

Pakistan Outlook 2020

Politics, Economy & Security



Islamabad Policy Institute

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PREFACE

Islamabad Policy Institute (IPI) is proud to introduce this report that succinctly analyzes the foreign policy, national security, economic, and political trends during 2019 and their prospects during 2020. This document was motivated by the need to produce a scholarly report, but one that is not too technical and is relatively easily readable, for policy makers, diplomats, business executives, journalists, and other interested observers addressing the questions that many of us have today, but one's that would be answered during the course of the year.

Year 2019 would be remembered as a crisis ridden year for Pakistan as the country suffered high inflation, low growth, increased unemployment, and intensified political polarization. Notwithstanding, the decline in the number and lethality of terrorist incidents, challenges to achieving sustainable peace persisted. On the external front, tensions with India soared dangerously and war in neighbouring Afghanistan raged on. The changing geopolitical environment threw up both challenges and opportunities, which had a direct bearing on the national security and internal political stability.

It is expected that 2020 would be more challenging than previous year. Pakistan's neighbourhood is likely to become an even more profound geopolitical hotspot. Tensions on the eastern border would remain high. Meanwhile, the heightened threat of conflict in the Middle East, especially in the aftermath of assassination of Iranian top commander Gen Qassem Soleimani, can potentially have serious implications for Pakistan's energy and internal security. Those running the country's foreign policy would be tested like never before.

On the internal front the government would have to implement the structural reforms. It does not have any other option. The economic recovery can, meanwhile, be complicated by rising oil prices in the international market, risk of internal instability, and challenges to meeting the revenue targets. Any setback in the regard could force the government to go for monetary tightening essentially meaning more hardship for the economically overburdened people. The outcome of the Financial Action Task Force review is one other thing to watch out.

This report is the result of work of a number of specialists. IPI would like to thank Amb. Salman Bashir, Lt Gen (R) Asif Yasin Malik, Mr Farhan Bokhari, Syed Baqir Sajjad, Syed Hussain Haider, Syed Ali Hashim Zaidi, Mr Farooq Naiyer and Ms. Asma Khalid. This report would not have been possible without their valuable contributions.

We hope that this report will become a reference work for students, policy-makers, academics, researchers and diplomats.

Syed Sajjad Shabbir Bokhari
Executive Director
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OVERVIEW

Year 2019 was a crises driven eventful year for Pakistan. The country faced political, economic, and diplomatic challenges while dealing with a troubled neighbourhood. The shifting international order added to the complexity of the situation. Externally, Pakistan was caught in renewed tensions with India, but at the same time played a much larger role in the U.S. -Taliban peace talks and pushed to reset bilateral relationship with Washington. Pakistan also steered ties with China and Russia steadily and managed relations with key Muslim countries. Internally, the government tackled balance of payment crisis and internal security issues amidst deepening political polarization.

This report attempts to assess Pakistan's performance in various areas, which are directly relevant to our polity and projects the likely future direction of events and the potential challenges that could be encountered. It brings together essays written by experts and former policy-makers on diverse subjects such as strategic environment, foreign policy, internal security, economy, and cyber security.

Pakistan's strategic environment evolved during 2019. Former Foreign Secretary Amb. Salman Bashir and Former Defence Secretary Lt. Gen. (R) Asif Yasin Malik have contended in their articles that new challenges surfaced as the government dealt with issues in the internal and external spheres. On the external front, Kashmir and relations with India consumed much of the strategic and diplomatic bandwidth. After forty years, Indian and Pakistan Air Forces engaged in an aerial dog-fight during the post-Pulwama military stand-off and set in stone a new military normal. India lost two of its fighter jets and one of the pilots was captured. Pakistan released the Indian pilot on the intervention of other countries leading to de-escalation of the crisis. But months later, Kashmir again dominated strategic agenda in a way not experienced since the Kargil War.

First few months of Prime Minister Narendra Modi's second term in office have fundamentally altered underlying dynamics of India-Pakistan conflict and relations. New Delhi posed a formidable challenge to Pakistan by revoking Article 35A and 370 of Indian Constitution, which gave a special status to Occupied Kashmir in the Indian Constitutional scheme. This created an unprecedented situation, wherein India integrated the Occupied territory that it was holding, and its leaders threatened to capture Azad Kashmir. India's brinksmanship in a nuclear environment posed grave risks to both countries and the world at large. Notwithstanding the high running tensions, both countries fulfilled the pledge to open Kartarpur Corridor for Sikh pilgrims in November, 2019.

Strategic uncertainty prevailed throughout the year on the western border with Afghanistan. Given its geographic proximity and social linkages, Pakistan's role remains crucial for peace and security in Afghanistan. Islamabad at the same time also faces constraints on how far it is willing to or can go. Pakistan facilitated direct negotiations between the Taliban and the United States during 2019. Islamabad is wary of losing its leverages in Afghan peace process, and therefore, it avoids putting too much pressure on the Taliban. Afghan peace process has, meanwhile, also come to greatly influence Pakistan - U.S. engagement as Washington increasingly looks at Islamabad through this prism.

In the absence of a headway in the US – Taliban negotiations, there was no progress towards ceasefire and the resumption of the intra-Afghan process for a political settlement of the Afghanistan dispute. Violence in Afghanistan remained high during Year 2019 and the Taliban continued to launch major attacks across the country and made territorial gains. The Islamic State-Khorasan Province, also known as ISIS-KP, meanwhile, expanded its footprint in several eastern Afghan provinces. ISIS-KP too executed high profile attacks in Afghanistan. Occasional border skirmishes between Pakistani and Afghan forces were reported as Pakistan pressed ahead with the border fencing project to prevent unauthorized crossing. As the situation in Afghanistan remained fraught, it is believed that only a regional approach with full participation of all neighbors of Afghanistan can be constructive in the long-run.

Challenges in ties with Iran persisted. A bomb attack on a Revolutionary Guards bus in Iran's Sistan and Baluchestan Province in February 2019, carried out by elements allegedly based in Pakistan, and the Ormara attack in April 2019, by the newly formed alliance of Baloch insurgents – BRAS – alleged to be having sanctuaries on Iranian side of the border, in which Navy and Coast Guard personnel were martyred after being offloaded from a bus, threatened to undermine bilateral ties. However, both sides continued their cooperation on improving border security through coordination and consultations. Regional geopolitics, meanwhile, remained a major impediment to trust-building despite the two sides intensifying their high-level bilateral engagement - PM Imran Khan twice visited Tehran and Army chief Gen Bajwa went there once. Iranian Foreign Minister Javad Zarif also visited Islamabad. Navigating Saudi-Iran rivalry, therefore, remains a challenge for Pakistan, but opportunities for cooperation also exist. Notably, Tehran has extended all-out support to Pakistan's stance on Kashmir after India imposed a lockdown in the Valley in the aftermath of its annexation and carried out human rights abuses.

Strategic relationship with China remains a key pillar of Pakistan's foreign and security policy. In recent years, China Pakistan Economic Corridor (CPEC) has come to symbolize bilateral relationship with China, but ties with Beijing, marked by convergence of interests on key regional and international issues, are much broader than CPEC. During February China played a key role in managing the post-Pulwama crisis between Pakistan and India. In May, China withdrew its decade-long hold over backlisting of Jaish-e-Mohammed (JeM) leader Masood Azhar at the 1267 Sanctions committee. Indian actions after the revocation of Article 370, however, changed the dynamics and Beijing and Islamabad closely coordinated their response. China was instrumental in calling a special consultative session of the UN Security Council on Kashmir dispute. Invitation to PM Khan for visiting Beijing days before President Xi's summit meeting with PM Modi in Chennai was a strategic signaling to New Delhi.

As CPEC entered into second phase, it faced a slow-down due to Pakistan's economic crisis and governance issues. It is vital for Islamabad to address the issues constraining CPEC's progress. Islamabad has set up a new CPEC Authority to resolve the impediments and ensure smooth coordination between various provincial and federal departments. Meanwhile, Islamabad should work to insulate CPEC from emerging great-power competition between China and the U.S. In November, 2019, Washington directly criticized CPEC and raised questions on Pakistan-China cooperation. Beijing and Islamabad pushed back in an effective manner. In 2020, CPEC will test the strength of China-Pakistan relations in

the face of stronger Western backlash against China. Yet, Pakistan needs to press ahead with CPEC and ensure that it remains free from controversies.

Aside from neighbours, relations with U.S. remain a challenge for Pakistan's policy-makers. It is a relationship, which cannot be wished away as Washington remains the pre-eminent great power with military presence in Afghanistan and deepening strategic ties with India. Logjam persisted in bilateral Pak-US relations over divergent interests and approaches on key issues such as China, regional security, terrorism, and strategic stability in South Asia. An attempt to reset ties was made when PM Khan visited Washington. Afghanistan remained the focus of Trump-Khan parleys. President Donald Trump, meanwhile, offered to mediate India-Pakistan dispute over Kashmir in return. Although the Americans didn't directly link it, but it was clearly a reciprocation for Pakistan facilitating an orderly withdrawal of U.S. troops from Afghanistan after a peace agreement with the Taliban. Pakistan has pledged to facilitate the talks with insurgents. However, divergent interests and deep mistrust have hampered any progress. A crucial question for next year is: which way would Pakistan-U.S. relationship head in the medium term? An unpredictable President, and that too in an election year in US, makes any prognosis difficult, but it is a near certainty that bilateral engagement will remain limited to the minimum agenda of Afghanistan for foreseeable future and transactional nature of the relationship will continue.

Navigating China-U.S. competition will test craft of Pakistani policy-makers in near term. It will strain Pakistan-U.S. ties while complicating regional environment from Pakistan's perspective, as Islamabad has long-standing concerns on closer India-U.S. strategic cooperation ostensibly to counter China's growing influence in South Asia and Indian Ocean Region. The way Pakistan makes itself relevant to evolving regional dynamics and balances ties between Washington and Beijing will provide strategic space for Islamabad to pursue its regional interests. It is, however, imperative that Pakistan does not become another battleground for growing China-U.S. competition.

Beyond these important relations, Pakistan, during 2019, remained actively engaged with the Middle East and the Muslim world. Early in the year, Pakistan secured financial assistance from Saudi Arabia and the United Arab Emirates (UAE) to stave-off an imminent economic collapse. Both countries, in return, sought Pakistan's support for their geopolitical interests in the Gulf Region. Islamabad initially tried to project its neutrality and even attempted to mediate between Iran and Saudi Arabia after the attack on Saudi oil facilities in 2019. Moreover, PM Khan, in his address at United Nations General Assembly (UNGA), rallied against Islamophobia and called for cooperation between key Muslim countries. Later developments, however, highlighted limits of Pakistan's approach. Islamabad had to pull-out from Kuala Lumpur Summit at the last moment due to Saudi reservations. This exposed Pakistan's compromised ability to chart a neutral role in the Gulf region and on wider issues concerning Muslim countries. These restrictions were also vividly at display in Pakistan's tongue tied reaction to Gen Qassem Soleimani's assassination in a U.S. airstrike in Baghdad on January 3, 2020. Islamabad is in a difficult and complex situation vis-à-vis its ties with Turkey, Malaysia and Iran on one hand, and the Saudi led Arab bloc on the other. This challenge will remain on top of diplomatic agenda during 2020.

Finally, the threat of being blacklisted by Financial Action Task Force (FATF) persisted throughout 2019 and will continue into 2020, as next review of Pakistan's status is scheduled for February. Pakistan undertook extensive administrative and regulatory reforms in the financial sector. But, it's a well known fact that FATF is much more than the technical weaknesses in the financial system and is closely linked with geo-political environment. Avoiding the blacklist and getting the normal status restored requires persistent diplomatic efforts for gaining support from key friendly nations. Navigating the FATF maze and handling relations with countries having a crucial role in deciding Pakistan's case will remain on the diplomatic agenda in near future.

On the domestic front, Pakistan, in 2019, witnessed a multitude of political and economic challenges, and governance issues. The role of military in domestic politics, meanwhile, became more pronounced. Mr. Farhan Bokhari, Syed Baqir Sajjad, Ms. Asma Khalid, Syed Hussain Haider, and Syed Ali Hashim Zaidi have looked at these issues in their respective pieces. 2019 was the first full year of Imran Khan led Pakistan Tehreek- e-Insaaf (PTI) government. PTI has been unable to deliver on its key electoral promise of change due to inexperienced leadership, inappropriate priorities, and excessive focus on opposition bashing on the pretext of fighting corruption. This resulted in deeper polarization in the country. PTI government and the military establishment appeared to be on the proverbial same page on most of the issues, whereas the opposition continued to rattle politics through constant protests against government policies. Although, the protests had little impact on the government, its own mistakes hurt it more and undermined the democratic space in the country. PM Khan faces an uphill task of restoring the trust of people in democratic institutions and nation-building. He needs to take opposition parties onboard on key issues without compromising his commitment to accountability.

The cooperation extended by the Opposition for legislating on the extension of tenures of the services chiefs and Chairman Joint Chiefs of Staff Committee pointed towards the misgivings between the military and the opposition parties being removed and a new accommodation being worked out. It should be recalled that the Supreme Court, while deciding the petition against a second tenure for Army Chief Gen Qamar Bajwa, had asked the Parliament to undertake necessary legislation and formulate rules and regulations to address legal lacunae in the process.

The army, meanwhile, played an outsized role in running affairs of the government. In a notable intervention, Gen Bajwa held a direct meeting with leadership of business community to address their concerns arising out of government's economic policies and the economic stagnation. PM Khan, in an unprecedented move in June, made the army chief a member of newly established National Development Council (NDC), formalizing his role in economic decision-making. In 2020 this role is set to expand after necessary legal cover is provided to extension. Increasingly, military has stated that security and economy are linked in many ways, and consequently, security cannot be ensured with a weak economy.

For economic development improved internal security environment is paramount. Pakistan has battled militancy and terrorism for over one and half decade. Internal Security has significantly improved after multiple largescale military operations in recent years. Statistics for 2019 indicate a decline in the

number and lethality of terrorist incidents as compared to 2018. Terrorist groups continued targeting security personnel, law-enforcement agencies, and minority communities using improvised explosive devices and firearms. Majority of terrorist acts took place in Baluchistan and Khyber-Pakhtunkhwa, while sectarian incidents were confined to Sindh and Baluchistan. Ethnic and sub-nationalistic violence occurred mostly in Baluchistan. Overall, security situation in Baluchistan remained fragile despite the province reporting greater decrease in incidence of terrorist acts as compared to other provinces. Military and law-enforcement continued with Intelligence-based Operations (IBOs) against terrorist groups. A challenge for policy-makers in near term is to rehash the counter-terrorism strategy in a way that it prevents the terrorism phenomenon from morphing into a long-term threat through new recruitment and alliances between terrorist groups. Pakistan Muslim League- Nawaz (PML-N) government put forward Pakistan's first ever National Internal Security Policy (NISP) in 2014 and then its second 2018 edition, PTI government is yet to review the internal security strategy and update the policy-framework. It is imperative that in 2020, PTI government undertakes swift review of existing policies and chart a new course, as it enjoys unparalleled support of military, for dealing with internal security challenges in a comprehensive manner.

On the economic front, 2019 was the year, when PTI government entered into a stringent International Monetary Fund (IMF) program after a shake-up of its economic team. The year started with the then Finance Minister Asad Umar boasting about resolving the fiscal crisis without resorting to IMF, through support from domestic sources and borrowing from friendly countries. A mini-budget was presented in January, 2019. That strategy failed to infuse confidence in the economy. Markets remained stagnated due to increase in interest rates and rupee depreciation. Inflation and unemployment rate, meanwhile, increased. A new economic team was then brought in April, 2019.

