan's struggling economy.

Pakistan's Public Debt Rises Amid Economic Stability Efforts:

Pakistan's public debt surged to [Rs71.2 trillion](#) by the end of Fiscal Year 2024, increasing by Rs8.3 trillion in just one year. While the debt-to-GDP ratio declined from 74.9% in Fiscal Year 2023 to 67.2% in Fiscal Year 2024, the government missed its Fiscal Responsibility and Debt Limitation Act (FRDLA) targets, which aimed for a reduction to 61%.

The latest data from the Ministry of Finance reveals that external debt rose to \$88.7 billion as of September 2024, with multilateral institutions like the IMF holding the largest share at 56%. The report highlights concerns over Pakistan's growing fiscal imbalances, as domestic debt reached Rs47.16 trillion and external debt stood at Rs24.08 trillion in rupee terms.

Despite this, the State Bank of Pakistan's monetary policy adjustments and exchange rate stability have contributed to falling inflation and a current account surplus of \$1.2 billion in the last six months of 2024.

[Fitch Ratings](#) has acknowledged Pakistan's progress in restoring economic stability, projecting 3% GDP growth in Fiscal Year 2025.



Source: Brecorder

However, it stresses that the country's ability to secure external financing remains a challenge, given large debt repayments and existing lender exposures. The government has budgeted \$6 billion from multilateral sources in Fiscal Year 2025, but nearly \$4 billion of this new debt will be used to refinance existing debt.

Additionally, Pakistan's [reliance on bilateral capital flows](#) is shifting toward commercial arrangements, exemplified by Saudi investments in a copper mine and a deferred oil payment facility.

Foreign exchange reserves have improved, surpassing \$16.04 billion by the end of 2024, but remain low compared to funding needs, as Pakistan needs \$22 billion for external debt repayments in Fiscal Year 2025. Fitch expects bilateral partners, including Saudi Arabia and the UAE, to roll over a significant portion of these deposits.

Despite progress in monetary policy tightening and foreign exchange reforms, Pakistan's debt burden continues to grow, requiring stronger fiscal discipline and policy reforms to achieve long-term stability. The State Bank's recent interest rate cut to 12% and inflation dropping to just over 2% year-on-year in January 2025 indicate a cooling economy.

However, Fitch warns that Pakistan's economic outlook remains contingent on implementing structural reforms, securing sustainable financing, and maintaining policy consistency. Moving forward, parliament and policymakers must prioritize fiscal consolidation to prevent further debt accumulation and economic vulnerabilities.

Pakistan's domestic debt surged by Rs2.5 trillion in the first half of Fiscal Year 25, reaching [Rs50.193 trillion](#) by December, despite the State Bank's Rs2.7 trillion profit injection. This sharp rise exposes the government's inability to control spending and meet revenue targets, forcing increased reliance on long-term bonds while reducing short-term borrowing due to falling interest rates.

The shift towards Pakistan Investment Bonds and Sukuk has expanded debt obligations, pushing total central government debt to Rs71.647 trillion. With inflation easing and policy rates cut to 12%, borrowing costs have declined, yet fiscal discipline remains weak. Without urgent reforms to curb excessive spending and boost revenue, Pakistan risks deeper financial instability.



Source: Reuters

Higher Taxes for Salaried Workers Add to Economic Struggles:

The federal government is set to impose additional taxes on salaried individuals, with total tax collection from this segment projected to reach PKR 570 billion in Fiscal Year 2024-25—a 55% increase from the previous year.

According to the Federal Board of Revenue

(FBR), salaried workers contributed PKR 368 billion last year, and in just the first half of the current fiscal year, PKR 243 billion has already been collected.



Source: Tribune

This marks a [300% surge in tax collection](#) compared to the same period last year. Over the past five years, taxes from salaried individuals have skyrocketed from PKR 129 billion in 2019-20 to PKR 264 billion in 2022-23, making them the third-largest taxpaying segment in Pakistan.

With inflationary pressures and rising economic hardships, the potential tax hike is expected to further strain salaried workers, who are already grappling with shrinking disposable incomes and an increasing cost of living.

