



Government of Pakistan
Ministry of Planning, Development
& Special Initiatives



**URAAN
PAKISTAN**

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ANNUAL PLAN

2026-27

Planning Commission, Government of Pakistan

ANNUAL PLAN

2026-27

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FOREWORD

Pakistan has travelled a considerable distance over the past two years in restoring macroeconomic stability and rebuilding confidence in its economic future. Through disciplined fiscal management, prudent monetary policies, and a sustained commitment to structural reforms, the Government has laid the foundations for economic recovery and renewed growth. Inflation has declined significantly, external sector vulnerabilities have eased, investor confidence has strengthened, and the economy has regained the policy space necessary to pursue long-term development objectives.



The outgoing fiscal year was both challenging and consequential. The devastating monsoon floods once again reminded us of Pakistan's growing vulnerability to climate change. Millions of citizens were affected, while homes, crops, livestock, infrastructure, and livelihoods suffered extensive damage, resulting in estimated economic losses of Rs. 822 billion. Yet, amid these hardships, the resilience and determination of the Pakistani people shone through. Communities came together in solidarity, farmers restored cultivation, businesses adapted to disruption, and governments at all levels, working alongside development partners, undertook extensive relief, recovery, and rehabilitation efforts.

Despite these setbacks, Pakistan's economy demonstrated remarkable resilience. The economy recorded a growth rate of 3.7 percent in FY2025-26. Agriculture recovered despite climate-related shocks, industry maintained positive momentum, and the services sector continued to expand. At the same time, geopolitical tensions in the Middle East created additional headwinds through higher freight and insurance costs, elevated risk premiums, and uncertainty in global commodity markets. For an energy-importing country such as Pakistan, these developments posed significant challenges. Nevertheless, timely policy interventions, effective coordination among economic institutions, and improved supply conditions helped contain inflationary pressures and preserve the hard-earned gains in economic stability.

While restoring stability was an essential first step, stability alone is not an end in itself. The central challenge before Pakistan today is to transform macroeconomic stability into sustained, inclusive, and export-led growth that generates jobs, raises productivity, reduces poverty, and improves the quality of life of our people. This is the vision embodied in URAAN Pakistan, our national economic transformation framework.

Built around the five strategic pillars of Exports; E-Pakistan; Environment, Climate Resilience, Food and Water Security; Energy and Infrastructure; and Equity, Ethics & Empowerment, URAAN Pakistan provides a comprehensive roadmap for placing Pakistan on a higher and more sustainable growth trajectory. It seeks to unlock the country's immense potential, expand exports to US\$100 billion, strengthen economic competitiveness, and position Pakistan on the path toward becoming a US\$1 trillion

economy by 2035 and a leading emerging economy by the centenary of independence in 2047.

Achieving these ambitions will require far more than government action alone. It demands a national commitment to excellence, innovation, productivity, and reform. It requires continuity of policies, institutional stability, and a shared sense of purpose across society. Accordingly, the Government will pursue this agenda through a “Team Pakistan” approach—mobilizing the collective energies of the public sector, private enterprise, academia, provinces, development partners, overseas Pakistanis, civil society, and our youth. National transformation can only succeed when it becomes a shared national mission.

The Annual Plan 2026-27 translates this long-term vision into concrete priorities, targets, and implementation strategies for the coming year. It places particular emphasis on accelerating export growth, promoting digital transformation, enhancing climate resilience, strengthening food and water security, expanding energy and infrastructure capacity, investing in human capital, attracting productive investment, and ensuring balanced regional development. Special attention has been given to empowering youth and women, reducing regional disparities, and extending the benefits of development to underserved and less developed areas of the country.

As we move forward, Pakistan must cultivate a development culture anchored in performance, accountability, innovation, and results. We must reward execution, rigorously monitor outcomes, learn from experience, and ensure continuity in policies that advance the national interest. Nations that achieve transformational progress are those that remain steadfast in their direction while adapting effectively to changing circumstances. The Annual Plan 2026-27 reflects our determination to institutionalize this approach and accelerate Pakistan’s journey from stability to sustained prosperity.

I commend the Planning Commission team, under the leadership of its distinguished members and professional staff, for the diligence, analytical rigor, and dedication with which this Annual Plan has been prepared. I also extend my appreciation to the members of the Annual Plan Coordination Committee, federal ministries, provincial governments, development partners, and all stakeholders whose valuable contributions have enriched this document and strengthened its policy relevance.