The new team led by Advisor to Prime Minister on Finance and Revenue Mr. Hafeez Sheikh moved at a quick pace. An agreement with IMF was finalized for a bailout package. Interest rates, in the meantime, hit all-time high of 13.25 percent and economy contracted. Despite economic slow-down, the government in the budget for fiscal year 2019-20 announced an ambitious revenue collection target. Under IMF program, Pakistan has linked interest rates to inflation without taking into account the impact on economic growth and for the first time in national history, a 'market determined' exchange rate regime has been put in place.

After the budget, government moved to document the economy for boosting tax collection. Traders across the country went on strike refusing to comply with the new condition of keeping identity records of all sales and purchases forcing the government to twice postpone the implementation of the condition. The traders were unrelenting and refused to comply if the government reintroduced that condition. This in a way gives the taste of what's to come in 2020. New economic challenges are expected to surface. Under stabilization program agreed with IMF, Islamabad has to move towards structural reforms, cut power-sector loses, expand tax base and privatize state-owned enterprises. The government needs to stay firm by not buckling under pressure, while addressing concerns of the domestic constituencies and dealing with the consequences of its difficult decisions, if it were to successfully

implement the reforms agenda. Year 2020 will test decisiveness of PTI government and PM Khan on the economic front unlike anything in 2019.

This would in turn require political stability in the country. Opposition parties cannot be targeted and maligned for ever. This can be achieved through a national dialogue, which could ensure greater tolerance for others' political views and keep all stakeholders confined to their ambit and constitutional roles within the system. It will also strengthen decision-making at the top, a necessary pre-condition for effective coordination and implementation of crucial economic decisions.

Pakistan is undergoing a digital transformation. Mr. Farooq Naiyer has captured the state of cyber governance in Pakistan. Internet penetration is increasing at a faster pace than many other developing countries and according to studies, Pakistan ranks among top five countries where number of mobile internet users are increasing. A comprehensive cyber security strategy, however, remains to be formulated. Government and other stakeholders are using internet-based communications platforms for communication and governance related initiatives. PTI government has proposed setting up a Pakistan Media Regulatory Authority (PMRA), which among other things would be mandated to regulate the internet and deal with the menace of fake news and disinformation, but fears of harassment and censorship abound. Therefore, ensuring that cyber space remains secure for people to communicate, do business, and access information would be a major policy challenge for the government in coming year. The government has to act fast to prevent crime, protect public data and ensure privacy.

A review of the events of the previous year always serves as the starting point for next year's forecast. The foremost challenge for the government in 2020 would, therefore, be to bring stability to the political system. Uncertainty on the political landscape could impede governance and economic reforms. Certainly there's no gainsaying that economic stability would flow from political stability. During 2019, Pakistan's economy was put on stabilization. Year 2020 should be one of growth and development. The government's focus should remain on development, job creation and providing relief. Economy also needs to be insulated from external shocks.

At present, external environment is challenging. Relations with India are tense, and are likely to remain so during 2020. Kashmir and plight of Muslims in India will guide Pakistan's engagement with India. Chances of limited conflict between India and Pakistan would remain high. Meanwhile, in Afghanistan a fragile peace process continues and a Taliban-US accord is expected soon. Islamabad should pursue a regional approach to safeguard the peace process from other disruptions in the region. The defining foreign policy challenge will come from the Middle East. Pakistan professes neutrality in dealing with the Middle Eastern nations. It isn't enough, however. The neutrality needs to be put in practice, if ever that is the real intent. Islamabad needs to chart a course that enhances Pakistan's ability to independently manage its relations with key capitals in the Middle East without undermining relations with other Muslim nations. As for engagement with China and the United States, 2020 will see Pakistan cautiously navigating the growing strategic competition between Beijing and Washington for safeguarding and advancing CPEC. Managing relations with Washington is also crucial for avoiding FATF blacklist, which, nevertheless would also require improvements in internal security and financial

regulatory regime especially the prosecution of terrorism financing and money laundering cases.

Terrorism by religiously motivated and ethno-nationalist groups would continue to pose a serious threat to internal security in 2020. The other major challenge for the LEAs would come from the cyberspace. Use of social media by terrorists and extremist groups for propaganda has added a new dimension to the fight against terrorism. Meanwhile, forces inimical to Pakistan would continue to exploit external vulnerabilities and internal discord and weaknesses, what is also referred to as fifth generation warfare, to undermine stability.

PAKISTAN'S DIPLOMACY: THE TASKS AHEAD IN 2020

AMB. SALMAN BASHIR*

Instability and uncertainties at the local, regional and global level would continue to pose challenges to Pakistan's diplomacy in the times ahead. The success of diplomacy in protecting and promoting national interests is dependent on accurately reading the trend lines and thereby correct positioning. It is a never-ending task for the Foreign Office that has been made more difficult by a situation of constant flux in the global societal environment.

At home, issues, both old and new, continue to impact the decision making and governance structures. A pervasive sense of paralysis and loss of direction compounded by fragmentation in thought and actions and a visible deterioration in established societal values is an aspect that merits close attention.

The political and governance system are unable to cope with today's requirements and are under assault from within and several quarters. This together with a sharp dip in economic productivity remains a matter of immense concern. Institutional responses to local societal needs and challenges are often disparate. In the age of social media and instantaneous communication, the weaknesses of the system are amplified many folds and create an impression of incoherence bordering on anarchy, which the result in concern and despondency.

The Foreign Ministry is being impacted by the local environment and is obliged to play a compensatory role to cover the inadequacies all around. The Foreign Service of Pakistan has the requisite capabilities. It consists of talented

professionals with high motivation and commitment to serve the nation. But it would be unrealistic to expect the Foreign Office to perform wonders abroad in the absence of a consensual well-defined national agenda at home.

At the regional plane, challenges abound. South Asia remains in the vortex of global power play, which is being accentuated by US rivalry with China. There is a real apprehension that bloc politics may play on regional issues leading to exacerbation of tensions among regional states.

India has opted to join the US camp and is being actively wooed by the US to serve as its security pole in the Indian ocean region against China. US is working to forge a strategic relationship with India that will span many generations. This has bipartisan support within the US. It is prepared to overlook India's reckless conduct in the region and increasing polarization within Indian society.

US support for India ignores the conduct of the Modi government that is violative of all norms of civility, international norms and principles. The biggest challenge in 2020 for Pakistan will be to manage the fall outs from the US-India nexus. There are indications that the US is inclined to extend its Indo-Pacific strategy beyond India to cover Pakistan. The US critique of the CPEC raises justifiable concerns. It matches squarely with India's objections to CPEC. In fact, Indian strategists consider CPEC to be a primary threat to India.

Pakistan will have to redouble its efforts to convince the US that there is a wide convergence

of interests between US, China and Pakistan and therefore the need to develop mutually beneficial cooperation between all three. The development and future direction of CPEC must become a product of collaboration for greater regional good in terms of stability, peace and development. Pakistan sees its relations with China and the US as not zero sum. Such mutually beneficial cooperation can be hugely useful in ensuring stability and development in Afghanistan.

Unfortunately, unfounded propaganda against CPEC and the politicization of this mega initiative during the past year has caused a setback to national interest. It was a serious lapse to allow such perceptions to persist and to make CPEC controversial. Lack of strategic clarity and proclivity to slow down if not totally upend CPEC development on specious political grounds speaks volumes for the state's inability to handle strategic development projects correctly. These problems have also been compounded by woes that afflict governance and complexities of rules and procedures.

The relations with the US also hinge on developments relating to Afghanistan. President Trump has been keen to seek an exit for US troops from Afghanistan. There is now a clear realization that the war in Afghanistan is unwinnable. Direct US-Taliban talks almost succeeded in reaching an interim government. Pakistan has been helpful in facilitating the process. But prospects of sustainable agreement that will yield durable peace is questionable, given the magnitude of problems in Afghanistan.

In this respect it is important to give attention to economic development of the country. Without a normal economy, it is hard to visualize peace in Afghanistan. Pakistan can play an important role in collaborative ventures for development in

Afghanistan with the support of US, China and other interested states. CPEC can become a conduit for Afghanistan's economic development. An imaginative policy needs to be crafted by Pakistan to promote bilateral and multilateral cooperation for development with Afghanistan. This should be an urgent priority in 2020.

The foremost threat to Pakistan's security is posed by India. This threat has become dire with transformation of India as a Hindu state under the BJP/RSS sponsored agenda. The second Modi Administration has thrown all caution to the wind in its reckless pursuit of Hindu Rashtra based on expansionist ideological lines. Modi has succeeded in stirring militant Hindu nationalism and used Pakistan and Muslims as targets for whipping frenzy among the masses.

The most ominous development has been India's annexation of Occupied Jammu and Kashmir. The people of Jammu and Kashmir in the Indian occupied territory are being subjected to inhuman cruelties, humiliation and are under a brutal military lock down. The Kashmiri alienation against India is complete. The Kashmiri anger and total resentment against India have further strengthened their determination to resist occupation by all means.

Pakistan has been extending moral, political and diplomatic support to the Kashmiri cause. The situation in Indian Occupied Jammu & Kashmir (IOJK) will continue to demand close attention of Pakistan in 2020. The immediate priority should be to get international humanitarian assistance to the besieged Kashmiris. The civil society movement in Kashmir also needs to be supported materially.

The Indian violations of the ceasefire on the Line of Control and overall strained relations would

require vigilance and dexterous handling. The opening of the Kartarpur Corridor in 2019, despite high tensions with India, was a significant development. A dedicated reach out to regional political parties in India, which are opposed to the BJP/RSS needs to be considered.

The BJP has passed the Citizenship Amendment Bill and established a National Register of Citizens. These developments have created a political storm within India. Muslims are being discriminated and marginalized. Although these matters are internal to India but will have implications for neighbors including Pakistan. Increasing polarization of Indian society could unfold with disturbing effects on the very fabric of the Indian Union. Pakistan must also remain wary of the expansionist designs of the BJP/RSS.

Iran, a brotherly country has remained under a severe US economic sanctions regime. The US has walked away from the nuclear deal and seems to be pursuing regime change in Iran. Iran- Saudi Arabia relations are tense and the state of tensions in the Gulf continues to pose considerable concern. Pakistan has sought to play a mediatory role between Iran and Saudi Arabia. The border situation with Iran is not entirely satisfactory and requires closer cooperative efforts by both sides. Prospects of mutually beneficial economic, trade and energy relations with Iran have been impeded by the sanction's regime.

Pakistan would have to pay greater attention to its relations with China. There is an increasing mismatch in bureaucratic capabilities of the two sides. To make optimum use of China's desire to help Pakistan's development the red tape will have to be cut and premium placed on delivery of projects and programs. The special relations with China should not be taken as given and require constant reinvigoration.

At the global plane, we need to have a dedicated reach out to Africa and Latin America. The ASEAN states are important and bilateral visits to the region should be planned in 2020. The relations with Europe are also important and requisite attention needs to be given to the EU. Relations with Russia have improved and offer promising opportunities of cooperation in technology, energy and defense.

The multilateral organizations notably the UN system, Shanghai Cooperation Organization (SCO), Organisation of Islamic Cooperation (OIC), Economic Cooperation Organization (ECO), Gulf Cooperation Council (GCC) as well as South Asian Association for Regional Cooperation (SAARC) also require constant attention in these times when multilateral cooperation is being upended by power politics. Pakistan has consistently maintained quality profile in multilateral diplomacy. We need to begin paying attention to economic diplomacy and equip the Foreign Ministry and our Missions abroad to contribute to national economic, trade and technological development.

The year 2020 and the ensuing decade will bring new challenges to Pakistan's diplomatic ability and national capacities. Pakistan has all the requisite resources to meet these challenges and contribute meaningfully to promotion of world peace and prosperity. By renewing our faith in the purposes and principles of the United Nations and a resolute commitment to high ideals and values, Pakistan along with like minded states can make a difference to humanity's future.

***Amb. Salman Bashir**

Mr Salman Bashir is a retired foreign secretary. He has also served as Pakistan's High Commissioner to India and Ambassador to China and Mongolia. Mr Bashir is currently a member of the government's Advisory Council on Foreign Affairs.

EXTERNAL THREAT PERCEPTION

LT. GENERAL ASIF YASIN MALIK (RETIRED)*

Introduction

Security implies the absence of real or perceived threats whether originating from internal turmoil, external sources, or economic disparities and inequalities. Nations seek power (economic, political, and military) and take adequate measures either to ward them off or minimize their perceived adverse impact. These efforts are, moreover, directed towards endless pursuit of power. Founder of Pakistan, Quaid-e-Azam Mohammad Ali Jinnah, once said “The weak and defenceless, in this imperfect world, invite aggression from others.” While tactics and strategies are devised to effectively handle visualized threats and an anticipated undesirable situation, efforts are also made simultaneously to inculcate a sense of security among the citizens.

National Security is the requirement to maintain the survival of the state through use of all instruments of national power such as population, economy, natural resources, military, geo-strategic location, etc. This conception of national security, which initially focused on the military might, now encompasses a broad range of facets, all of which impinge on the non-military or economic security of the nation and the values espoused by the society. The distinctive meaning of national security means freedom from foreign dictation in all or maximum spheres of national life.

The end of the last century witnessed a transformation of the concept of National Security. Military as a primary instrument of policy started to fade and became a supporting instrument to a new domain of geo-economic hegemony. Today this phenomenon has attained a

relative permanence and is being applied in different forms. At individual level, for a majority of the world's people, security is defined in the very personal terms of survival. The primary threats to human security have far less to do with terrorism than with poverty and conflict, with governments that do not or cannot deliver turning on their own citizens under a global economy that offers differentiated access and opportunities to the powerful and the powerless.

Pakistan's Security Landscape

Pakistan's security landscape is essentially shaped by the circumstances that surrounded its birth in 1947 and the current regional environment. Political circumstances of Pakistan's creation have placed the country in a conflict prone relationship with India. The British departed from the sub-continent in a disorderly way leaving behind numerous unresolved border and sovereignty issues. Firstly, the alignment of the new boundary dividing India and Pakistan violated the principle of division of India. Instead of majority population, the Revenue Demarcations became the basis, thus, complicating the borders, both in East and West Pakistan. The other issue was of princely states, particularly Kashmir, Hyderabad Deccan and Junagarh. In Kashmir the Maharaja connived with the Hindu leadership of India and announced joining India against the wishes of the Muslim population, thereby laying the foundation of perpetual conflict between India and Pakistan. The issue has been source of military conflict on numerous occasions in the last seven decades. The non-resolution of Kashmir dispute has directly impacted the security of Pakistan.

Pakistan's geopolitical location being at the confluence of South, Central and West Asia; implies that turmoil in any of these regions directly affects it. Being located in the neighbourhood of big powers such as China, Russia and India, makes Pakistan relevant to the great power competition, as well. In the aftermath of emergence of geo-economics, the struggle for economic dominance has made this region the center of attraction. Between Russia, China, India and other regional countries nearly half of global population is the target as a market. This also entails political dominance in the wake of likely demise of unipolarity due to resurgence of Russia and efforts by China to assert itself on the global canvas. The US in particular, and China and the EU in general, will continue to remain militarily and diplomatically engaged in the region. Consequently, overriding influence of geo-economics on strategy formulation has propelled energy security and trade interests of regional and extra regional powers to the forefront as prime security considerations.

Prevailing Western perceptions of Islamic extremism and asymmetric threats are spawning the trends of coercive strategy against non-conformist states. At the same time poor governance coupled with weak economies has made most countries vulnerable to exploitation by extremist religious as well as separatist elements. This causes an overflow of threats beyond the borders, even up to, far off Western states. Hence, the powerful countries take this as a premise to coerce states into accepting their demands. The bogey of 'Pakistan's strategic assets falling in the hands of terrorists' is one case in point.