Pakistan's Shift to Deregulate Wheat Market Marks Key Agricultural Reform:

Pakistan's decision to [stop setting a minimum support price](#) for wheat and cease its procurement operations marks a pivotal policy shift long advocated by multilateral lenders. This deregulation, which comes after years of resistance from both military and civilian governments, is now mandated by the ongoing IMF funding programme as a crucial reform. Historically, government interventions in the wheat market, including price setting and procurement, aimed to protect farmers and ensure food security.

The phased removal of these interventions is expected to create short-term market volatility, but it offers the potential for long-term fiscal savings. These funds could be redirected into initiatives that promote agricultural productivity, such as high-yield seed varieties and advanced farming technologies, ultimately benefiting both farmers and consumers.

FBR Tightens Financial Monitoring to Combat Tax Evasion:

The Federal Board of Revenue (FBR) has introduced a new measure to monitor financial transactions exceeding declared income to curb tax evasion. FBR Chairman Rashid Mahmood Langrial announced that banks would now assist in identifying discrepancies between individuals' declared income and their actual financial transactions.

Banks are required to flag transactions that do not align with taxpayers' records and report them to the FBR. This initiative aims to increase financial transparency, as the tax authorities will now cross-check taxpayer income and turnover data with national identity card details provided to banks.

In a separate development, the FBR uncovered a significant tax fraud of [Rs977 million](#) under the Export Facilitation Scheme (EFS), where two companies misused the scheme to evade taxes on the import of precious metals. The companies manipulated records, leading to discrepancies in the reported and actual quantities of imported goods. This raises concerns about regulatory gaps and highlights the need for stronger monitoring systems to ensure compliance and prevent such fraudulent activities in the future.

Pakistan's Foreign Investment Rises, Challenges Persist:

Pakistan's foreign direct investment (FDI) saw a notable 56% increase in the first seven months of Fiscal Year 25, reaching \$1.52 billion compared to \$975 million in the same period last year. The surge was largely driven by China, which invested \$633.6 million—an almost fivefold increase from its \$118 million contribution in the previous fiscal year. Other key investors included Hong Kong, Switzerland, and the UK.

Despite this encouraging growth, Pakistan continues to lag behind its regional counterparts in attracting significant foreign capital. While the Special Investment Facilitation Council was established to ease investment hurdles, persistent concerns over economic stability and policy consistency remain deterrents for potential investors.

Although January 2025 showed a promising reversal with \$194 million in inflows compared to an outflow of \$132 million in January 2024, long-term sustainability remains uncertain. Pakistan received a total of \$2.34 billion in FDI in Fiscal Year 24, indicating that while the current trajectory is positive, it must be sustained to meet economic goals.

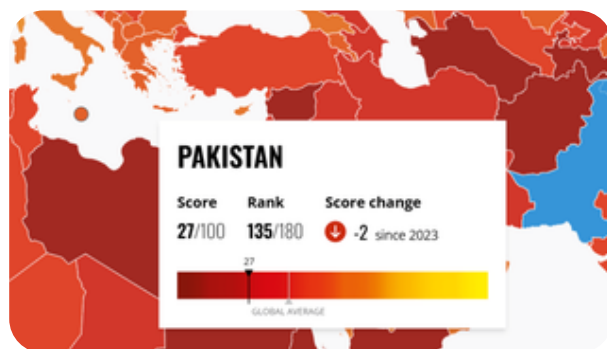
Analysts suggest that issues like an unstable external account, inconsistent policies, and investor apprehensions about political and economic uncertainty continue to hinder larger investment inflows.

If Pakistan aims to attract more substantial foreign investment, it must prioritize economic stability, regulatory transparency, and investor-friendly policies to build long-term confidence.

Political Updates

Pakistan's Slide on Corruption Perception Index Signals Growing Governance Challenges:

Pakistan's ranking on Transparency International's 2024 Corruption Perception Index (CPI) has dropped two spots, now standing at 135th out of 180 countries. The country's score also fell by two points, from 29 in 2023 to 27 in 2024, marking a significant decline in perceived public sector corruption. This drop is part of a broader regional trend, as countries like Bangladesh, Iran, and Russia also experienced declines. Pakistan's score has fluctuated between 27 and 33 over the past decade, highlighting persistent corruption challenges despite sporadic efforts to combat it.



Source: DAWN

The decline underscores the need for more effective anti-corruption measures as global corruption levels remain alarmingly high, with over two-thirds of countries scoring below 50.