Together, with faith in our people, confidence in our future, and commitment to national purpose, we can transform the promise of Pakistan into a reality of shared progress, prosperity, and opportunity for all.

Prof. Ahsan Iqbal
Minister for Planning Development and Special Initiatives/
Deputy Chairman, Planning Commission

MESSAGE

Effective development planning requires continuous institutional coordination which should bring together the expertise of federal ministries, provincial planning departments and sector specialists, and convert their collective input into a structured national development programme. The Annual Plan 2026-27 reflects this collaborative process and presents a consolidated picture of national development priorities, drawing upon the contributions from all stakeholders.



Turning commitment into results requires timely release of resources, effective implementation oversight, regular performance monitoring and continuous engagement throughout the year. The Ministry of Planning Development and Special Initiatives carries this responsibility by linking planning with implementation, monitoring and course correction.

The Annual Plan 2026-27 sets out the Government's development priorities for FY2026-27 in alignment with URAAN Pakistan and the 13th Five-Year Plan. It also highlights the development priorities of the provinces, recognizing that national development requires coherence between federal priorities and provincial development objectives. The contributions of federal ministries, provincial governments, sector experts and the Annual Plan Review Committee have strengthened the quality, coherence and consistency of this document.

The Ministry of Planning Development and Special Initiatives remains committed to ensuring that this planning effort translates into measurable results. We will continue to support timely implementation, strengthen monitoring mechanisms and maintain alignment between policy intent, resource allocation and development outcomes.

Awais Manzur Sumra

Secretary

Ministry of Planning Development and Special Initiatives

PREFACE

The Annual Plan 2026-27 presents a comprehensive assessment of Pakistan's economic performance during FY2025-26 and sets out the strategic outlook for FY2026-27. It reviews macroeconomic trends, sectoral performance, fiscal and budgetary developments, monetary conditions, balance of payments dynamics, and the implementation of the Public Sector Development Programme.



Pakistan's macroeconomic performance during FY2025-26 improved as compared to the FY2024-25. Agriculture recovered, industry maintained positive momentum and services continued to expand, enabling the economy to regain growth trajectory. Inflation declined significantly from crisis-period levels, which created space for monetary easing and improved business confidence. The external account also strengthened as stronger remittances, reserve accumulation and improved external-sector management supported exchange-rate stability and reinforced macroeconomic confidence.

The Government anchors its development agenda in URAAN Pakistan, the 13th Five-Year Plan and the Sustainable Development Goals. The Annual Plan 2026-27 translates this strategic direction into annual priorities around export-led growth, digital transformation, climate resilience, energy and infrastructure development, human capital formation. The PSDP prioritizes completion of strategically important ongoing projects and seeks maximum development impact within available fiscal space.

The Ministry of Planning Development and Special Initiatives prepared this document through an intensive collaborative and consultative process. All sections of the ministry, line ministries & divisions, provincial planning and development departments, and the Annual Plan Review Committee contributed to its analysis, targets and priorities. Their engagement strengthened the quality, coherence and practical relevance of the Annual Plan to URAAN Pakistan and 13th Five Year Plan.

I am grateful to the Prof. Ahsan Iqbal, Minister for Planning, Development and Special Initiatives, for his vision, leadership and continued support throughout the preparation of the Annual Plan 2026-27. I also deeply appreciate the guidance of the Secretary, Ministry of Planning Development and Special Initiatives, Mr. Awais Manzoor Sumra, whose continuous support and oversight strengthened this exercise at every stage. I appreciate the efforts of all officers, technical teams and institutional stakeholders who contributed to this important national assignment. I also welcome constructive feedback and suggestions that can further improve the quality, usefulness and implementation of the Annual Plan.

Dr. Imtiaz Ahmad

Chief Economist

Ministry of Planning Development and Special Initiatives

ACKNOWLEDGEMENT

The Annual Plan is the principal instrument of the Ministry of Planning Development and Special Initiatives for translating national development priorities into a structured programme of investment, reform, and sectoral action. It presents an assessment of Pakistan's economic and sectoral performance during FY2025-26 and sets out the strategic priorities and development targets for FY2026-27.



I extend my gratitude to every member of the team whose expertise, commitment, and dedication made this document possible. My heartfelt appreciation goes to the distinguished members of the Review Committee, whose rigorous chapter-by-chapter review ensured the quality, coherence, and analytical integrity of this plan, and to the Chairmen, Additional Chief Secretaries (Development), and their teams from the Planning and Development Boards and Departments of Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit-Baltistan, and Azad Jammu & Kashmir.