Nuclearization of regional states and a tenuous spectrum of strategic stability continues to dominate policy discourse. India and Pakistan's

entry in the Nuclear Club and perceived Iranian efforts to acquire nuclear technology are projected as threat to international stability as all these states are in a conflict environment. Strategic capabilities of Pakistan and Iran are also perceived to be threatening the security of Israel, which is itself warring with its neighbors, and the population of areas occupied by it.

In Afghanistan, persistent turbulence is having direct fallout for Pakistan and the region. Failure of dialogue and Afghan peace efforts could plunge Afghanistan into a Civil War. That in turn would cause not only a demographic disaster but also an economic catastrophe for the region, particularly Pakistan. Overall it will be a catalyst for political instability in the region too.

India's strategic realignment with the West and its efforts to become a regional hegemon has only one impediment i.e., a sovereign Pakistan. India has realized that military adventure will not achieve the desired results. Actions taken after revocation of Article-370 by Delhi point to growing Indian frustration. A frustrated bully can cause disastrous consequences. Most social media activities creating socio-political dissatisfaction among the masses and loss of faith in the state are originating from sites outside Pakistan. Consequently, the Indians, with the support of West, are resorting to a very aggressive Fifth Generation attack on Pakistan. Kulbhushan Jhadev case is just one documented case. India seeks to build resistance against Pakistan Army's counter terrorism operations, thereby eroding the faith among the masses about their ability to defend the country against internal or external threats. Meanwhile, India has increased its presence in Afghanistan with the goal to fuel sub-nationalism in Balochistan and terrorist activities in the newly merged districts of KP province or the erstwhile

FATA. Larger objective appears strategic encirclement of Pakistan, thus, creating a multi front threat scenario. It would cause a priority dilemma as well as resource stress on our security forces.

Iran's role in Gulf and global politics is undergoing paradigm shift as its approach towards its neighbours is also undergoing a change. Such initiatives will reduce friction in the region as well as reduce external interference. Meanwhile, crisis in Arabian Peninsula and the Gulf is having serious socio-political implications for Pakistan, primarily due to large scale deportation on various pretexts as well as a pro-India tilt in their national policies. The Syrian and Yemeni conflicts are nurturing terrorism and sectarian extremism well beyond the regional confines.

Russia is emerging as a different player than before and expanding its influence in parallel with China. The emergence of multipolar order will create a more positive and stable security situation. It will also be a check to US and West's unilateral pursuits of their policies that are not necessarily in the interest of the regional countries.

In Asia, China remains the main anchor of stability, security and prosperity in the region and is flexing its muscles on the security plane too. It is focused on providing an enabling security environment to its geo-economic pursuits. Pakistan-China strategic partnership remains the bedrock of strategic stability in South Asia. CPEC has now fully cemented the Chinese interest in the region, particularly, Pakistan. This in turn strengthens Pakistan's security parameters. While CPEC will have positive impact on the security environment of Pakistan, conversely the West is perceiving it as a threat to their dominance in the region.

Pakistan remains under a very intense and multipronged Fifth Generation attack. A serious escalation on this front in the last two years of political transition can be witnessed. This was directed at creating despondency and anti-state sentiment among the masses. Meanwhile, menace of terrorism and violent extremism threatens the very fiber of Pakistan's society and national security. Poor governance and weak economy further adds fuel to the fire, particularly in the backdrop of a large young population.

Threat Spectrum

Pakistan faces multidimensional threats ranging from conventional military to nuclear to proxies to Fifth Generation, which are both internal and external and also have complex interlinkages. Mostly external threats emanate from the geo-politics, pan-Islamism and juxtaposition between a nuclear and a nuclear aspirant nation. US presence in Afghanistan as well as the simmering conflict in the Gulf have had major influence on the geo-politics of the region. The external environment and present threats help us draw some conclusions and the significant ones are the following:

- i. All-out attack is not likely to be undertaken by any country alone or as part of an alliance.
- ii. Physical military threat is, however, likely to remain in place on land and sea for foreseeable future. Differential in Indo-Pakistan conventional capabilities is increasing by the day as a consequence of massive weapon sale to the Indians, which in turn would lower the threshold of strategic deterrence built by Pakistan.
- iii. Foreign military threat would be used to support other coercive measures to bring Pakistan to at best a 'pliant status'.

- iv. Such military forces may be employed under the umbrella of UN in the eventuality of enforcement/application of any UNSC resolution meant to directly or indirectly control strategic assets.
- v. Pakistani internal instability would be accentuated directly causing internal unrest and by keeping the borders hot, causing political instability as well as stretch on the armed forces.
- vi. National morale and resolve would be undermined by creating an environment of insecurity as well as fear amongst the masses.
- vii. National cohesion would be negatively influenced by reducing the trust of the people in the state and its armed forces due to their perceived inability to protect against foreign aggression.
- viii. Direct encouragement to anti-state elements in their pursuits against the interests of Pakistan. Emergence of PTM etc. is the latest manifestation.
- ix. Compulsion to closely guard the national strategic assets to maintain a credible deterrence against all military threats.

Whole of Nation Approach

Analyzing the landscape and threat environment makes it clear that threat is not restricted to enemy's military prowess but extends to numerous other forms, so national security is not only about military solutions and responses. It cannot be totally left or relegated to the military to defend against various internal and external threats. It also emerges that no military can perform its security tasks successfully unless it enjoys the complete support of the nation. Pakistani armed forces have gone much beyond their call of duty in performing numerous military and non-military assistance duties like Bhal Safai, Ghost Schools Survey, Tax

net Registration, WAPDA duties, Election Duties, Polio Eradication Campaign and Census Duties in addition to disaster relief during natural and manmade calamities. Some of these duties even caused resentment against the military as well as were source of friction within the rank and file. The last decade and half also witnessed heavy employment on security duties initially in erstwhile FATA and now almost across the whole country. This not only caused operational stretch but also huge cost in terms of lives and equipment. All this has been the most vivid reflection of the military's desire to play its part in implementing the concept of 'Whole of Nation Approach'. This response mechanism should be implemented across the board. All it requires is the realization of the nature and quantum of threat and a visionary leadership to channelize the national energy to not only meet the threat but also go beyond and rise in the comity of nations.

Contours of Whole of Nation Concept

The whole of nation concept is very wide and encompasses a plethora of ideas, components and actions. It is rooted in the concept of nationalism within the society, which drives the whole behaviour of the population towards the various components of the State as well as numerous duties and commitments in day to day functioning of the country. For instance, if people fail to pay their taxes, it is the simplest manifestation of lack of nationalism. There are many other examples like violation of laws of the land etc.

Similarly, the most vital contributory factor in a nation's behaviour towards the State is its realization of sacrifices made by its founders so that the future generations live a free and sovereign life. All this realization can only be imbibed in the populace if it is exposed to the country's history in

general and history of independence in particular. Hence, our youth will not take our freedom for granted and will be prepared to contribute in maintaining this independence at all costs. This in turn generates the spirit of sacrifice in many forms.

From this follows, understanding of present-day threats. This awareness would on one side keep the nation prepared while on the other avoid the people from being surprised with the enemy's designs and machinations. The threat is becoming very complex and intricate by the day, so it is essential that the public remains aware about not only direct military threat but is also alert to all other forms that can be employed by the enemies. Multidimensional threats, moreover, require broad-spectrum response, including wider participation than just the military forces.

In peace time, Pakistani society has to embrace the idea of Citizen Soldier, where every man, woman and child has to join together as a chain. One part of it is taking up arms while the other is to serve the country by doing our duties and obligations to the best of our capacity and ability. The population has to understand the military as well as non-military threat and its response by our armed forces and be prepared to support and assist during war. This is only possible if it has been realized and practiced during peacetime and is not seen as quick fix as and when it comes.

If it comes to war, Pakistani state and society will have to defend against all such threats and present a formidable wall in all forms and manifestations not just by going to the front but by performing

functions more effectively and with greater efficiency. This would animate the integrated struggle of all components of the state to fight the external challenge.

Conclusion

Pakistan is faced not only by a complex threat scenario, but also serious domestic and international challenges. The nature of war has also transformed into an attack on the whole nation rather than the military on the borders only. This makes our response options very complicated and difficult in perception as well as reality. Having missed many opportunities at various junctures in our history to take the country on a road to development and prosperity, it is high time that a hard, pragmatic, enduring and firm national response is generated to bring our motherland in the ranks of proud, developed and sovereign nations and countries.

***Lt Gen (R) Asif Yasin Malik**

Gen Asif Yasin is a retired defense secretary. He is a former infantry officer with diverse experience of command and staff assignments. He has headed Peshawar based 11 corps, which spearheaded counter-terrorism operations in Khyber-Pakhtoonkhwa province and erstwhile FATA.

POLITICS VERSUS DEMOCRATIC NORMS

FARHAN BOKHARI*

Political trends witnessed in Pakistan during 2019 repeatedly threw up questions about the future of the political order, amid a continuing crisis of governance and multiple gaps surrounding mainstream political parties.

The tone for Pakistan's political trends (in 2019) was set with the Pakistan Tehreek e Insaf's (PTI) victory in 2018 polls, which for the first time ever shattered the exclusive hold of the two traditional political parties – the Pakistan People's Party (PPP) and the Pakistan Muslim League – Nawaz (PML-N).

While Pakistan's democratic structure is just over a decade old since General Pervez Musharraf stepped down after a nine year long tenure, gaps surrounding Pakistan's inability to reform have raised pressing questions over the future of democracy.

Going forward, Pakistan's politics is likely to be driven by three competing trends:

1. Other than the Pakistan Tehreek e Insaf (PTI) led by Prime Minister Imran Khan, mainstream political parties continue to be run as familial enterprises. With the passing of each generation, a new generation of leaders from the families of elected politicians have stepped forward to take charge. Consequently, the idea of political parties growing naturally with a diverse set of claimants to step in different roles as evident in stable democracies, remains a distant possibility in Pakistan.

2. Internally within different political parties, an

intense debate on policy issues remains a distant prospect. The absence of such a vital debate has meant that setting the course for parties to discuss key policy issues, remains far from being institutionalized. Without such a transformation, it is hard to imagine exactly how political parties will emerge as representatives of their constituents.

3. The debate over civil-military relations remains unending in Pakistan. Consequently, Pakistan's overall political atmosphere remains polarized with mainstream opposition parties seeking to elbow out the top ranks of the armed forces from decision making processes.

Democratic leadership

Pakistan continues to suffer from a clear paucity of political aspirants rising to the top tiers of mainstream political parties, unless they hail from either the Bhutto clan in the case of the Pakistan People's Party (PPP) or the Sharif clan in the case of the Pakistan Muslim League-Nawaz (PML-N). Several experienced politicians of high caliber have enlisted in the two parties over time but failed to rise above second or third tier leadership positions. Though the two parties have clamored for democracy, their internal character has remained far from democratic.

This gap has implications for the way that the parties can reach out to the rank and file among their constituents and deliver convincing messages. Their electoral victories over time have come more as a consequence of backings from a variety of actors, notably Pakistan's armed forces led establishment and key elements from

'biradaris' or clan from different parts of the country. It's therefore not surprising that the mainstream parties, once out of power, have repeatedly failed on the streets of Pakistan to mount a strong challenge to the ruling structure. An additional key implication has been the failure to build sustainable internal structures within political parties, for discussions on key policy issues. It is therefore not surprising that words like 'kitchen cabinet'-a small coterie of trusted advisers around the party leader, have been frequently used to describe how matters were discussed internally within parties, on key policy issues. It's also not surprising that the ability of Pakistan's mainstream political parties to hold timely and detailed discussions on key policy matters, remains weak.

In the past year, both PPP and PML-N appear to have remained focused primarily on the fate of their leaders rather than policy issues requiring intense debate. Health related concerns of former president Asif Ali Zardari, de facto leader of the PPP and former prime minister Nawaz Sharif, leader of the PML-N have consumed most of their parties' energy.

In sharp contrast, a glaring example of a policy neglect has been witnessed on Pakistan's agricultural economy, surrounded by multiple acute challenges. Almost half of Pakistan's population either directly or indirectly relies on agriculture as their main source of income. For political and economic reasons, this ought to deserve a more intense focus from political parties, at a time when the cotton crop in southern Punjab was hit by a locust attack and production of the rice crop remained below expectations. Meanwhile, the government's decision to raise the price of wheat for farmers by just below eight per cent, has left Pakistan's wheat sowing farmers short pocketed.

On 27th December, Prime minister Khan announced a new presidential ordinance that bars the National Accountability Bureau (NAB) from investigating businessmen from allegations of corruption. This followed a demand by Pakistan's corporate sector over several months, claiming that some of their community members were being unduly harassed by NAB officials. Irrespective of the merit of Khan's announcement, the long delay over this matter clearly suggests lethargy and a lack of focus within the ruling structure to address key issues.

Politics versus policy debate

The failure of opposition parties to hold intense internal and broad based debates on key issues, has finally given ample opportunities to other players to set the policy course. The area of Pakistan's economy and foreign policy deserve special attention amid an apparent failure by the opposition parties to play their role in such debates.

The past year has seen Pakistan sign yet another loan agreement for U\$6billion with the International Monetary Fund (IMF) to manage a crisis on external debt payments. This followed a bailout from Saudi Arabia, committing a deferral of oil payments worth U\$3.2billion annually from July 2019 till June 2022 – a total of U\$9.6 billion. These events have been preceded by Islamabad's policy commitments on a range of areas.

The areas of special mention under the IMF program have included Islamabad's promises to reform its widely dilapidated tax collection structure as well resuming a largely stalled privatization programme. Additionally, Prime Minister Khan's government has made it known that subsidies to large public sector companies will

be reviewed and scaled back if considered necessary.

Each of these areas have political dimensions, giving space to the opposition to agitate on the basis of its alternative recommendations. Yet, at a time when the opposition has given little detailed thought to an alternative course, challenging the government's policy position remains an uphill task.

Going forward, addressing Pakistan's policy gaps remains a key challenge. In the absence of a more intense debate on policy issues within political parties, the idea of setting the course for South Asia's largest country armed with nuclear weapons, to become more stable and prosperous remains a distant prospect.

For Pakistan's political decision makers, addressing this challenge is all the more vital in the midst of China's largest planned investment in Pakistan under the China Pakistan Economic Corridor (CPEC). In the past year, the US\$62 billion has been questioned from sections of the political class, raising issues such as a lack of clarity on the top priorities under CPEC to the need for changing the order of priorities altogether. In brief, Pakistan's mainstream political parties need to come together on a common platform to evolve a national consensus on the way forward for CPEC.

Civil-military Relations

Events in early 2020, notably the killing of Iranian General Qassem Solemani, have heightened the risk of fresh tensions in the region surrounding Pakistan. Noteworthy was a call from US Secretary of State Mike Pompeo to Pakistan's army chief General Qamar Javed Bajwa after General

Solemani's killing, ostensibly to convey the US position on this episode.

The regional fallout between the US and Iran is yet to play itself out. But a direct conflict between the two is set to place Pakistan's army in a much stronger position on driving domestic policies. There is a danger of a large influx of refugees from Iran in to Balochistan in the event of a full blown war.

Meanwhile, two events in the closing days of 2019 only sharpened the civil-military divide:

1) Verdict against former army chief General Pervez Musharraf

A verdict by a special court in December deepened the misgivings between Pakistan's armed forces and the civilian structures. More than the awarded death sentence, the language used in the verdict was especially provocative. The verdict stated that even if General Musharraf died before being brought back to Pakistan from Dubai where he is under medical treatment, his corpse ought to be hanged in front of the parliament in Islamabad.