This development signals serious governance concerns, especially when considering the rising global challenge of corruption impeding progress on critical issues like climate change.

Pakistan's struggle with corruption weakens its ability to implement essential policies and manage resources effectively, which exacerbates social, economic, and environmental challenges.

As countries with poor governance, like Pakistan, are increasingly vulnerable to corruption in climate finance, the lack of accountability further hampers efforts to tackle the climate crisis. The government's focus must shift towards strengthening transparency, enhancing law enforcement, and holding corrupt actors accountable to ensure sustainable development and the effective use of resources intended for public welfare.

Security and Governance

National Assembly Committee Reports on Missing Children Cases in Pakistan:

The National Assembly's [Committee on Parliamentary Affairs](#) recently disclosed that, to date, 4,591 cases of missing children have been reported across Pakistan. Of these, 3,869 cases have been successfully resolved, while 722 cases remain under investigation.

During the briefing, the Secretary of the Ministry of Parliamentary Affairs emphasized the importance of the [Zainab Alert, Response, and Recovery Act, 2020](#), which mandates the establishment of the Zainab Alert, Response, and Recovery Agency (ZARRA). This agency is tasked with ensuring a prompt and effective response to cases of missing children.



Source: Pixabay

To facilitate the safe recovery of missing children, ZARRA has established a toll-free helpline, 1099, where legal advisors and officers provide free legal assistance and coordinate administrative measures. The committee recommended that ZARRA collaborate with provincial authorities to develop effective strategies for expediting cases of missing children. It also stressed the need to sensitize police departments across Pakistan to ensure the timely and consistent sharing of data with the agency.

Tragic Boat Capsizing in Libya Claims Sixteen Pakistani Lives:

A recent boat capsizing off the coast of Libya has resulted in the confirmed [deaths of sixteen Pakistanis](#), identified by the Federal Investigation Agency (FIA) through their passports. Six of the victims hailed from Kurram district in Khyber Pakhtunkhwa, while one was from Bajaur. The incident occurred near the port of Marsa Dela, northwest of Zawiya City, with approximately 65 passengers on board, [16 of whom were Pakistani nationals](#).

In response, the Pakistan Embassy in Tripoli has dispatched a team to assist local authorities in identifying the deceased.

Prime Minister Shehbaz Sharif expressed deep concern over the tragedy, instructing the Ministry of Foreign Affairs to provide timely updates and vowing to take action against those involved in human trafficking.

This incident adds to the growing number of migrant boat tragedies, as Pakistanis continue to risk their lives in pursuit of a better life abroad, despite the grave dangers involved in irregular migration. The government has intensified efforts to curb this perilous practice by dismissing several FIA officials and promoting stricter measures against smugglers and human traffickers.

Violence in Khyber Pakhtunkhwa: Police, Pro-Govt Commander Among Casualties in Attacks:

In a surge of militant activity, two police constables were martyred in Bannu district late Friday when militants launched a coordinated assault on a police post in Fatehkhel. Armed with both light and heavy weapons, the assailants attempted to seize control of the post but were repelled by officers, who engaged in a fierce gunfight until reinforcements arrived.

Despite their efforts to defend the post, constables Rahimullah and Ziaullah lost their lives in the battle. Their funeral was attended by senior officials and local community members, who paid their respects. This attack marks the second on a police post in the area within two days, following an earlier failed assault on Thursday.

Meanwhile, violence escalated in North Waziristan when a pro-government commander and his two associates were killed in an attack by a rival group near Mirali. The assailants, numbering around 30, stormed the base of local peace committee chief Malik Qadir Zaman, killing key figures in the group. At least 10 others were injured in the assault. Additionally, the military confirmed the death of an Afghan national involved in multiple attacks in the region. The militants, disguised in burqas, were intercepted in an intelligence-based operation in Datta Khel. This development highlights ongoing cross-border militant activity, with Pakistan urging the Afghan government to prevent the use of its territory for attacks within Pakistan.



Source: DAWN

11 Coal Miners Martyred in Harnai IED Blast; Authorities Condemn Attack:

At least 11 coal miners were martyred, and seven others injured in a devastating roadside bomb blast in Harnai, Balochistan, on February 14, 2025. The explosion occurred in the Takari coal mine field area of Shahrag Tehsil, targeting a vehicle carrying miners to the town for weekly shopping. [The attack](#), which left the vehicle completely destroyed, resulted in the immediate loss of nine lives, while the injured were rushed to the Civil Hospital in Quetta.