Special thanks to the Joint Chief Economist (Operations), Senior Chiefs, Chiefs, and their teams across every section for the timely preparation of their chapters. The Macroeconomic, IT&F, MP&FP, PIP, PIA, Economic Appraisal and Industries & Commerce Sections provided the strategic economic foundation; the ICT and S&T Sections are positioning Pakistan for the future through digital transformation and scientific advancement; the Environment & Climate Change and Food & Agriculture Sections have deepened resolve on sustainability and food security; and the Energy Wing, Water Resources, Transport & Communication, PP&H Sections, and CPEC Secretariat continue to shape the infrastructure and investment backbone of development programme. The Population, Manpower, Social Welfare, Health, Nutrition, Education, E&R, Mass Media, D&AD, SDGs, and Governance Sections have been indispensable in ensuring the Plan is socially inclusive, equitable, and forward-looking.

Special recognition is due to the Plan Coordination Section, whose work holds this entire process intact through broader coordination — particularly Ms. Fozia Aftab, Chief; Mr. Muhammad Ishfaq Hussain, DC; Mr. Zarin Syed, AC; Mr. Wasi ul Islam, AC; Mr. Muzakkir Shah, RO; Mr. Muhammad Raheel, Computer Operator (IT Wing); Mr. Shahzaib, Graphic Designer (DevCom). I also appreciate support provided by the administration wing in printing and timely submission of document to the relevant fora.

Dr. Muhammad Ali Talpur
Joint Chief Economist (Economic Policy)
Ministry of Planning Development and Special Initiatives

REVIEW COMMITTEE

S.No.	Name & Designation	Role
1.	Dr. Muhammad Ali Talpur <i>Joint Chief Economist (Economic Policy)</i>	Chairman
2.	Muhammad Anwar Hussain Ch. <i>Sr. Chief (Technical/PP&H)</i>	Member
3.	Gul Mohammad Laghari <i>Sr. Chief (S&T)</i>	Member
4.	Muhammad Ali Kemal <i>Chief (E&R)</i>	Member
5.	Dr. Muhammad Arshad <i>Chief (Macroeconomics)</i>	Member
6.	Javed Sikander <i>Chief (Governance)</i>	Member
7.	Faisal Ali Baloch <i>Chief (MP&FP)</i>	Member
8.	Dr. Arif Rehman <i>Chief (Agriculture & Food)</i>	Member
9.	Iqbal Ahmed <i>Chief (PP&H)</i>	Member
10.	Aftab Ahmad Awan <i>Chief (Energy, Finance & Economics)</i>	Member
11.	Ms. Mahjebeen Cheema <i>Deputy Chief (IT&F)</i>	Member
12.	Ms. Aiman Amjad <i>Assistant Chief (SDGs)</i>	Member
13.	Dr. Nazia Gul <i>Assistant Chief (CE Office)</i>	Member
14.	Zarin Syed <i>Assistant Chief-III (Plan Coordination)</i>	Member
15.	Fozia Aftab <i>Chief (Plan Coordination)</i>	Member/Secretary
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EXECUTIVE SUMMARY

The Annual Plan 2026-27 is a policy document which translates the national development vision into a structured programme of investment, reforms, and sectoral action. Anchored in URAAN Pakistan and the 13th Five-Year Plan (2024-29), the Plan reviews the progress made during FY2025-26 against the targets, and sets annual targets for economic growth, sectoral performance, public investment, and human development for FY2026-27, while providing strategic direction for federal ministries, provincial governments, and development partners.

Macroeconomic Framework – Growth, Investment, & Savings

In FY2025-26, GDP growth improved to 3.7 percent from 3.2 percent last year, despite flash floods and Middle East conflict. Agriculture grew by 2.9 percent led by livestock growth at 3.8 percent, industry by 3.5 percent with manufacturing rebounding to 6.6 percent, and services by 4.1 percent driven by wholesale trade and IT. Inflation averaged 6.7 percent, total investment rose to 14.4 percent of GDP, private investment 9.6 percent, while national savings remained at 14.3 percent.

For FY2026-27, GDP growth is targeted at 4.0 percent based on agriculture at 3.6 percent, industry at 4.5 percent and services at 4.2 percent. Inflation is targeted at 8.2 percent, total investment at 15.0 percent of GDP, fixed investment 13.3 percent, and national savings at 14.3 percent.