2) Supreme Court verdict on renewal of General Bajwa's tenure

The Supreme Court carried out a judicial review of Prime Minister Imran Khan's decision to renew a three year tenure of Army Chief General Qamar Javed Bajwa and ordered new parliamentary legislation in late November, over a six month period for extensions of armed forces' chiefs in future. The matter has been resolved for now with the parliament having carried out the necessary legislation. But this episode has set the ground for fresh civil-military distrust unless a series of actions are taken to bridge the divide. At the very least, it's

essential to organize a regular dialogue between Pakistan's civilian politicians – government and opposition, and the armed forces to discuss, debate and resolve matters that may potentially undermine civil-military ties.

For the long term, resolving the riddle of Pakistan's civil-military ties is essential to resolve challenges surrounding the country's structures of governance. Over the years, civil institutional structures have weakened while the armed forces have been absorbed in areas which ought to be the responsibility of civilian rulers. This has only weakened Pakistan's civilian government. Moreover, an over extension of the armed forces in areas which should not have been their responsibility, has only forced them to add to their professional remit.

Conclusion

Pakistan's overall political direction coming out of 2019 remains saddled with a number of challenges. For years, politicians and analysts have argued that the civilian structure will consolidate

over time, following a number of parliamentary elections. However, in addition to the future of parliamentary structures at the Centre and the provinces, the evolution of political parties has also set the trends for the future. As long as party structures remain weak and led by families where the highest offices have passed on in a hereditary manner, political parties will remain inherently weak and unable to mature democratically. This handicap will continue to undermine the ability of political parties to encompass a wider following of politicians and grass root constituents.

***Farhan Bokhari**

Mr Farhan Bokhari is an Islamabad based journalist and a political & economic analyst. His articles have been published by a number of prestigious local and international publications.

2020: NOW OR NEVER

SYED HUSSAIN HAIDER* & SYED ALI HASHIM ZAIDI**

Abstract

Year 2020 will witness the conclusion of the first year of an economic stabilization phase under the current International Monetary Fund (IMF) program. Hence, the mere improvement of macroeconomic indicators (the twin deficits, for instance) should ideally not be cause for celebration. What else can be expected of a heavily front-loaded IMF program? Either way, we had wandered down a dark road and have just started our journey to redemption.

Pakistan will turn 100 sooner than we'd like to think. Yet, it's history of unforgiving boom-bust cycles continues unabated. Argue all one may about the decision to go to the IMF, the fact is that the program has been chosen as a panacea to the country's immediate ailments and macroeconomic indicators should eventually fall into place as they always have. Would it not be prudent then to keep broader issues the centre of attention in gatherings related to the economy?

These issues and their solutions are not guarded secrets; libraries of credible literature are readily available. Why then, even with the abundance of such information, do our problems still linger? The simple fact of the matter remains that inability to solve a problem can arise for two broad reasons: either the absence of willingness or lack of ability. Hence, the intent and implementation capacity of those ultimately responsible should always be closely monitored. Nevertheless, if the impressions that are now being created actually materialize, Pakistan could finally embark on a path of sustainable growth, particularly considering its

vast untapped potential.

To discuss the outlook for 2020, this article will pivot on the latest IMF Staff level report, released just recently, which provides a rather comprehensive numerical depiction of Pakistan. Whether or not one agrees with the report's forecasts, it cannot be argued that it does serve as a starting point. More importantly, this article will then discuss the broader issues at hand in light of the clues we are getting regarding the direction that the country is headed in.

IMF and the road ahead

The IMF has maintained Pakistan's Gross Domestic Product (GDP) growth forecast at 2.4% for FY20. This estimate seems closer to reality than the 3.5% put forth by local authorities, given the slowdown prevalent in large scale manufacturing and agriculture sectors in particular. On inflation, the IMF has revised its FY20 forecast from 13% to 11.8%, which falls in line with government estimates of 11-12%. Given that the recent hikes in power tariffs are being used to alleviate the circular debt in the immediate term, one should hope that they have been factored in in the inflation forecasts. Otherwise, one should brace for inflation shooting beyond these estimates. Moreover, higher oil prices remain another critical risk. In such cases, it should not be surprising if interest rate cuts do not materialize as is generally expected. However, such rates are unsustainable for an economy such as that of Pakistan, particularly considering the hikes of 2019. Broader market expectations with regards to policy rate cuts are around the 200bps mark during 2020.

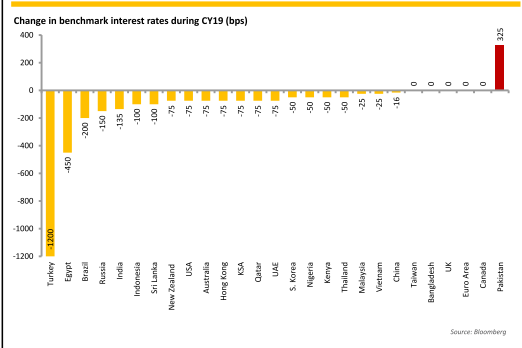
CHART 1

IMF Projections, Dec 2019	Actual	Estimate	Projected						
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	
Real GDP Growth	%	5.2	5.5	3.3	2.4	3.0	4.5	5.0	5.0
Inflation (period Avg)	%	4.1	3.9	7.3	11.8	8.3	6.0	5.0	5.0
Current Account Balance	US\$ bn	-12.6	-19.9	-13.8	-6.6	-5.9	-5.9	-6.0	-6.8
Current Account Balance	% of GDP	-4.1	-6.3	-4.9	-2.4	-2.0	-1.8	-1.7	-1.8
Gross FX Reserves	US\$ mn	16.1	9.8	7.3	11.2	14.8	20.7	27.1	30.5
Primary Balance	% of GDP	-1.6	-2.2	-3.5	-0.6	0.9	1.9	2.6	2.6
Budget Balance	% of GDP	-5.8	-6.5	-8.9	-7.6	-5.5	-4.0	-2.8	-2.6
Government Debt*	% of GDP	70.0	75.2	87.8	84.7	81.4	77.6	73.6	69.8

* General govt. & govt. guaranteed debt (incl. IMF)

Source: IMF

CHART 2

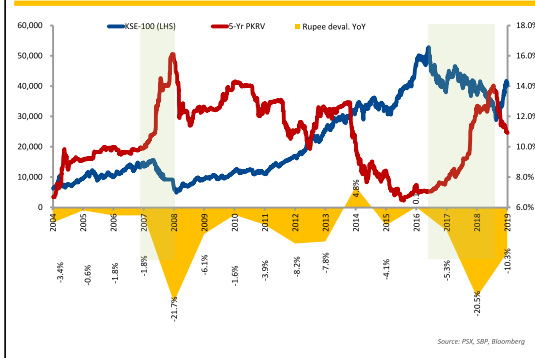


Source: Bloomberg

Beyond the stabilization phase of FY20, the IMF has forecasted that GDP growth will accelerate, the rate of inflation will slow down and macro imbalances such as the twin deficits will reach more manageable levels. But this is nothing new, rather a re-run of what has repeatedly happened in the past. Yet again, the stock market pre-empted the turnaround, reaping 42% gains from the lows in mid-August'2019 till end of CY19. At the same time, bond markets had been giving telling signs.

The external account situation has shown considerable improvement during 1HFY20. The current foreign exchange reserves levels have reached relatively safer levels. In fact, they currently stand near the IMF's year-end targets. The Current account deficit (CAD) is expected to comfortably beat the IMF target of US\$6.6

CHART 3

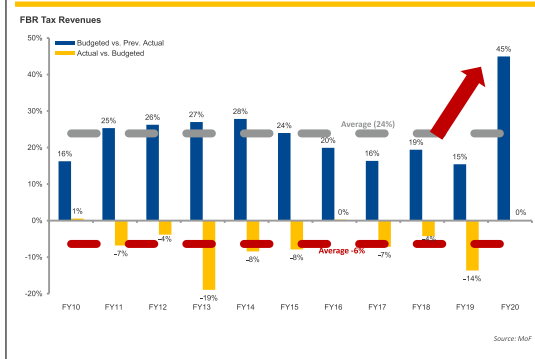


Source: PSX, S&P, Bloomberg

billion. And this reflects in the exchange rate which appreciated by nearly 3.6% during 1HFY20 as against general fears of a horrendous depreciation spell. Although the IMF does not specifically publish exchange rate forecasts, the implied rate using the latest Staff level report shows that the IMF expects the Rupee to depreciate by 3.7% per annum leading upto 2024 as against 4.8% implied in the previous report (July, 2019).

However, one summit that has remained insurmountable so far for the government is the high revenue collection target set by the IMF and that too right from the very onset of the program. The front-loading severity of revenue collection

CHART 4



Source: MoF

targets can be gauged from the fact that the IMF is aiming to lift the tax-to-GDP ratio from 12% in

FY19 to 14.2% in FY20 and then 15.9% in the following year. This is by no means an easy feat to achieve. So far, during 1HFY20, total revenue collection stands at Rs2.08 trillion. Such is the size of this target that despite collection being 17% higher YoY, there remains a shortfall of Rs287 billion. In this situation, conventional wisdom dictates that something has to give – in a more favourable scenario, a waiver would be granted while on the other end lies the cameo appearance of a mini budget (a real one this time). If all else fails, perhaps an option that has been ignored for far too long would eventually have to be considered, i.e. expenditure cuts. Here, one can be forgiven for confusing expenditure cuts with merely development expenditure cuts, given what has happened in the past. This will most likely not be the case anymore, as it could require a re-haul of the government apparatus that we have grown accustomed to.

Alarmingly, government debt as a percentage of GDP has already reached record highs; yet the IMF has forecasted this ratio to fall gradually from current levels going forward (refer to IMF projections tabulated earlier).

One caveat is that the tacit assumption in this

forecast is high growth in revenue collections. But in the unfortunate scenario that revenue collection takes longer than expected to match the desired pace, how will the authorities manage to bridge the shortfall? The answer is obviously expenditure cuts. Again, to emphasize, these cuts could reach proportions that have not been seen, at least in recent history.

Foundations of the state

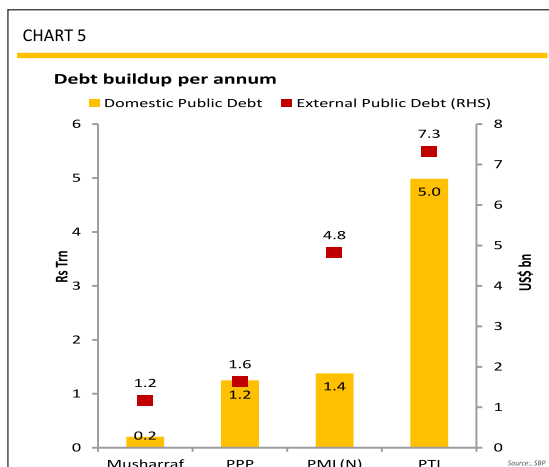
Before moving on to the broader challenges at hand, it is imperative to highlight that speaking about them puts one at the risk of venturing beyond the limits of time. Such is their vastness. Regardless of perspective, there is tremendous amount of work that needs to be done in Pakistan's social and physical infrastructure. With the aim of covering maximum ground, the article adopts a 'to-the-point' strategy. Either way, there is no arguing that libraries of credible literature on the topic are anything but scarce. This article simply attempts to present the beating heart.

The three areas of focus should be:

1. Meritocracy
2. Planning
3. Education

Judiciary, Legislature and the Executive may be the three pillars of state, but meritocracy, planning and education form the foundation on which these pillars continue to stand. And these strong foundations have, for decades, allowed great nations to remain great and developing nations to prosper.

Interestingly, if one simply works on meritocracy, all else will fall into place. An effective workforce will automatically pave the path towards proper planning. And proper planning should prioritize



education.

Meritocracy

First and foremost, meritocracy should be ensured at all levels. The term simply means that competent people should command areas that they excel in. In other words, the right people for the right jobs. All of them! It is quite similar to solving a puzzle; all the right pieces need to fall in the right place to get the desired result. For instance, the current Federal Board of Revenue (FBR) chairman was appointed to ensure revenue generation. One piece of the puzzle in place. So far, so good. But the appointment of just one individual is grossly insufficient to tend to Pakistan's myriad fiscal troubles; the expenditure side remains largely unattended to. For instance, while the FY20 budget did see salary cuts in the federal cabinet, one should ask whether the country really needs such a large cabinet, especially in times of fiscal austerity. Would Pakistan not be better off without the extra workforce and countless ministries that we see constantly arguing over jurisdiction? Since when did clutter become an integral part of governance? Can the country not survive on skeleton staff?

Planning

This thought leads us into the realm of planning, which needs no elaboration. As mentioned above, planning can be considered as a function of meritocracy. Hence, meritocracy in letter and spirit should help avoid major shortfalls in formulation of consistent and effective policy. At the risk of making it sound like a history lesson, past – and some very recent – hiccups are presented below.

- It has lately been quoted that data has surpassed oil to become the world's most

valuable resource. And it is disheartening at the very least to say that in Pakistan, even a man-made resource as vital as this needs substantial nurturing. 72 years since independence, it remains a dream to see Pakistan Bureau of Statistics (PBS) become an autonomous body, free from conflicts of interest.

- Another interesting point can be found in the annual budget speeches. It is no less than a mystery how it is possible for individuals placed at ministerial positions to provide annual estimates of the country's account so far from the actual numbers so close to the year end. For instance, the estimated fiscal deficit (as percentage of GDP) for FY19 was announced at 7.1% in the FY20 budget speech while the actual number came to 8.9%. This 1.8% difference translates to roughly Rs700 billion!
- It could be the dense fog nowadays, but the current economic policy framework is not adequately clear. For instance, one may recall an Economic Advisory Council (EAC) that was established sometime in FY19 (which ended in a fiasco after members resigned for various reasons). More recently the Economic Development Council (EDC) was formed and, for a brief period, it seemed that this body would help formulate policies. Yet sometimes one gets the impression that the Prime Minister has taken it upon himself to make all policy decisions.
- On the other hand, we see the repeated reshuffling of senior

appointees. This simply tells that either there is a problem finding the right people or there is a lack of decisiveness.

- Then there is the matter of Gas Infrastructure Development Cess (GIDC) where a formal decision was made and then taken back, which has resulted in the case now pending in the courts of law.
- And what does fate have in store for state-owned enterprises (SOEs)? Will they be privatized or will they continue to remain under government ownership? If the former stands, then the question is “when”; In case of the latter, the question is “how”.
- It seems that China-Pakistan Economic Corridor (CPEC), Pakistan's much-hyped 'Game Changer' has lost its place in the spotlight. The great debates that were in the limelight until just recently have now been rather overshadowed by other routine headlines.
- Then there were the rather aggressive talks about the dangers of Chinese involvement in Pakistan through CPEC. However, these voices died out soon after their sources became part of the governing mechanism of the country.
- The sudden sprouts of ideas that authorities go through are another cause for serious concern. Take the construction of dams and diaspora certificates for instance which came in like freight trains and disappeared like Houdini.

Apart from these hiccups, the state of planning in Pakistan can be seen in various sectors of the country such as Power, Petroleum refining, agriculture and technology to name a few. And if that wasn't enough, one just needs to look at the

unique case of Pakistan's exports growth. Despite all efforts, the current growth figures suggest that the country's remittances will soon exceed exports. In terms of the export to GDP ratio, Pakistan not only finds a spot among the worst in the region but

CHART 6

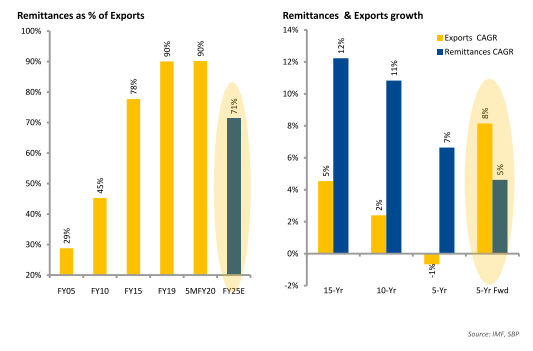
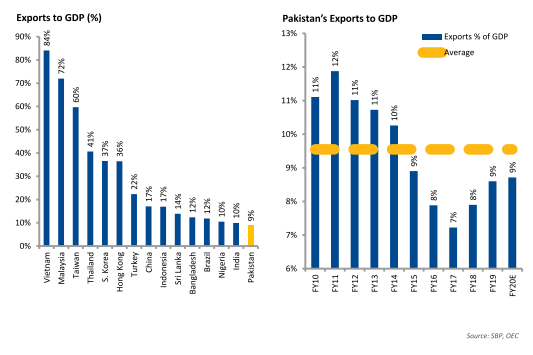


CHART 7



has, for the past few years, somehow found itself underperforming even its own historic average.