The victims, hailing from Swat district in Khyber Pakhtunkhwa, were mourned by officials, including Balochistan's Governor and Chief Minister, who condemned the attack and vowed to continue operations against those disrupting peace in the region. No group has claimed responsibility for the attack, and authorities are investigating the incident.

Afghan Taliban's Continued Support Fuels TTP Attacks in Pakistan, UN Report Reveals:

A recent United Nations report has revealed that the Afghan Taliban continues to provide substantial support to the banned Tehreek-i-Taliban Pakistan (TTP), despite increasing diplomatic pressure from Islamabad. This support includes both logistical and financial backing, which has enabled the TTP to escalate its attacks in Pakistan. The report highlights that the Taliban not only provides operational space to the TTP but also sends financial aid, with the family of TTP leader Noor Wali Masoud receiving \$43,000 per month. This backing has significantly enhanced the TTP's operational capabilities, allowing them to establish new training centers in several Afghan provinces and intensify recruitment, even from within the Afghan Taliban ranks. Consequently, the TTP has grown to become one of the largest terrorist groups based in Afghanistan, with an estimated **6,000 to 6,500 fighters**.



Source: DAWN

The report also underscores the growing cooperation between the TTP and other terrorist organizations such as Al Qaeda in the Indian Subcontinent (AQIS), which has further strengthened the TTP's offensive capabilities. This collaboration, including the sharing of resources and personnel like suicide bombers, poses an increasing threat not only to Pakistan but potentially to the wider South Asian region.

Despite Pakistan's efforts to combat this threat through military operations and diplomatic outreach to Kabul, the Afghan Taliban remains reluctant to take decisive action against TTP sanctuaries, leading to a continued diplomatic stalemate.

The report warns that the TTP, with enhanced support from the Taliban and collaboration with other terrorist factions, could evolve into an extra-regional threat.

Four Pakistani Soldiers Martyred, 15 Terrorists Killed in Khyber Pakhtunkhwa Operations:

In a series of intelligence-based operations (IBOs) in Khyber Pakhtunkhwa, four Pakistani army personnel were martyred while **15 terrorists were killed**, the Inter-Services Public Relations (ISPR) reported on Saturday. The first operation, in Dera Ismail Khan's Hathala area, resulted in the elimination of nine terrorists, including high-profile militants involved in various attacks.

The second IBO took place in North Waziristan's Miranshah area, where an intense firefight led to the martyrdom of Lieutenant Muhammad Hassaan Arshaf and three other soldiers—Naib Subedar Muhammad Bilal, Sepoy Farhat Ullah, and Sepoy Himat Khan.

Despite these losses, the Pakistani security forces' resolve to eradicate terrorism remains strong, with continued operations aimed at neutralizing any remaining terrorist elements.

These operations are part of a broader effort to combat the growing wave of terrorism in the region, which has surged since the Tehreek-i-Taliban Pakistan (TTP) broke its ceasefire with the government in 2022. The rising number of terrorist attacks, particularly in Khyber Pakhtunkhwa and Balochistan, has led to a significant toll on both military and civilian personnel, making 2024 the deadliest year for Pakistan's security forces in a decade. President Asif Ali Zardari and Prime Minister Shehbaz Sharif both commended the bravery of the fallen soldiers, reaffirming the nation's commitment to fully eliminating the terrorist threat from the country.

Counterterrorism in South Waziristan: What It Means for Pakistan

Pakistan's security forces delivered a heavy blow to militants in South Waziristan, [killing 30 terrorists](#) in a major intelligence-based operation. With terrorism resurging in Khyber Pakhtunkhwa and Balochistan, the military's swift response highlights the state's determination to crush extremist threats. However, despite repeated crackdowns, militant networks continue to regroup, raising questions about the long-term effectiveness of these operations. The government's strong stance against the TTP and other insurgent groups is clear, but without a comprehensive counterterrorism strategy that includes border security and de-radicalization efforts, these victories risk being temporary.



Source: DAWN

The recent wave of terror attacks mirrors the volatile security situation of 2014, with KP alone witnessing nearly 300 attacks last year. The breakdown of the 2022 ceasefire with the TTP has only worsened the crisis, leaving security forces engaged in an ongoing battle.