Balance of Payments

The trade in goods deficit widened by US\$5.6 billion (26.3 percent) whereas trade in services and primary income deficits narrowed by US\$426 million (17.3 percent) and US\$321 million (4.4 percent), respectively. The secondary income recorded surplus of US\$2,952 million (9.0 percent) due to sustained and steady growth in workers' remittances of US\$2,650 million (8.5 percent). In the wake of these developments, current account posted a moderate deficit of US\$252 million during Jul-Apr FY2025-26 compared to a surplus of US\$1,662 million in the corresponding period of previous year. Financial account recorded a net outflow of US\$12 million during Jul-Apr FY26 compared to net outflow of US\$1,492 million in the corresponding period of previous year. The gross SBP reserves increased to US\$17.1 billion by end April 2026 compared to US\$10.3 billion in end April 2025, stabilizing the foreign exchange market and exchange rate. Pakistan raised US\$750 million from EURO bond in April 2026 and US\$250 million from Panda bond in May 2026.

The Plan 2026-27, strategizes to diversify exports products and destinations, promote value added exports, enhance export competitiveness, promote regional integration, leverage digital trade, exploit services including ICT exports potential, facilitate competitive import substitution, strengthen trade facilitation, diversify oil imports & shipping routes, improve ports efficiency, diversify manpower export destinations,

improve skill set & facilitate the remittances inflow, ensure energy security through use of renewables & attractive domestic E&P milieu, incentivize inflow through Roshan Digital Account and attract FDI particularly in export oriented sectors.

Fiscal, Monetary and Capital Market Developments

During Jul-March FY2025-26 fiscal deficit stood at Rs. 856.4 billion (0.7 percent of GDP), compared to Rs. 2,970.0 billion (2.6 percent of GDP) in the same period of FY2024-25. The primary surplus, a key indicator of fiscal health, rose to Rs. 4,091.5 billion 3.2 percent of GDP, with 18.0 percent growth, underscoring improved revenue performance and expenditure management. Prudent monetary policy contained average inflation at 6.7 percent up to May 2026.

The KSE-100 Index hit an all-time high 189,167 points on January 23, 2026 but remained volatile due to supply disruptions in the wake of Middle East conflict. Improved macroeconomic stability, stronger reserves, and the shift to T+1 settlement supported recovery of the stock market. By 5th June, 2026, the KSE-100 stood at 170,478.9 with market capitalization of Rs. 18.9 trillion.

Public Sector Development Programme

During FY2025-26, the National Development Outlay was approved at Rs. 4,224 billion, including a Federal PSDP of Rs. 1,000 billion. However, due to fiscal constraints, the Federal PSDP was revised downward to Rs. 820.5 billion. The PSDP portfolio comprised 786 projects with an approved cost of Rs. 14.5 trillion and a throw-forward of approximately Rs. 9.7 trillion. By 10th June 2026, utilization reached Rs. 598 billion, while around 194 projects were expected to complete during the year.

The National Development Outlay for FY2026-27 has been approved at Rs. 3,675 billion, comprising Federal PSDP (Rs. 1,000 billion), Provincial ADPs (Rs. 2,224 billion), and SOE development programmes (Rs. 451 billion). Infrastructure remains the highest priority, followed by social sectors, Science & IT, special areas, and governance. The PSDP 2026-27 aims to maximize development outcomes within limited fiscal space while supporting sustainable and inclusive economic growth.

Manufacturing, Commerce and Mineral Development

The sector demonstrated overall growth of 6.61 percent, with Large-Scale Manufacturing recording 6.11 percent growth against the annual target of 3.5 percent, driven by automobiles, petroleum products, transport equipment, rubber products, food, and tobacco. During FY2025-26 (July-April) IT exports reached a record US\$ 3.81 billion, reinforcing the shift toward a digital and services-oriented export base. The mineral sector posted provisional annual growth of 0.38 percent, supported by significant advances in exploration, institutional strengthening, and investment facilitation.

For FY2026–27, strategic priorities include operationalization of the NEV Policy 2025–30, e-Commerce Policy 2.0, and National Tariff Policy to broaden the export base, alongside reserve-focused mineral exploration and continued SEZ development to attract investment.