In a recently released report by the ADB¹ the authors have pointed out that “Periods of GDP growth rates that are higher than the BOP-constrained growth rate tend to result in foreign exchange reserve depletion, followed by periods of fiscal and monetary policy-led suppressed growth.”

The report claims that the current Balance of

¹Why Pakistan's economic growth continues to be balance-of-payments constrained. 2019. ADB Central and West Asia working paper series

Payments (BOP) situation (which has fundamentally remained unchanged for a considerably long time) only allows Pakistan's economy to grow sustainably up to a maximum rate of 3.77%. The only way to sustain a higher growth rate is to enhance exports. To this end, the report identifies avenues to redemption, some of which are quoted as follows:

- Identify the causes of lost export value in important industries (glass and stone, mineral products, plastics, and chemicals);
- Explore options for moving into new export products that require productive capabilities similar to those used for existing Pakistani exports, but have a higher level of sophistication within the product space;
- Establish a national single window for exporters; and
- Improve the availability of trade finance.

Rather amusingly, the China–Pakistan Free Trade Agreement-II (CPFTA-II) recently came online that gives duty-free access to over 6,000 Chinese items against allowing 313 Pakistani products to be exported to China on similar terms. Brilliant, isn't it?

One subject that has been ignored for too long by policy makers is population growth. Prime Minister Imran Khan, in his first address to the nation, expressed his desire to learn how China overcame its problems to become the powerhouse that it is now. A fundamental tool in China's success was managing population growth decades ahead of working on other areas such as infrastructure development. PM Khan has indeed publicly spoken about the challenge of a rising population. A small glimpse at Pakistan's historical population growth reveals that its population

doubles every 25 years. At this rate, Pakistan will be home to over 400 million in the next 25 years and cross the 800 million mark in the subsequent round. An article in the *Washington Post*² suggests the same – that the population could double by the mid of this century. It further claims that Pakistan's population growth is among the highest (barring Africa) and the situation is 'a disaster in the making'. Reasons cited are 'religious taboos, political timidity and public ignorance ... where only one-third of married women use any form of birth control.'

Pakistan's population problem has also been recognized in a World Bank Report³ which recommends “reduction of fertility rates via awareness programs to encourage informed decisions on parenthood, including information on birth control, reproductive health, young women's health and child development...” as a reform measure to reduce population growth from 2.4% in 2017 to 1.2% by 2047. A policy note by the World Bank⁴ suggested that one reason why investment and interventions in human capital have not borne fruit so far is the consistently high population growth rate, which has diluted the impact of reform. Moreover, health and population control are cited among key areas to ensure growth in incomes.

Education

Once meritocracy and an effective planning framework are in place, emergency focus on education should naturally flow in. Without investing on human capital, any quantum of public spending and infrastructure projects will be pointless. With regards to education, 'Pakistan@100: Shaping the Future' claims that Pakistan needs to spend twice the amount on education of what it currently does, keeping in

²A disaster in the making': Pakistan's population surges to 207.7 million, 2017.

³World Bank. 2019. Pakistan@100: Shaping the Future. © World Bank

⁴Pakistan@100 policy note on Human Capital. 2019.

view the regional average. The same report also highlights that: “Not only the quantity but also the quality of education is concerning in Pakistan. In rural areas 48 percent of class 5 students and 83 percent of class 3 students could not read a class 2 story in Urdu/Sindhi/Pashto; 54 percent of class 5 students and 85 percent of class 3 students could not read class 2 sentences in English; and 52 percent of class 5 children could not do two-digit division.”

However, there is also the view that there is sufficient spending on education and the problem lies in financial discipline⁵. “Ghost” schools and employees in the public sector continue to haunt enforcement of the policies in place. In such a scenario, where quality of education is also an issue in the few schools that do function, enrolment rates are unnaturally low as parents see low opportunity costs in not sending their children to school.

The problems in the education system are expected to worsen if quick but long term remedies are not worked out. Given the growing population, the student-teacher and student-school ratios could easily worsen from the levels that they have already dropped to.

Conclusion

The article mentioned that inability to perform either finds roots in absence of willingness or lack of ability. In the latter case, the former can still compensate and produce some result. However, when the tables are turned, there is no hope.

Pakistan has a history of too frequent boom-bust cycles. It should be kept in mind that the mere improvement in macroeconomic indicators does not mean that economic growth will shoot anytime soon. It is high time that a now-or-never approach be taken for moving forward. Again, to quote 'Pakistan@100: Shaping the Future':

“Pakistan's future looks very different if it fails to achieve ... reforms ... Its consumption-based growth model, low tax revenue and inefficient resource use will have prevented crucial investments, and instead continued Pakistan's pattern of boom-and-bust growth cycles, and depleted the country's natural-resource base. In addition, its political system will remain influenced by elites that will continue to capture the majority of the economic benefits.”

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⁵Pakistan's Education Crisis: The Real Story, 2015 (Woodrow Wilson International Center for Scholars – Asia Program)

EVOLVING TERRORISM THREAT

SYED BAQIR SAJJAD* & ASMA KHALID**

Introduction

International experience in fighting terrorism shows that counter-terrorism campaigns are usually long and complicated with no clear vision of when or how they will end. This is because of the diverse character of the threat. Examples from our neighbourhood show that Sri Lanka defeated Tamil Tigers after a 26 yearlong campaign, meanwhile, the United States has failed to address the issue of terrorism in Afghanistan even after 18 years of what New York Times described as “grinding, bloody war”¹. Experience of the United Kingdom's three decades long fight against Provisional Irish Republican Army reveals that although PIRA and its affiliated paramilitary groups had ceased their activities in 2005², but the threat persists and incidents of violence continue to occur there.

Pakistan has suffered immensely at the hands of terrorism. The problem of terrorism in Pakistan has long history of sectarian and ethno-nationalist violence dating back to 1950/60's, but the contemporary discussion is mostly focused on the period starting with the government's policy decision in 2001 to join the US led war on terror after the tragic events of 9/11³. Pakistan, in the post 9/11 period, suffered unprecedented levels of violence resulting in nearly 64,000 fatalities and economic losses to the tune of more than \$130 billion⁴.

The State in its effort to tackle this menace at home undertook a series of military operations of varying scales during this period starting with Operation Mizan to the current Operation Radd-ul-Fasaad. These operations have delivered mixed results and the country remains beset with the terrorism problem including religiously motivated militancy, sectarianism, and ethno-nationalist violence.

On the surface it looks that Pakistan is finally moving out of the post 9/11 phase of the terrorism problem, as suggested by the fewer number of high profile attacks, lesser suicide bombings, and declining number of casualties ever since the 2009/10 peaks, but scratching a little beneath the surface reveals that, notwithstanding the progress made so far, the problem still exists even though it may not be in the news headlines with the same frequency. It is only that this menace is morphing into newer forms, but continues to be a potent threat to national security.

Army Chief Gen Qamar Javed Bajwa on the fifth anniversary of the Army Public School carnage (Dec 16, 2019), which is seen as the defining moment in the fight against terrorism, said: “We have come a long way in failing terrorism as a nation. United we move towards lasting peace and prosperity of Pakistan.”⁵ The statement clearly shows that Pakistan is yet to achieve sustainable peace despite the progress made so far.

¹Peter Baker, Mujib Mashal and Michael Crowley, “How Trump's Plan to Secretly Meet With the Taliban Came Together, and Fell Apart,” New York Times, September 10, 2019, <https://www.nytimes.com/2019/09/08/world/asia/afghanistan-trump-camp-david-taliban.html>.

²Stevenson, Rachel, and Nick Crossley, “Change in covert social movement networks: The ‘Inner Circle’ of the provisional Irish Republican Army,” *Social Movement Studies* 13, no. 1 (2014): 70-91

³Syed Muhammad Ali Shah, “Pakistan and the War against Terrorism,” *Pakistan Horizon* 60, no. 2 (2007): 85-107.

⁴“Fatalities in Pakistan,” Global Terrorism Database, January 2020, https://www.start.umd.edu/gtd/search/Results.aspx?chart=fatalities&casualties_type=&casualties_max.

⁵“APS carnage will never be forgotten,” COAS, President say on 5th anniversary of horrific attack,” Dawn, December 17, 2019, <https://www.dawn.com/news/1522579/aps-carnage-will-never-be-forgotten-coas-president-say-on-5th-anniversary-of-horrific-attack>.

The trend of the terrorism incidents during 2019, showed a further decline of 12.5% in terms of number of attacks, 46% reduction in fatalities from terrorism and 30% cut in the list of wounded in the violence. The terrorists, during 2019, targeted security forces, law enforcement agencies, civilians, and sectarian minorities using improvised explosive devices and fire arms more frequently. There were only four suicide attacks in 2019 as compared to 11 in the previous year⁶. Most of the terrorist attacks in 2019 took place in KP and Balochistan⁷. Meanwhile, the sectarian incidents remained concentrated in Sindh and Balochistan and ethno-nationalist violence mostly occurred in Balochistan.

The muscular approach to tackle the problem helped only to the extent of suppressing the problem. The continuing terrorist attacks with a relatively high frequency, though at a lower scale, underscore the point that terrorist groups like Tehrik-e-Taliban Pakistan (TTP) plus its splinter outfits; Lashkar-e-Jhangvi (LeJ); Daesh; and the Baloch nationalist militants despite having been severely weakened by the counter-terrorism operations retain a reasonable level of operational capability to execute attacks.

Better results could have been achieved by undertaking structural, governance, and legal reforms especially the revamping of the criminal justice system; dealing with the issue of surging extremism more seriously; and addressing the underlying causes of terrorism and extremism alongside the kinetic operations.

Counterterrorism officials and policymakers will face three strategic challenges in the 2020s –

preventing the current phase of militancy and terrorism from morphing into a prolonged and more resilient form; curbing the expanding footprint of Daesh in the region; and dealing with the looming prospect of cyberterrorism⁸. At the same time there has to be realization that while our counter-terrorism agencies and personnel have gained immense experience over the past 18 years, the terrorists too have learnt to adapt to routine counterterrorism tactics and are developing countermeasures of their own. Therefore, a review of the internal security strategy is urgently needed. But, above all our policy makers and security agencies need to develop clarity as to what is their end goal and which strategy they intend to pursue for achieving it.

Trend of Terrorist Attacks and Counter-Terrorism Operations in 2019

During 2019 a total of 230 terrorist attacks were recorded in which 318 peoples lost their lives, while another 720 were injured. The incidence of terrorist attacks decreased by about 13% over 2018 when there were 262 incidents. The fatality figure was meanwhile, 46% lesser than the previous year when 595 people lost their lives. The

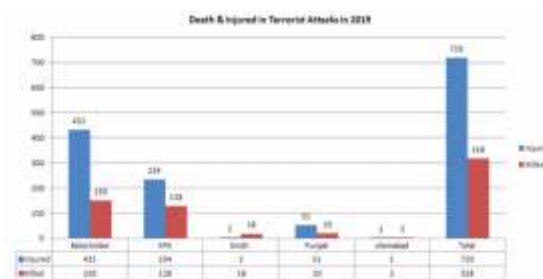


Figure 1: Casualties in Terrorist attacks: January-December 2019
Source: South Asia Terrorism Portal (SATP) & Pakistan Institute for Peace Studies (PIPS)⁹

⁶ Asma Khalid, Security Report 2019, Islamabad Policy Institute, January 01, 2020, <https://ipipk.org/security-report-2019/2020/01/01/>.

⁷ Muhammad Amir Rana, "the ongoing challenge," Dawn, December 29, 2019, <https://www.dawn.com/news/1524992/the-ongoing-challenge>.

⁸ Syed Rubab, Ahmed Awais Khaver, and Muhammad Yasin, "Cyber Security: Where Does Pakistan Stand?," Sustainable Development Policy Institute (SDPI), February 2019, [https://sdpi.org/publications/files/Cyber-security-where-does-pakistan-stand%20\(W-167\).pdf](https://sdpi.org/publications/files/Cyber-security-where-does-pakistan-stand%20(W-167).pdf).

⁹ Data is collected from multiple sources including official websites of South Asia Terrorism Portal (SATP), <https://www.satp.org/>; Pakistan Institute for Peace Studies (PIPS), <https://www.pips.gov.pk/>.

number of those injured in terrorist attacks declined by 30% from 1030 in 2018.

The targets of these attacks, much like previous years, remained security forces, law enforcement agencies' (LEAs) personnel, civilians, and sectarian minorities

Of the 318 terrorism related fatalities occurring in 2019, 158 were active military and LEAs personnel. Meanwhile, 201 of 720 wounded were from the forces and LEAs. In 2018, 222 military and LEA personnel were martyred in terrorist attacks, which mean the fatality tally for security/LEAs personnel decreased by 29% in 2019. Most of these security forces/LEAs casualties occurred in KP (85 deaths and 108 injured) followed by Balochistan (56 deaths and 86 injured) and Punjab (10 deaths and 6 injured). In Sindh 05 security agencies/LEAs personnel lost their lives, and 2 were martyred and another was injured in the federal capital.

The civilian fatality figure, meanwhile, recorded a 56% decline going down to 160 in 2019 from 369 in 2018. Balochistan suffered most of the civilian casualties - 94 deaths and 346 injured. KP recorded 43 civilian deaths and 126 injured, Sindh suffered 13 fatalities and 02 injuries, and Punjab 10 deaths and 45 injured. No terrorism related civilian casualty occurred in the federal capital in 2019.

The geographical distribution of incidents indicates that most of the terrorist activity occurred in Khyber Pakhtunkhwa (KP) and Balochistan in 2019. The numbers of total militant attacks reported from KP in 2019 were 124, almost at par with 125 in 2018. Meanwhile, Balochistan with 84 stood second in terms of number of terrorist attacks marking a decline of 27% in the tally of terrorist strikes as compared to 2018 when terrorists carried out 115 attacks.

Table 1			
Military Casualties: January-December 2019			
Region	Killed	Injured	Total Casualties
Balochistan	56	86	142
KP	85	108	193
Sindh	05	00	05
Punjab	10	06	16
Islamabad	02	01	03
Total	158	201	359
Source: National & Local Newspapers, SATP, PIPS. ¹			

Table 2			
Civilian Casualties: January-December 2019			
Region	Killed	Injured	Total Casualties
Balochistan	94	346	440
KP	43	126	169
Sindh	13	02	15
Punjab	10	45	55
Islamabad	00	00	00
Total	160	519	679
Source: National & Local Newspapers, SATP, PIPS.			

¹⁰Data regarding Military casualties during January-December 2019 is gathered from various national & local newspapers, official websites of SATP and PIPS.