While these successful operations boost morale and demonstrate military capability, the real challenge lies in preventing militants from resurging. With growing regional instability and cross-border infiltration, Pakistan needs a multi-pronged approach—combining military action with intelligence-sharing and diplomatic efforts—to achieve lasting peace.

Seven Killed in Barkhan Highway Attack:

In another grim incident highlighting the deteriorating security situation in Balochistan, armed men blocked the National Highway in Barkhan's Rirkan area and [executed seven passengers](#) after forcing them out of their vehicles. The attack, reported late Tuesday, has prompted authorities to halt passenger movement in nearby areas, including Rakhni, Biwata, and Maikhtar. The Barkhan Assistant Commissioner confirmed the fatalities, adding to the region's growing list of violent incidents.

Suicide Blast at Pakistani Seminary Leaves Five Dead, Several Injured:

A devastating suicide bombing at Darul Uloom Haqqania seminary in Pakistan's northwestern Khyber Pakhtunkhwa province on Friday claimed the lives of [five](#) people and left 20 others injured, many critically. The attack, which targeted the seminary's caretaker, Maulana Hamid ul Haq Haqqani, occurred during Friday prayers when the bomber detonated himself among worshippers.

Authorities, including Inspector General of Police Zulfiqar Hameed, confirmed the incident, while emergency measures have been implemented in local hospitals to treat the wounded. No group has claimed responsibility for the attack yet.

Social and Humanitarian Focus

Pakistan's RTI Law Faces Institutional Hurdles Despite Progressive Framework:

Despite Pakistan's advanced Right to Information (RTI) framework, institutional inertia and secrecy norms continue to undermine its implementation, according to a policy brief by the [Free and Fair Election Network \(FAFEN\)](#). The brief calls for comprehensive legal reforms to eliminate ambiguities and empower the Pakistan Information Commission (PIC) with greater independence and enforcement authority. Key recommendations include digitizing public records, setting strict deadlines for disclosures, and reforming the appointment process of information commissioners to reduce executive influence.

FAFEN also highlights loopholes in the RTI Act, such as broad exemptions and discretionary ministerial powers, which can be misused to withhold crucial information. With federal ministries disclosing only 42% of mandated information, the weak enforcement of RTI laws fosters misinformation and deepens public distrust.

Strengthening transparency mechanisms, leveraging technology for online information access, and establishing standardized record-keeping practices are critical steps toward making RTI more effective in ensuring government accountability.

Legal Debate Over Civilian Trials in Military Courts Raises Concerns:

The ongoing [legal challenge](#) surrounding the trial of civilians in military courts has sparked a critical debate over the balance between national security and fundamental rights. Advocate Salman Akram Raja, representing convict Arzam Junaid, argued before the Supreme Court that any amendment to the Army Act cannot infringe upon citizens' fundamental rights.

His concerns were raised in response to the trial of civilians under military law, with Raja emphasizing that crimes must be directly linked to the Army Act for such trials to be justified.

He firmly contended that any legal changes must not suspend fundamental rights, suggesting that the amendment of laws should not come at the cost of constitutional freedoms. The complex questioning by justices, ranging from military personnel's actions to civilians' rights in espionage cases, highlights the deep legal and ethical questions surrounding the use of military courts for civilians.

However, the case has also raised critical issues regarding transparency in the application of military law, especially as the legal framework for the Army Act evolves. Justice Mazhar's reference to the 2015 ruling abolishing Section 2D of the Army Act, which had previously allowed military courts to try spies, reflects the ongoing tension between national security concerns and the protection of individual rights.

The broader implication of these proceedings is the increasing scrutiny on the military's judicial reach, and whether the military's authority should extend to civilians, even in matters of espionage or security breaches.

This case serves as a reminder of the need for clear legal boundaries to safeguard both national interests and the fundamental rights guaranteed under the Constitution.

Challenges in Khyber Pakhtunkhwa's Polio Campaign: 19,000 Parents Refuse Vaccination

In Khyber Pakhtunkhwa, over [19,000 parents](#) refused to vaccinate their children against polio during the recent immunization campaign, posing a significant challenge to eradication efforts.

According to the provincial health department, the campaign, conducted from February 3 to 8, aimed to vaccinate 6.47 million children, but only 5.97 million received the drops.

Additionally, nearly 97,743 children were unavailable at home during the drive, further complicating the effort to achieve full coverage.

Despite rigorous efforts by health authorities, misinformation, distrust, and socio-cultural barriers continue to fuel vaccine hesitancy. With nearly 100,000 children also unavailable during the campaign, the risk of a polio outbreak remains alarmingly high.

Pakistan is one of the last two countries where polio is still endemic, and such large-scale refusals could reverse years of progress, endangering not just the affected children but also the wider population. Urgent interventions, including stronger awareness campaigns and community engagement, are crucial to overcoming this crisis.



Source: JANG News

Diplomatic Landscape

Pakistan Seeks Debt Relief from China

Ahead of IMF Review:

As Pakistan prepares for its upcoming IMF program review in March, the government has formally requested China to reschedule [\\$3.4 billion in debt](#) over the next two years to ease its external financing pressures. Deputy Prime Minister Ishaq Dar made the request during his recent visit to Beijing, where Chinese officials responded positively. With a \$5 billion financing shortfall to cover, Pakistan has been securing alternative financial support, including a \$1.2 billion Saudi oil facility and a \$300 million loan from United Bank Limited. The rescheduling of Chinese loans would provide crucial relief at a time when economic uncertainty remains high.



Source: Tribune

Pakistan continues to rely heavily on China for financial assistance, including \$4 billion in cash deposits, \$6.5 billion in commercial loans, and a \$4.3 billion trade financing facility. Additionally, Finance Minister Muhammad Aurangzeb has requested an increase in Pakistan's Currency Swap Agreement limit by CNY 10 billion (\$1.4 billion) to improve liquidity.

Meanwhile, Fitch Ratings has cautioned that while Pakistan is making progress in stabilizing its economy, securing sufficient external financing remains a significant challenge. With over \$22 billion in public external debt maturing this fiscal year, the country is banking on continued financial support from its key bilateral partners, including China, Saudi Arabia, and the UAE, to navigate its ongoing economic crisis.

Pakistan's Afghan Refugee Relocation Order Amid Changing Global Policies:

Pakistan has ordered tens of thousands of Afghan refugees in Islamabad and Rawalpindi to relocate by [March 31, 2025](#), as part of its broader immigration policy changes. The decision comes amid rising diplomatic tensions between Pakistan and Afghanistan, with Islamabad citing security concerns and resource strains as key reasons for the move.

The Afghan embassy in Pakistan has strongly condemned the forced relocations, highlighting the lack of formal communication and the distress caused to refugees, many of whom have lived in the country for years. This relocation directive follows Pakistan's widely criticized repatriation campaign, which began in 2023 and has led to the expulsion of thousands of Afghans, regardless of their legal status. While registered refugees have been granted an extension until June 2025, the government's recent actions suggest a definitive push to reduce the Afghan refugee population in the country.

The situation has been further complicated by changes in US refugee policy, particularly President Donald Trump's recent suspension of refugee resettlement programs. Many Afghans in Pakistan had been waiting for approval to move to Western countries, especially the United States, under humanitarian programs designed for those at risk due to their work with international organizations.

However, with these pathways now blocked, thousands of Afghans, including human rights activists, women, and children, face an uncertain future. The UNHCR and other rights groups have expressed deep concern over the relocation order, warning of increased vulnerability for displaced Afghans. The lack of a clear resettlement plan has left many in limbo, forcing them to navigate an increasingly hostile environment in Pakistan.

The Torkham border crossing between Pakistan and Afghanistan was [shut down](#) on Saturday following heightened tensions over an attempted bunker construction by Afghan forces near Zero-Point. In response, Pakistan's Frontier Corps took defensive positions, prompting both sides to brace for a potential clash. As a precaution, Pakistani authorities relocated key officials from Torkham Bazaar to Landikotal. The closure has severely impacted trade and travel, leaving hundreds of cargo trucks stranded and disrupting the movement of essential goods. Additionally, thousands of travelers, including those seeking medical treatment and business opportunities, have been left in limbo. Given Torkham's role as a major transit point, such frequent disruptions pose significant economic and humanitarian challenges for both nations.