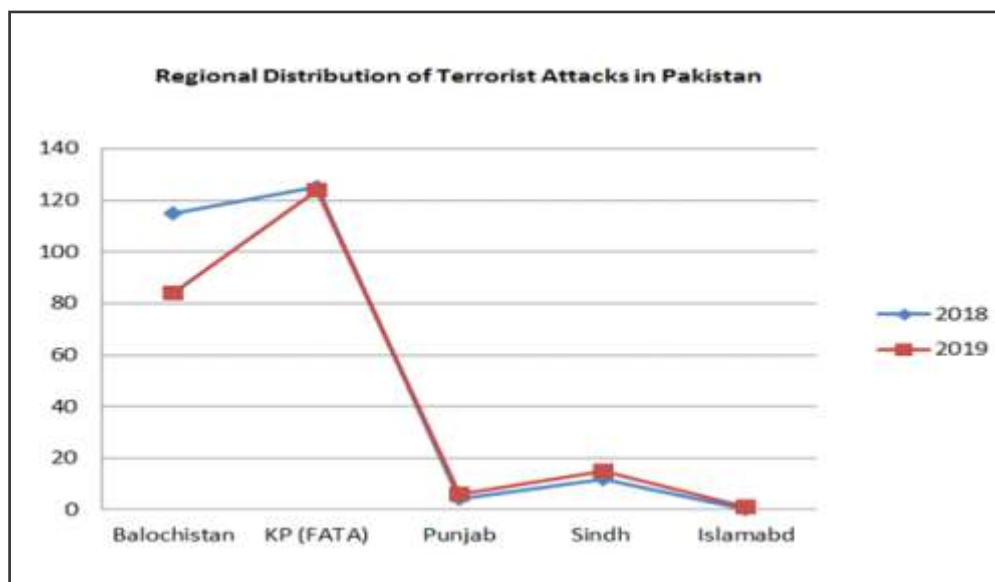


Figure 2: Number of Incidents in Provinces (2018-2019)

Source: National & Local Newspapers, SATP, PIPS

Quetta remained the worst hit city in Balochistan suffering 24 attacks by various militant, nationalist insurgent and sectarian outfits. Reports, moreover, indicate that threat level around Quetta, particularly of sectarian violence, remains high because of presence of LeJ and Daesh. Sindh had 15 terrorist attacks during 2019 as compared to 12 terrorist hits in the previous year. Punjab, meanwhile, suffered 06 incidents as compared to 04 in 2018 and the federal capital was struck once.

Most of these attacks were executed with improvised explosive devices and fire arms. Together the IEDs and firing by fire arms accounted for 94% of all attacks. Others less commonly used means of attacks were rocket attacks, hand grenade, and gun and bomb attacks. The trend of suicide bombings continued to decline this year as well and only four incidents happened as compared to 11 in 2018. In two other incidents terrorists blew themselves up after being surrounded by the LEA personnel.

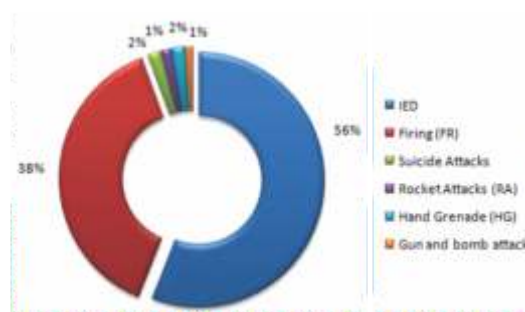


Figure 3: Tactics & Methods used in Terrorist Attacks: January-December 2019

Source: National & Local Newspapers, SATP, PIPS

Attacks by religiously inspired militants (130 attacks) made up almost 56% of the terrorism related incidents, while strikes by ethno-nationalists (62) was the second highest category constituting 27% of the incidents. The third major types of attacks were sectarian in nature (15) with a share of 6.5% of the overall violence. Origin of

twenty-three incidents was not known.

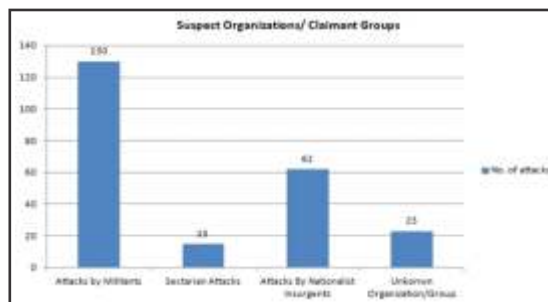


Figure 4: Responsibility Attribution: Suspected Organization and Claiming Groups

Source: National & Local Newspapers, SATP, PIPS

These figures illustrate that despite having been subdued by the counter-terrorism operations, the terrorist groups have not been thrown out of business as yet and they retain a reasonable level of operational capacity. Even more worrisome is that not only these groups are organizationally intact, but they are getting regular supply of new recruits, which in a way points towards the bigger failure of the existing counter-terrorism and counter-extremist violence strategies.

Large ungoverned spaces in Afghanistan pose a serious security threat to Pakistan as fighters and leaderships of many terrorist groups carrying out attacks here have taken refuge there. Absence of cooperation between the two countries in dealing with this issue because of challenges in bilateral relationship has further complicated this problem. However, some of the measures taken by Pakistani security forces and LEAs have made it difficult for Afghanistan based leadership of terrorist groups to connect with support groups here with supplies and resources. This contributed to the fewer large-scale attacks this year.

The religiously motivated and sectarian attacks were carried out by Tehrik-i-Taliban

Pakistan/TTP (82 attacks), Lashkar-e-Jhangvi/LeJ (08), Hizbul Ahrar (14), Jamat ul Ahrar (01), Daesh and its affiliated groups (01), other local Taliban factions (32), Lashkar-e-Islam (2) and Sipah-e-Mohammad Pakistan (02). Meanwhile, groups involved in ethno-nationalist attacks in 2019 were Balochistan Liberation Army/BLA (29), Baloch Republic Army/BRA (06), Balochistan Liberation Front/BLF (11), Lashkar-e-Balochistan (06), Baloch Raji Aajoi Sangar/BRAS (03) and Sindhudesh Liberation Front Army/SDLF/SDLA (03). One incident of violence was blamed on Pashtun Tahaffuz Movement/PTM as well.

Nature of Attacks	Suspect Organization/ Claimant group	No of attacks
Attacks by Militants	Tehrik-i-Taliban Pakistan (TTP)	82
	HizbulAhrar	14
	JamatulAhrar	01
	Local Taliban	32
	ISIS affiliated groups	01
Sectarian Attacks	Lashkar-e-Jhangvi (LeJ)	08
	Sipah-e-Muhammad Pakistan	02
	Rival sectarian group	03
	Lashkar-e-Islam	02
Attacks by Nationalist Groups	Nationalist insurgents	04
	Balochistan Liberation Army (BLA)	29
	Bloch Republic Army (BRA)	06
	Baloch Raji Aajoi Sangar (BRAS)	03
	Balochistan Liberation Front (BLF)	11
	Sindhudesh Liberation Front Army (SDLF/SDLA)	03
	Lashkar-e-Balochistan	06
Unknown Organization/Group	Nil	23
Total	230	

Source: National & Local Newspapers, SATP, PIPS

TTP has been substantially weakened by internal fissures and counter-terrorism operations targeting its infrastructure and ranks. This is evident from the steady decline in the number of attacks, the group has been able to execute over the years. The numbers have fallen from 645 in 2013, the year preceding the start of Zarb-e-Azb¹¹ when the political and military leadership dithered over whether or not to go after the terrorist group, to 85 strikes in 2019.

The terrorist group, however, still has enough manpower, resources, and capacity to carry out attacks. Its share in the terrorist attacks, as shown by the 2019 figures, remains high at 36% even though the focus of the group, for the time being, appears to be inwards as it is looking for self-preservation and to some extent rehabilitation. One crucial aspect contributing to the continuity of TTP threat is that the group has the potential to radicalize and recruit from among the disgruntled and impoverished youth.

TTP has, meanwhile, expanded its footprint beyond North Waziristan into Zhob and Loralai regions of Balochistan, which in the past also hosted the group's presence. Similarly, there are reports of re-emergence of TTP in South Waziristan from where it had earlier been routed¹².

JuA, which was once seen as the most brutal splinter group of TTP and executed several high profile attacks between 2014 and 2018, has been decimated to a large extent and its presence is currently restricted to Rawalpindi/Islamabad region. It carried out one attack in the year targeting LEA personnel in Islamabad¹³.

Daesh, which first emerged on Pakistan's terrorism landscape in 2015 when it formed the Afghanistan based 'Khorasan Province', formed a separate unit comprising Pakistani territory in 2019. The setting up of the new Pakistan province, which coincided with another in India, aligns with the goals set by the group's leadership to expand in South Asia and the associated organizational restructuring. The creation of a new chapter would enable Daesh's local cadres to devise their strategy according to the local conditions. The factors possibly considered by Daesh leader before going for a full-fledged chapter in Pakistan include presence of large disenfranchised segment of society, high level of radicalization and existence of militant groups. These factors could offer Daesh opportunities for establishing itself in this region. Daesh is based in Balochistan and has forged alliances with other local and regional militant groups primarily LeJ. The terrorist group too has faced several counter-terrorism operations that inflicted serious losses on its ranks. However, the group has maintained a tenacious presence with the help of experienced local militants, including former al-Qaeda members and other militants, who turned to Daesh¹⁴. The challenge for Pakistani security agencies, therefore, is to prevent this terrorist organization from exploiting sectarian fault lines in the country. The strategy for eliminating Daesh from Pakistan would need a multifaceted approach under which its financial flows and connections with other militant groups could be disrupted. Moreover, anti-Daesh regional cooperation would have to be developed.

Ethno-nationalist organizations, especially the Baloch nationalist organizations, are the other set

¹¹Urwa Elahi and Umbreen Javaid, "Operation Zarb e Azb: A Decisive Strike." *Pakistan Vision* 20, no. 2 (2019).

¹²Zahid yaseen and Muhammad Muzaffar. "Extremism in Pakistan: Issues and Challenges." *Journal of Politics and International Studies* 4, no. 1 (2018): 31-42.

¹³Ibid

¹⁴"Country Reports on Terrorism 2017," United States Department of State Publication, September 2018, https://www.state.gov/wp-content/uploads/2019/04/crt_2017.pdf.

of militant outfits that pose serious threat to peace and stability. These groups too have been considerably weakened by the actions of LEAs and inter-group rivalries. The dip in militant violence in Balochistan is indicative of Baloch insurgency losing steam. In view of the situation three of the main separatist groups Balochistan Republican Army (BRA), Balochistan Liberation Army (BLA), and Balochistan Liberation Front (BLF) formed their first ever alliance – Baloch Raaji Ajoi Sangar (BRAS) – towards the end of 2018 for pooling together and sharing their resources including weapons, human resources, and safe havens. This not only helped these organizations remain alive, but also enhanced their capacity to launch large scale and sophisticated attacks¹⁵.

BRAS launched 3 major attacks in 2019 including an attack on FC convoy in Panjgur district on February 16 in which 6 FC personnel were martyred; the Ormara bus attack on April 8 in which 14 Navy and Army personnel were martyred; and kidnapping of 8 people in Turbat district in July.

Security forces in 2019 conducted 367 intelligence based operations. These operations were directed against TTP (which was target of 122 operations), Daesh (75), Al-Qaeda/Foreign Fighters (44), Afghan Taliban (4), and other militant groups (119). This number of IBOs in 2019 showed a sharp decline as compared to 2018, which witnessed 45,764 – the highest number of IBOs and combing operations in a year under Operation Radd-ul-Fasaad.

Future Security Challenges

Pakistan would over the next few years face strategic challenges in the fight against terrorism, which is becoming increasingly complex. Degraded by years of counter-terrorism operations, the terrorist groups are adopting novel ways for survival including formation of alliances; sharing of resources with other groups and acquiring modern techniques especially for undertaking cyberattacks.

The counter-terrorism strategy, therefore, needs to be recalibrated in a way that it prevents terrorist groups from finding means for survival. Physical elimination of terrorists is not enough. The ideology, on which they thrive, their narrative, support networks, avenue for finances and fresh recruits would all have to be dealt with comprehensively. In this regard, there has to be a renewed focus on countering extremism, undermining their ideology, reforming madrassahs that are a major source of extremists' recruitment, choking their finances and reforming the criminal justice system. Their online activity would also have to be curbed effectively to take away from them their preferred communication channel and a recruitment source.

These steps could help LEAs better prepare themselves for dealing with terrorism threat in coming years in which the terrorism landscape is expected to change in a big way.

a. Counter-Extremism Strategy

The fact that Pakistan's battle against extremism will decide the future of its fight against terrorism is not fully understood in Pakistan and hence there

¹⁵Pamir H Sahill, "The terror speaks: inside Pakistan's terrorism discourse and national action plan." *Studies in Conflict & Terrorism* 41, no. 4 (2018): 319-337.

is the absence of a strong political will to deal with it.

The government's strategy is driven by The National Internal Security Policy 2018-23¹⁶, and The National Counter Extremism Policy Guidelines¹⁷, a document which was launched in 2018. Meanwhile, another initiative titled Paigham-e-Pakistan¹⁸ presented a unified stance against extremism and its violent form.

These documents at the best present a strategy, but there has hardly been enough follow up to implement that.

The goal of any counter-extremism strategy is to deny the extremist organizations opportunities to exploit the people through their narrative. This is done by presenting a counter-narrative and removing the social support base that they enjoy. It also aims to prevent them from getting fresh recruits. But, it is clear that neither the ideological base of the extremists and terrorist organizations has been dented nor has their supply of new recruits been squelched. One implication of this is that the strategy is not working. Therefore, both flaws in the strategy and importantly the implementation mechanism need to be rectified urgently.

A fresh look at the religious and national identity project, which is open to exploitation by the extremist groups, is required. The vulnerability of State's ideological basis to exploitation has

increased because the outfits, which are out to do so, have from time to time been also used by the State. This has further allowed them ingress into the social and political structures of the country in addition to allowing them establish strong linkages with various State institutions.

Any counter-extremism project, moreover, needs to be broad based covering structural, educational, economic, legal and governance reforms because multiple factors including poverty, social exclusion, denial of justice, unequal opportunities to grow, and lack of representation cause extremism to thrive. As far as the educational reforms are concerned, such actions would have to go beyond mainstreaming/ reforming of madressah system of education. In other words an environment that is not conducive to spread of extremism would have to be created¹⁹.

The current narrow focus of the strategy allows extremists to exploit the loopholes in the system for not only surviving, but also expanding by convincing other disenfranchised segments to join in. Therefore, counter-extremism actions, without complementing progress on improving governance, economic and security situation, will have a minimal impact.

The project of mainstreaming sectarian leaders, who have in the past indulged in hate crimes against other sects and followers of other religions, was obscurely undertaken by the State. Such initiatives have their own limitations²⁰. These

¹⁶Ministry of Interior, "National Internal Security Policy (NISP) 2018-2023," Government of Pakistan, <http://digitalrightsmonitor.pk/wp-content/uploads/2018/06/National-Internal-Security-Policy-2018-2023-1.pdf>.

¹⁷"National Counter Extremism Policy Guidelines," National Counter Terrorism Authority (NACTA) – Pakistan, <https://nacta.gov.pk/wp-content/uploads/2018/02/NCEP-Guidelines.pdf>

¹⁸Merwah Hamid Qureshi, "Paigham-E-Pakistan: A Historic Fatwa Against Terrorism And Extremism," Geopolitika.ru, January 21, 2019, <https://www.geopolitika.ru/en/article/paigham-e-pakistan-historic-fatwa-against-terrorism-and-extremism>

¹⁹Zahid Yaseen and Muhammad Muzaffar, "Extremism in Pakistan: Issues and Challenges." *Politics and International Studies* 4, no. 1 (2018): 31-42.

²⁰ [Senator Rehman Malik](http://www.thenews.com.pk/print/259960-growth-of-militancy-and-efforts-for-mainstreaming), "Growth of militancy and efforts for mainstreaming," *The News*, December 24, 2017, <http://www.thenews.com.pk/print/259960-growth-of-militancy-and-efforts-for-mainstreaming>.

sectarian leaders may have cooperated with the initiative in anticipation of regaining the public/political space that they had lost because of the crackdown against their respective organizations, because there is nothing to publicly suggest that they have renounced violence while benefitting from mainstreaming. Without renunciation of violence the beneficiaries of this project have hardly done anything so far to restrain their cadres from committing violence against other groups. These approaches, nevertheless, complicate the State's response to their sinister designs.

b. Madressah Reforms

Madressah reforms, believed to be the key to tackling surging extremism in the country, have been pursued by successive governments without much success. It is understood that the curriculum of madressahs promotes intolerance towards others sects and religions among the students and makes them vulnerable to be exploited by sectarian and religiously motivated militant organizations²¹.

There is no confirmed figure for the number of madressahs in the country because of the mushrooming growth it experienced since the CIA led Afghan jihad days, when these institutions were used to prepare recruits for fighting the Soviet Union. That pattern has continued ever since and it is believed that 30,000 – 35,000 madressahs belonging to different sects and of various sizes exist²². These madressahs are normally autonomous in their functioning and are part of one or the other of the five Wafaqs - Wafaq-ul-

Madaris Al-Arabia; Tanzeem-ul-Madaris; Rabita-ul-Madaris Al-Islamia; Wafaq-ul-Madaris Al-Salfia; and Wafaq-ul-Madaris Al-Shia²³. Each Wafaq represents a particular sect and in turn all the Wafaqs collectively come under Ittehad-i-Tanzeemat-i-Madaris Pakistan (ITMP). The primary role of the Wafaqs is to function as the oversight body setting the curriculum to be taught in their affiliated institutions, conducting exams and awarding degrees.

The effort at reforming the wide madressah education system so far has been largely aimed at registering the institutions, improving the employability of the graduates of these schools, and widening their worldview so that they do not only see others through the bigoted lens of their respective sects²⁴.

The efforts could not make much headway because of faulty strategies by the governments in the past, which undertook cosmetic and half-baked measures to tackle the issue, and madressah's fear of losing the turf.

PTI government in May 2019 took a step forward by reaching an agreement with ITMP on the a reforms package, which envisaged giving Federal Ministry of Education and Professional Training the charge of dealing with the matters related to madressahs; registration of the madressahs; and the madressah students appearing in examinations of Federal Board of Intermediate and Secondary Education (FBISE) in four subjects. The education ministry would have a directorate

²¹Nazia Nazar, Karin Österman and Kaj Björkqvist, "Religious Tolerance, Gender Equality and Bellicose Attitudes: A Comparative Study of Three Educational Systems in Pakistan." *European Journal of Social Science Education and Research* 4, no. 5 (2017): 126-135.

²²Douglas Johnston, Andrew McDonnell, Henry Burbridge and James Patton, "Countering Violent Religious Extremism in Pakistan: Strategies for Engaging Conservative Muslims," International Center for Religion and Diplomacy, December 2017, <https://icrd.org/wp-content/uploads/2017/12/Countering-Violent-Religious-Extremism-in-Pakistan-White-Paper.pdf>.

²³Moeed Yusuf, "Madressah Reforms: Breaking the Cycle," *Dawn*, August 18, 2019, <https://www.dawn.com/news/1500025>.

²⁴Saad Sayeed, "Pakistan plans to bring 30,000 madrasas under government control," *Reuters*, April 29, 2019, <https://www.reuters.com/article/us-pakistan-madrasas/pakistan-plans-to-bring-30000-madrasas-under-government-control-idUSKCN1S517Z>.

general for madressahs with its secretariat in Islamabad²⁵. The directorate general would then operate through a network of 16 regional offices across the country²⁶. Moreover, it was agreed that the government would provide teachers for the four subjects.

The registration process was set to commence from mid-Jan 2020.

Although, the agreement with ITMP has been signed, but there are simmering fears about the process. Resultantly, some of the leading figures associated with the madressah system have already begun expressing their concerns that the government was exceeding the agreement²⁷. These apprehensions have surfaced because of some of the flaws in the reforms package. More significantly the entire plan was not fully and transparently explained to and discussed with the madressahs before being concluded.

These worries relate to the completion of the required documentation for registration. Moreover, questions have arisen about the recruitment of the teachers to be provided by the government. The worries out there are that how the government would assure that the hired teachers are aligned with the sectarian slant of the institution where they would be appointed. The madressahs are apprehensive that with the salaries and administrative control of those teachers in the hands of the education ministry, they (the teachers) wouldn't be accountable to the administrations of their respective institutions. Similarly, there are suspicions about the examination system under FBISE. As per the

agreement, apart from the four subjects for which the students will appear in FBISE exams, the question papers for the other subjects related to core religious education too would be prepared by FBISE after taking input from the respective Wafaqs. The madressahs argue that FBISE does not have the relevant faculty to prepare the question papers.

Madressahs are belatedly contending that these steps could undermine the authority of the Wafaqs, even though they retain the role of administering the religious curriculum and the degree-awarding function.

A major shortcoming in the reforms package is that it fails to define what would constitute hatred towards other sects and religions. And without defining this critical element the crucial role of ensuring that the curricula would be free of hate material has been left to the Wafaqs. This shortcoming may have been left behind as a compromise for bringing the madressahs under a formal net while keeping their autonomy over curriculum intact, but this may, in the longer run, undercut the actual intent behind the whole exercise – ending sectarian hatred.

c. Terror Financing

Funds play a key role in the operations of the terrorist organizations. Therefore, interventions aimed at curbing terrorism have, in addition to other measures, focused on choking the finances of these groups. International efforts for suppression of the financing of terrorism intensified after 9/11 when a stricter scrutiny of financial mechanisms commenced²⁸. Regulatory frameworks and

²⁵ Ahmad Ahmadani, "Govt Starts Registration of seminaries across Pakistan," Pakistan Today, October 25, 2019, <https://www.pakistantoday.com.pk/2019/10/25/govt-starts-registration-of-seminaries-across-the-country/>

²⁶ Kashif Abas, "Directorate to regulate seminaries set up," Dawn, October 25, 2019, <https://www.dawn.com/news/1512734/directorate-to-regulate-seminaries-set-up>

²⁷ "Madressahs body asks govt to stop data collection of students," Dawn, August 10, 2019, <https://www.dawn.com/news/1499021>

²⁸ "Anti-Money Laundering/Combating the Financing of Terrorism," International Monetary Fund, accessed January 07, 2020, <https://www.imf.org/external/np/leg/amlcft/eng/aml1.htm>.

institutions were established to control illicit financing.

Pakistan too during this period took number of steps to regulate the domestic financial systems for preventing the terrorists from misusing them. The first such major step after 9/11 came in 2002 when an Ordinance was promulgated, which amended Foreign Exchange Regulation Act, 1947 for establishment of Exchange Companies²⁹. Later in 2004, Anti-Terrorism Act (ATA) of 1997³⁰ was amended to deter the financiers and the supporters of the terrorists. A presidential Ordinance was issued in September 2007 to plug the informal market as part of compliance to UN Security Council's Counter-Terrorism Committee. The Financial Monitoring Unit (FMU) was later established under the same law³¹. The Ordinance was subsequently revised and enacted as Anti-Money Laundering (AML) Act in 2010³². The National Action Plan (NAP) adopted by the political leadership after the Army Public School tragedy too had a provision related to terrorism financing reaffirming the national resolve to deal with the issue.

The progress towards a secure financial system has, however, remained uneven and unsatisfactory due to a number of factors. This happened because of absence of policy clarity on various shades of terrorist groups and lack of implementation of UN Security Council sanctions against the listed

individuals and entities; LEAs/Banking sector's poor understanding of the risks posed by the financial avenue of terrorist organizations that were active in the country; capacity issues; and conflicting laws and financial regulations. For instance Sections 5 and 9 of the Protection of Economic Reforms Act, 1992 and section 111(4) of Income Tax Ordinance, 2001 contradicted the objectives of AML 2010³³.

Though, much of the national effort was directed towards checking the informal hawala/hundi money transfer services, till recently serious gaps persisted even on this count and there were weaknesses in border controls and movement of liquid cash.

Pakistan at FATF: The Financial Action Task Force (FATF) put Pakistan on its "grey" list in 2008 and again in Feb 2012 for not fully complying with UNSC Resolution 1267. The steps taken by the government to counter money laundering and terror financing made FATF remove Pakistan from its grey list in 2015³⁴. Notwithstanding, the progress then reported by the government including freezing of accounts and confiscation of large sums, issues about compliance with Resolution 1267, operations of couriers, suspicious transfers to madressahs and extremist organizations remained³⁵.

Pakistan was once again in 2018 placed on the FATF's grey list for a period of 15 months in view

²⁹“Exchange Policy Department,” State Bank of Pakistan, accessed July 30, 2002, <http://www.sbp.org.pk/epd/2002/FE9.htm>

³⁰“The Anti-Terrorism Act, 1997,” Ministry of Law and Justice, accessed January 08, 2020, <http://www.molaw.gov.pk/molaw/userfiles1/file/Anti-Terrorism%20Act.pdf>

³¹“Functions of FMU in terms of AMLO – 2009,” Financial monitoring Unit- Government of Pakistan, accessed January 08, 2020, <http://www.fmu.gov.pk/functions-of-fmu/>

³²“Anti-Money Laundering and Combating the Financing Of Terrorism (AML/CFT) Regulations For Banks & DFIs,” State Bank of Pakistan, December 26, 2016, http://www.sbp.org.pk/l_frame/Revised-AML-CFT-Regulations.pdf.

³³Ibid

³⁴Sitara Noor, “Pakistan's political and diplomatic challenges at the 2020 FATF Plenary,” South Asian Voices, November 21, 2019, <https://southasianvoices.org/pakistans-political-and-diplomatic-challenges-at-the-2020-fatf-plenary/>.

³⁵“FATF and AML/CFT Regime in Pakistan,” State Bank of Pakistan, accessed January 9, 2020, <http://www.sbp.org.pk/FSR/2018/Box-4.pdf>.

of shortcomings in its terror financing and anti-money laundering regimes. The 27 point action plan agreed with FATF in 2018 for addressing the weaknesses in Pakistan's financial system envisaged identification and assessment of risks; keeping the law enforcement agencies updated about potential risks and the listed entities and persons; maintaining an up to date profile of proscribed individuals and entities; improving inter-agency and inter-provincial coordination on money laundering and terror financing risks; stronger prosecution of illicit financing cases to ensure that guilty gets punished; capacity building of banking officials; effective international cooperation; greater compliance with UN Security Council sanctions regime; tighter border controls for checking cash smuggling.

FATF, while extending Pakistan stay on the grey list for another four months in October 2019, noted that 5 of 27 action items had been implemented, with varying levels of progress on the remaining action plan. One of the main areas where Pakistan was found to be lagging has been the successful prosecution and convictions for the offenders in terror financing and money laundering cases³⁶. FATF in its recommendation called on Pakistan to show that "law enforcement agencies (LEAs) are identifying and investigating the widest range of TF activity and that TF investigations and prosecutions target designated persons and entities, and those acting on behalf or at the direction of the designated persons or entities."³⁷

The government, in its latest report to FATF and

Asia Pacific Group³⁸, claimed that conviction rate of people linked to banned outfits in terror financing cases had improved significantly over the past few months. These convicts were said to be acting on behalf of designated/banned individuals or entities, although their names have not been disclosed publicly. It is not either known as to what positions they held in their respective organizations. There have been 88 such convictions, as per the government figures. The convicts were said to be associated with Daesh (13), Tehrik-e-Taliban Pakistan (37), Al-Qaeda (6), Jaish-e-Mohammad (45), Jamaat-ud-Dawa/Falah-e-Insaniat Foundation (18) and Lashkar-e-Taiba (1)³⁹.

There have, however, been no convictions of people associated with Haqqani Network and Afghan Taliban, although both organizations were listed by FATF as 'entities of concern' during previous reviews. There are 13 TF cases against these two Afghan groups. It is also interesting to note that first convictions against JuD/FIF and LeT men happened only after Pakistan's latest tryst with FATF. Hafiz Saeed, JuD chief, and Zafar Iqbal, another official of JuD, were indicted by a court on terror financing related charges in December 2019⁴⁰. They were booked for terrorism financing earlier in 2019 due to growing international pressure.

The convictions in these cases were done under Section 11 of the Anti-Terrorism Act. Most of the convicts were sentenced to 5 years or more in jail, while others were served lesser sentences.

³⁷"Pakistan escapes FATF blacklist, but gets warning," Dawn, October 19, 2019, https://epaper.dawn.com/DetailImage.php?StoryImage=19_10_2019_003_008.

³⁸"Anti-money laundering and counter-terrorist financing measures Pakistan," Third Round Mutual Evaluation Report, APG, Sydney, October 2019, <http://www.apgml.org/includes/handlers/get-document.ashx?d=389ff465-24a1-41cf-9ab9-27edc2e4c836>.

³⁹Ibid.

⁴⁰Asad Hashim, "Pakistan's Hafiz Saeed indicted on 'terror financing,'" Al Jazeera, December 11, 2019.

Besides, prosecution and conviction of the offenders, another serious challenge is dealing with the finances of the madressahs and mosques, which are unaudited and are open to be contributed to terror causes. These finances come from domestic as well as foreign donors in form of Zakat and charity. Some of these institutions have also invested in businesses, estate, and other sectors. Income from these investments is also not audited.

It has also been observed that the monitoring of finances of terrorist groups operating locally, much of which is in informal sector, is not very efficient either.

d. Legal Framework

Military courts were instituted across Pakistan by the 21st Amendment to the Constitution in 2015⁴¹ for two years to try hardened terrorists in the wake of a terrorist attack on Army Public School in Peshawar, which witnessed a shocking massacre of schoolchildren on 16 December 2014. The courts were renewed for two more years through the 23rd Amendment in 2017. The latter amendment (and its corresponding amendments to the Army Act of 1952) lapsed on 30 March 2019, as their two-year sunset clause expired.

The setting up courts was always viewed as an anti-democratic move and one that violated principles of the country's constitution. Their demise, however, occurred because of PTI government's failure to work with the Opposition parties for legislating on their continuation.

The abrupt end of the military courts once again underscored the failure of the political leadership to undertake criminal justice reforms. The reforms

of the outdated criminal justice system, which is in vogue, should have been one of the top priorities of the government because of deep linkage between its flaws and security.

Poorly trained prosecutors, lack of scientific evidence collection methods, absence of witness protection programs, corruption, and intimidation have often resulted in bails for the accused in heinous crimes, protracted trials, and acquittal of hardened criminals. The political leadership, besides failing to reform the system, has also exhibited a poor understanding of the route to meaningful reforms by repeatedly going for shortcuts like special courts, which only caused further degradation of the quality of justice.

Following the lapse of the military courts, the definition of what constitutes 'terrorism' has also been narrowed by the Supreme Court of Pakistan in October 2019 after a spate of conflicting judgments. In a landmark judgment authored by then-Chief Justice of Pakistan Asif Saeed Khan Khosa titled *Ghulam Hussain v. State*, a 7-member bench of the Supreme Court ruled that terrorism is to be construed as what has already been defined in Section 6 of the Anti-Terrorism Act of 1997 (ATA)⁴².

The ATA had been introduced by former Prime Minister Nawaz Sharif as a means of combating a spike in sectarian violence in the late 1990s.

Twenty-two years after its passing, the ATA once again finds itself at the centre of the national discourse concerning terrorism. The Supreme Court judgment held that terrorism 'denotes commission of a crime with the design or purpose of destabilizing the government, disturbing the

⁴¹ "The Constitution (Twenty-first Amendment) Act, 2015," Senate of Pakistan, accessed January 08, 2020, http://www.senate.gov.pk/uploads/documents/1490697984_538.pdf.