Pakistan's approach to [Afghan refugees](#) reflects a difficult balancing act between domestic security concerns and international refugee obligations. While the country has historically hosted millions of Afghan refugees, shifting political and economic pressures have led to a hardened stance on their presence.

The move also underscores the broader global failure to provide adequate support for displaced Afghans, as both host and resettlement countries struggle to align their policies with humanitarian needs. As Pakistan accelerates its relocation and deportation plans, the fate of Afghan refugees remains uncertain, caught between shifting international politics and the reality of displacement with no clear path forward.



Source: The News

Mass Deportations of Pakistanis in Saudi Arabia and UAE:

Around 100 Pakistanis have been deported from countries like Saudi Arabia, the UAE, Canada, and Oman for visa violations and illegal work, highlighting significant gaps in the country's immigration enforcement. In Saudi Arabia alone, over [50 individuals were expelled](#) for overstaying visas, violating labor laws, and working without proper sponsorship. Other deportations occurred in the UAE and Canada, with Pakistanis sent back for lacking proper documentation.

The rise in deportations also reflects broader governance issues, as many Pakistanis seek illegal or unregulated work abroad due to limited opportunities at home. These violations harm Pakistan's international reputation and expose weak immigration management. To address this, there is an urgent need for reform in immigration laws and stronger collaboration with host countries to prevent further violations and ensure the legal mobility of Pakistanis.

Pakistan's Push for OIC Support on Palestine:

Pakistan's call for the Organisation of Islamic Cooperation (OIC) to back Saudi Arabia's initiative for Palestinian statehood signals a renewed effort to unify the Muslim world on a critical geopolitical issue. Deputy Prime Minister and Foreign Minister Ishaq Dar's [speech at the OIC](#) meeting in New York emphasized Islamabad's commitment to advocating for Palestinian recognition and opposing Israeli annexation plans in the West Bank. The emphasis on Palestine as a prerequisite for regional normalization reflects broader concerns about Israel's actions and the humanitarian crisis in Gaza. Dar's stance aligns with Pakistan's historical position on the issue, reinforcing its role as a key advocate for Palestinian rights on the global stage. However, securing a collective OIC endorsement for the Saudi proposal remains a challenge, given the divergent foreign policy interests of its member states.



Source: DAWN

Beyond Palestine, Pakistan's diplomatic rhetoric also linked the crisis to other regional security concerns, including Kashmir and Afghanistan. By drawing parallels between Israeli policies in Palestine and India's actions in Kashmir, Pakistan aims to strengthen its case at international forums.

Additionally, Islamabad's growing frustration over cross-border attacks from Afghanistan and concerns about Indian aggression highlight broader regional instability. Dar's warning about the potential for conflict with India and Pakistan's stance on Afghan refugee repatriation underscore the complex security calculus facing the country.

Whether Pakistan's push at the OIC will translate into concrete diplomatic gains depends on the willingness of key players, particularly Saudi Arabia and other Gulf states, to take a unified stance on Palestine and regional conflicts.

Pakistan and Bangladesh Resume Direct Trade After Five Decades:

In a significant breakthrough, Pakistan and Bangladesh have resumed direct trade after more than [five decades](#), signaling a potential shift in bilateral ties. The first government-to-government shipment, carrying 26,000 tons of rice from Port Qasim to Chittagong, marks a historic step in restoring official trade relations since 1971.

This deal, which will see Bangladesh import a total of 50,000 tons of rice in two phases, reflects a diplomatic thaw following Sheikh Hasina's departure from office. The renewed engagement, facilitated by Pakistan's Trading Corporation, suggests a mutual

willingness to strengthen economic cooperation. Analysts view this as a pragmatic move, driven by economic necessities rather than mere political optics. While trade between the two nations has existed through indirect channels, this direct exchange could pave the way for broader economic collaboration if both governments maintain a stable and constructive approach. However, long-term sustainability will depend on political consistency, regional stability, and efforts to rebuild trust beyond short-term trade deals.



Source: Tribune

Pakistan-Iran Border Trade Hurdles Cause \$2.2 Million Daily Loss:

Trade between Pakistan and Iran is facing severe disruptions due to bureaucratic hurdles, resulting in an estimated daily loss of [\\$2.2 million](#).

During a Senate Standing Committee on Finance meeting, Iranian officials highlighted the persistent delays at the Pakistan-Iran border, where 600 cargo trucks have been stranded for six months.