⁴² "Mr. Justice Asif Saeed Khan Khosa, CJ Mr. Justice Mushir Alam on Criminal Appeals No. 95 and 96 of 2019, Civil Appeal No. 10-Lof 2017 and Criminal Appeal No. 63 of 2013," The Supreme Court Of Pakistan, October 30, 2019, https://www.supremecourt.gov.pk/downloads_judgements/crl.a. 95_2019.pdf

society or hurting a section of the society with a view to achieve objectives which are essentially political, ideological or religious' and that 'any action constituting an offence, howsoever grave, shocking, brutal, gruesome or horrifying' could not qualify to be termed as terrorism⁴³.

The Supreme Court also recommended that parliament consider substituting the present definition⁴⁴ of 'terrorism' with a more succinct definition, bringing it in line with international perspectives and focusing on violent activities aimed at achieving the aforementioned criteria of political, ideological or religious objectives.

e. CPEC Security

Countering terrorism and ensuring security for China Pakistan Economic Corridor (CPEC) project sites, and Chinese personnel working in Pakistan has become the foremost priority of security cooperation between Pakistan and China⁴⁵. Workers on CPEC projects, both Pakistani and Chinese, have been targeted by anti-CPEC/anti-China elements in the past. Beijing and Islamabad have, meanwhile, increased all-round security cooperation against the militant groups involved in such actions⁴⁶. Pakistan in 2019 announced expansion of the Special Security Division (SSD), created at the time of commencement of CPEC in 2015⁴⁷, to ensure foolproof and layered security for Chinese personnel and CPEC installations across the

country.

In parallel, Pakistan has also directed resources towards development of less-developed regions, such as, Balochistan, where CPEC projects remain under active threat. Islamabad expects economic development to address concerns of local population, which may in turn lessen or even break the cycle of violence in the province. Precarious security environment in Balochistan is one reason why Chinese investors are shying away from investing in Pakistan, particularly in the province⁴⁸.

Pakistan is, meanwhile, implementing its new security strategy to ensure security of CPEC projects and Chinese citizens in close coordination with Chinese authorities. In January, 2019, China's Director General for External Security visited Pakistan and held in-depth discussions on formulating joint strategy to protect CPEC project sites and workers. Embassy of China in Islamabad and Consulate in Karachi remain in close touch with Pakistani authorities tasked with ensuring safety and security of Chinese sites and workers. A Joint Working Group (JWG) of Pak-China Joint Cooperation Committee (JCC), which is the apex coordination body of CPEC, has been tasked with ensuring coordination between Pakistani and Chinese officials on security issues⁴⁹.

Pakistan Army has time and again reaffirmed its

⁴³Hasnaat Malik, "SC asks parliament to redefine 'terrorism,'" Express Tribune, October 30, 2019.

⁴⁴Ibid

⁴⁵Khuram Iqbal, "Securing CPEC: Challenges, responses and outcomes." In *Securing the belt and road initiative*, pp. 197-214. Palgrave, Singapore, 2018.

⁴⁶Ejaz Hussain, "CPEC: Governance and security challenges—Implications for the Belt and Road Initiative." *Chinese Political Science Review* 4, no. 1 (2019): 135-147.

⁴⁷Oxford Analytica. "Pakistan's messy politics undercuts CPEC security." *Emerald Expert Briefings* oxan-es (2016)

⁴⁸Samrana Afzal, and Anum Naseem, "China Pakistan Economic Corridor (CPEC): Challenges and Prospects." *Pakistan Administrative Review* 2, no. 1 (2018): 209-222.

⁴⁹Shahbaz Rana, "Pakistan, China agree to expand CPEC scope," The Express Tribune, November 6, 2019, <https://tribune.com.pk/story/2094342/2-pakistan-china-agree-expand-cpec-scope/>.

commitment to ensure security of CPEC, because, it is Pakistan's sovereign obligation. During 2019, Beijing emphasized on Pakistan to ensure enhanced vigilance against security threats to CPEC and increased intelligence cooperation.

Conclusion

Pakistan's fight against terrorism is entering a new phase. Years of counter-terrorism operations have provided significant respite from the violence and put the terrorist organizations on the back foot. However, Pakistan is still no closer to elimination of the menace. This is because terrorist groups are getting a regular supply of fresh recruits and resources, which is allowing them to survive and sustain their operations. Moreover, international experience in fighting terrorism has showed that religiously motivated terrorist groups are more resilient than other militant groups and military force cannot alone end terrorist groups.

Counter-terrorism strategies should snuff life out of terrorism rather than simply reacting to terrorist attacks. There should be an improved understanding among the LEAs of the emerging strategic challenges in this fight. The terrorists can be definitively defeated by capacity building of LEAs, delegitimizing the extremist ideology that

fuels terrorism, and denying the terrorists access to finances and internet. International partnerships against terrorism also need to be strengthened especially with Iran and Afghanistan for disrupting terrorist groups.

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CYBER SECURITY OUTLOOK FOR PAKISTAN

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The Global Threat Landscape in 2019

Background

Year 2019 has been an interesting year in terms of state and non-state actors in the cyberspace. There has been significant growth in cyber-crime. It is quite evident that several countries paid lip-service to curbing cyber space activities, but behind the scenes, they expanded their cyber espionage operations, besides making further forays into destructive attacks and financially motivated fraud. Non-state actors engaged in cybercrime demonstrated new-found flexibility, forming and breaking alliances and quickly changing tactics mid-campaign to achieve their objectives. The shifting currents of the underground economy — including the availability of new resources (cyber mercenaries for hire) and the fluctuating value of crypto currencies — were all contributing factors. The world also saw a significant rise in “Big game hunting” where cyber-crime actors combine targeted intrusions with ransomware to extract big payoffs from large public and private sector organizations, with the local governments and municipalities bearing the brunt of it.

The world is in a veritable “arms race” for cyber superiority. However, there are some important differences between an arms race in the cyber sphere versus the physical world: In cyberspace, any player can potentially become a superpower. The capital costs are alarmingly low, compared to funding a physical war machine. Even some of the world's most impoverished regions proved their ability to make a global impact through cyber campaigns in 2019.

Pakistan's Cyberattack Readiness

In the summer of 2019 a leading VPN provider aggregated threat-report data from Secure list including Global Cybersecurity Index (GCI) scores for cyberattack readiness. Developed by the International Telecommunication Union (ITU), GCI scores countries' cybersecurity readiness on a scale of 0.0-1.0 based on a composite of five key factors:

- **Legal:** Legal institutions and frameworks for dealing with cybersecurity and cybercrime.
- **Technical:** Technical institutions and frameworks dealing with cybersecurity.
- **Organizational:** Policy coordination institutions and strategies for cybersecurity development at the national level.
- **Capacity Building:** Research and development, education, and training programs; certified professionals, and public sector agencies dedicated to cybersecurity.
- **Cooperation:** Partnerships, cooperative frameworks, and information sharing networks.

Pakistan was ranked at number two amongst the worst prepared countries for cyber-crime with a rating of (0.447), behind Ecuador, which took the top spot. The countries that scored highest were those with more developed infrastructure and technical capabilities. In the top 10, Singapore scored highest at 0.925, followed by the US at 0.919 and Malaysia at 0.893. France and Canada

round out the top five at 0.819 and 0.818, respectively

Tensions in South Asia

Advanced Persistent Threat (APT) activity in India and Pakistan witnessed a sharp increase over the first six months in 2019: Based on the analysis of leading Cyber Security Incident Response Teams (CERTS), the escalation was due to rising tensions between the two countries in the early part of the year. The sheer number of individual campaigns and associated malware samples spiked dramatically during most part of the year. Increasing tensions in the region have contributed to both countries prioritizing intelligence-gathering activities against one another. This has had a domino effect, since neighboring countries gather intelligence on both in order to keep tabs on the situation.

India has one of the world's largest militaries, which is used, among other things, to assert the territorial boundaries it shares with six neighboring countries — an ostensible motivation in India's APT targeting. Pakistani APT targeting is heavily focused on India, but also gathers intelligence on other neighbors and keeps tabs on internal dissent.

The cyber component of this hostile relationship dates to the early 1990s. APT motives include traditional intelligence-gathering operations and credential theft for follow-on operations. The specific campaigns the two countries launch against each other are nearly always in sync with the geo political situation, current events and government priorities. With a right-wing fascist regime firmly in power in India, with more than two thirds of majority in its second term in India, such campaigns have increased and are more likely

Both countries typically combine freely available malware with custom code. Often, malware that is used in one campaign will be later modified by the victim country and reused against the originator, making malware-based attribution fraught with error. The two countries utilize Android malware, a good investment since both countries appear on the Top 50 Countries/Markets for Smartphone Users and Penetration list. While both countries' early iterations were an amalgamation of free malware with custom code, later versions, such as Pakistan's Stealth Mango/Tangelo malware, were identified as an entirely new malware family. Most of the time, however, both India and Pakistan successfully conduct operations with simple, freely available malware that relies heavily on a phishing-based campaign. Their operating style serves as a reminder that most APT groups are defined by being nation-state sponsored, not by having sophisticated technique and pioneering technological prowess.

Other Targets

The adversaries targeting Pakistan have been specifically going after government officials, businessmen, and diplomats residing in or visiting other countries. Embassy targeting remains popular. Businesses in Europe and the United States, especially defense contractors involved in missile technology, aeronautics and aviation, have also been targeted. In those cases, the attackers are interested in their businesses' operations in South Asia. Theft of missile technology data has happened more than once.

The financial sector of Pakistan saw a rise in APT activities in the latter part of 2018, which led to a potential financial loss of about \$6 million for one of the banks and compromise of a significant number of credit and debit cards, which surfaced

on the dark web. In the latter part of 2019 particularly early December 2019 at least 5 leading banks were defaced over a period of few hours followed by several fraudulent fund transfers, which were then tracked by the payment switch in a timely manner.

In December 2019 it was also revealed that mobile phones of at least two dozen Pakistani government officials were allegedly targeted earlier this year with technology owned by the Israeli spyware company NSO Group.

Guardian reported: “Scores of Pakistani senior defence and intelligence officials were among those who could have been compromised, according to sources familiar with the matter who spoke on the condition of anonymity. The alleged targeting was discovered during an analysis of 1,400 people whose phones were the focus of hacking attempts in a two-week period earlier this year, according to the sources. All the suspected intrusions exploited a vulnerability in Whatsapp software that potentially allowed the users of the malware to access messages and data on the targets’ phones. The discovery of the breach in May prompted WhatsApp, which is owned by Facebook, to file a lawsuit against NSO in October in which it accused the company of “unauthorised access and abuse” of its services. The lawsuit claimed intended targets included “attorneys, journalists, human rights activists, political dissidents, diplomats, and other senior foreign government officials”.

5th Generation Warfare

In November 2019 Researchers discovered a network of 265 fake local news sites — named after defunct newspapers and media outlets — across 65 countries that were being used to disseminate anti-Pakistan coverage and serve Indian governmental interests.

Uncovered by the EU DisinfoLab, an EU based NGO focused on researching sophisticated disinformation campaigns, the operations were traced back to a group of Indian companies, NGOs, and think tanks.

The sites — such as 4newsagency.com, eptoday.com, and timesofgeneva.com — operated by serving syndicated news from Russia Today and Voice of America. But the researchers said they “unexpectedly” found many articles and op-eds related to minorities in Pakistan as well as other India-related topics.

“Times of Geneva publishes the same type of content as EP Today and produces videos covering events and demonstrations criticizing Pakistan’s role in the Kashmir conflict,” the EU DisinfoLab noted.

By piecing together the campaign to an online media company — interchangeably called as International Institute for Non-Aligned Studies (IINS), New Delhi Times, and the Srivastava Group — the EU DisinfoLab believes the goal was to influence public perceptions on Pakistan by multiplying the same negative anti-Pakistan press coverage across hundreds of sites.

More troublingly, a network of zombie companies was found lobbying the EU and the UN by repeatedly criticizing Pakistan — a move that culminated in a group of 27 EU parliamentarians, mostly from right-wing political parties, visiting

Occupied Kashmir Valley upon an invite from IINS.

“The idea seems to have been an effort to control the conversation around what is happening in the region,” BBC reported on the EU delegate visit.

In the earlier part of 2019 hundreds of twitter accounts were identified by twitter and shut down for launching various disinformation campaigns.

Future outlook, threats to critical infrastructure and Strategic initiatives including CPEC

The geo-political situation has evolved a lot given the fact that China now has strategic interests in the region in the shape and form of CPEC and defence cooperation with Pakistan. This has led to adversaries planning to cause all kinds of hurdles and disruptions in the cyber space and beyond. The primary targets are the strategic assets including the nuclear program, nuclear power plants, missile development programs; telecommunications back bone; power grids and distribution companies; gas distribution system.

State Actors such as Israel and the US could launch a Stuxnet type of a malware attack on any supervisory control and data acquisition (SCADA) based systems in Pakistan i.e. not limited just to the nuclear program but can impact our power grids or other infrastructure in Pakistan that are supported by such systems. Stuxnet specifically targets programmable logic controllers (PLCs), which allow the automation of electromechanical processes such as those used to control machinery and industrial processes including centrifuges for separating nuclear material. Exploiting four zero-day flaws, Stuxnet functions by targeting machines using the Microsoft Windows operating system and

networks, then seeking out Siemens Step7 software. Stuxnet reportedly compromised Iranian PLCs, collecting information on industrial systems and causing the fast-spinning centrifuges to tear themselves apart.

Based on the trends in late 2018 and early 2019 which saw a rise in attacks on wired telecommunications carriers and telecommunications, Pakistan's telecommunication infrastructure can be a target by state and non-state actors in the region in near future.

Key Steps to be taken by the Government Tactical

- User awareness programs should be initiated to combat the continued threat of phishing and related social engineering techniques, such as 2018's massive Emotet outbreak.
- Asset management and software inventory are crucial to ensuring that organizations understand their own footprint and exposure.
- Deploy with Secure perimeters: Deploy all devices and services within secure perimeters (secure VLANs with firewalls controlling access).
- Block Access: Block access to all services except where absolutely required.
- Require Security Best Practices: Require that internet of things (IoT) and customer-premises equipment (CPE) vendors follow best security practices but also treat those devices as potential infection vectors.
- Vulnerability and patch management can verify that known vulnerabilities and insecure configurations are identified, prioritized and remediated.
- Multifactor authentication (MFA) should

be established for all users because today's attackers have proven to be adept at accessing and using valid credentials, leading quickly to deeper compromise. MFA makes it much more difficult for adversaries to gain privileged access. In addition to MFA, a robust privilege access management process will limit the damage adversaries can do if they get in. It would also reduce the likelihood of lateral movement.

- Implement password protection to prevent disabling or uninstalling endpoint protection that provides critical prevention and visibility for defenders. Disabling it is always a high-priority for attackers looking to deepen their foothold and hide their activities

Strategic

- Cyber Security Policy and Framework: The Federal Government needs to develop and implement an overarching cyber

security policy in order to develop a strong cyber security posture.

- Cyber Security Incident Responses teams: Need of the hour is to have CERTS established at the national level and at all critical organisations of the country under the umbrella of the National and provincial Information Technology (IT) Boards.
- Data Protection Bill: Data protection bill is being worked on as we pen this article by several civil rights groups in Pakistan. The Ministry of IT should initiate consultation process with public and private stakeholders to draft a law in line with internal conventions and standards on data privacy and protection.

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ABOUT IPI

The Islamabad Policy Institute (IPI) is a nonpartisan, independent policy research institute based in Islamabad. Our goal is to undertake in-depth analysis of challenges and choices confronting Pakistan. We aim to help policymakers and public better understand the world, region and Pakistan-specific challenges and opportunities. We make efforts to engage government, civil society, private sector, media, and academia in open debates and dialogue on the most significant developments in national and international affairs. We envision contributing to policy-making through periodic policy-papers putting forward policy-recommendations developed in collaboration with experts and stakeholders in each area.