They pointed to Pakistan's requirement for a bank guarantee from Iranian truck drivers as a major obstacle, despite Iran imposing no such restriction on Pakistani trucks and providing them with subsidized fuel. Additionally, Iran has six border lanes compared to Pakistan's two, exacerbating long queues and delays.

Senators expressed outrage over the situation, calling it an embarrassment and urging immediate government intervention. Senator Farooq Naek stressed that the issue should be prioritized in the federal cabinet, while Anusha Rahman questioned the role of Customs in demanding bank guarantees.

The Chief of Customs Operations defended the policy, citing concerns over tax evasion and smuggling at the Balochistan border. However, the ongoing trade barriers have strained economic ties, and both sides are pushing for urgent reforms to facilitate smoother cross-border trade.

Environment and Climate Perspectives

Trump's Aid Freeze Threatens Water Supply in Pakistan's Hottest City:

Jacobabad, one of the hottest cities in the world, is on the brink of a water crisis as the Trump administration's foreign aid freeze blocks [\\$1.5 million](#) in funding for a critical water purification project.

The USAID-backed initiative, run by the Pakistani non-profit HANDS, has provided clean water to 350,000 residents, a lifeline in a region where temperatures frequently exceed 50°C.

However, with funding suspended, the project's operations are now in jeopardy, forcing the organization to withdraw its staff and halt services.

Without intervention, Jacobabad's residents—many of whom already struggle with extreme poverty—will have no choice but to rely on expensive and often contaminated private water supplies, increasing health risks like dehydration and heatstroke.

Despite contributing less than 1% of global greenhouse gas emissions, Pakistan remains among the most climate-affected nations, repeatedly calling for financial support from wealthier, high-emission countries. With USAID's \$42.8 billion budget facing severe cuts under Trump, humanitarian aid worldwide is at risk, leaving cities like Jacobabad to bear the brunt.

As HANDS and local officials scramble to find alternative funding, the crisis highlights the pressing need for sustainable, locally driven solutions to ensure essential services remain resilient against political and environmental shocks.

Pakistan and IMF Discuss Carbon Levy and Climate Financing Initiatives:

The International Monetary Fund (IMF) has commenced discussions with Pakistani authorities to explore the introduction of a carbon levy in the upcoming fiscal budget for 2025-26. This initiative aims to augment Pakistan's existing \$7 billion Extended Fund Facility (EFF) by an additional \$1.2 to \$1.5 billion under the [Resilience and Sustainability Facility \(RSF\)](#), potentially increasing the total loan amount to approximately \$8.2 to \$8.5 billion.

The proposed carbon levy is expected to be implemented alongside the existing petroleum levy, with a suggested increase of up to [Rs20 per liter](#).

The revenue generated from this levy would be allocated to green initiative-related development projects, underscoring Pakistan's commitment to sustainable development and environmental conservation.

In addition to the carbon levy, the IMF's technical team is engaging with key Pakistani ministries, including Finance, Climate Change, Petroleum, and Water Resources, to discuss broader climate financing strategies.

These discussions encompass policies promoting electric vehicles, climate-related subsidies, and the expansion of green budgeting practices.

The collaborative effort seeks to align Pakistan's fiscal policies with its environmental objectives, ensuring a cohesive approach to climate resilience and sustainability.

However, the proposed carbon levy has met with some [hesitation from Pakistani officials](#), who express concerns about its potential impact on business growth and the broader economy.

As discussions progress, the government aims to balance the imperative of environmental sustainability with the need to support economic development, reflecting the complex dynamics of implementing climate-focused fiscal policies.

Reading Recommendations

- The Fight for Transparent Access to Information in Pakistan ([Click Here](#))
- Life without Autonomy: Understanding Our Culture of Dependency ([Click Here](#))
- Prioritizing Citizens Beyond the Ballot ([Click Here](#))
- Solving the corruption challenge: The key may lie with the citizens. ([Click Here](#))
- Citizens' Inclusion and Accountability is the Key to Improved Governance and Efficient Public Sector Institutions ([Click Here](#))
- Digital Community Policing ([Click Here](#))
- Privatization of Schools in Punjab ([Click Here](#))
- Water Governance Challenges in Pakistan ([Click Here](#))
- Consumer Protection in Pakistan ([Click Here](#))