Blue Economy

During FY2025-26, the three major ports recorded approximately 6 percent growth in cargo throughput, with a significant surge in transshipment traffic from February 2026. PNSC expanded its fleet to fourteen vessels, carrying approximately 13 percent of national cargo. Seafood exports are projected to exceed \$500 million in FY2024-26, though declining unit prices reflect a persistent value-addition gap. The Government awarded 23 offshore oil and gas exploration blocks involving an estimated initial investment of \$80 million, and announced the establishment of Pakistan Maritime Energy City (PMEC) as a regional hub for energy storage and re-export.

For FY2026-27, priorities include approval of the National Maritime Policy and National Fisheries and Aquaculture Policy, induction of 8 vessels under the PNSC Fleet Development Plan, modernization of KS&EW (Rs. 10.69 billion) and Gadani ship-breaking industry (Rs. 12.9 billion), upgradation of Korangi Fish Harbour (Rs. 1.048 billion), expansion of coastal and inland aquaculture, and commencement of offshore exploration across all 23 awarded.

Information and Communication Technology – Digital Transformation

The Information Technology and Telecommunication sector remains a key pillar of Pakistan’s digital economy agenda under URAAN Pakistan, with policy focus centred around exports, digital infrastructure, governance reform, cybersecurity, and industry facilitation. The draft chapter highlights enabling framework led by Mo IT&T and its attached organizations, supported by initiatives like OASIS digital licensing platform, MARKAZ- one window facilitation, DEEP, and ongoing reforms in AI, fiberization, and telecom regulation etc. These interventions are intended to improve service delivery, strengthen the investment climate, and align annual priorities with the medium-term objectives of the 13th Five Year Plan.

ICT sector has demonstrated strong performance in FY2025-26, with ICT exports reaching US\$ 2.97 billion, broadband subscriptions expanding to 157 million (63% penetration), and achieving Tier-1 Global Cybersecurity Index ranking. However, procurement bottlenecks, multi-agency coordination gaps, and skills deficits (39% of HR targets achieved) constrained deeper scalability. FY2026-27 prioritizes delivery: US\$ 7.3 billion IT exports, operationalization of the Islamabad IT Park, commencement of the Karachi IT Park, 25,000 employment outcomes, launch of the National AI Advancement Initiative (NAAI), and full-scale development of the National Citizen Services Portal (SuperApp). These key initiatives align with URAAN Pakistan's 5Es Framework,

advancing Exports (IT/ITeS), E-governance (digital transformation), Entrepreneurship (IT parks and StartUps), and Excellence (cybersecurity and AI capability development).

Higher Education and Science & Technology

The Higher Education Commission, with a revised allocation of Rs. 34.906 billion, implemented 147 PSDP projects, delivering key outputs including new universities, 5,383 local and 540+ international scholarships, over 16,000 graduates, and 74,429 laptops, while S&T, with a revised allocation of Rs. 3,692.418 million, supported 1,271 SMEs, trained 3,400 professionals, and delivered 64,538 industrial services, alongside progress in FABLABs, AI-based healthcare, and solar PV facilities.

For FY2026–27, the sector will prioritize expansion and access, digital infrastructure, AI-enabled education, and research commercialization, while S&T will focus on advancement of emerging technologies, including green hydrogen, semiconductors, electric vehicles (EVs), biotechnology, and the strengthening of advanced testing, certification and innovation systems.

Environment and Climate Change

During FY2025–26, Upscaling of Green Pakistan Programme (UGPP) remained the flagship initiative, planting and regenerating approximately 2.27 billion plants, notifying 131 naturally protected areas, generating nearly 2.2 million green jobs, and achieving appropriate financial utilization. Key governance milestones included operationalization of the Green Taxonomy, approval of the Blended Finance Framework, and integration of climate risk screening tools into public investment planning. Ecosystem-based adaptation was advanced through Recharge Pakistan, SAFER Pakistan, and provincial initiatives including Sindh's coastal resilience and mangrove restoration efforts, while the Punjab Clean Air Programme deployed 40 air quality monitoring stations collectively reinforcing Pakistan's commitment to inclusive, climate-resilient development.

For FY2026–27, total PSDP outlay of Pakistan Meteorological Department is Rs. 1,594.207 million to advance early warning and forecasting capacities. The total PSDP outlay for the Ministry of Climate Change and Environmental Coordination is Rs. 2,477.760 million, led by the UGPP alongside new initiatives on climate innovation, forest assessment, and biodiversity conservation.

Food Security and Sustainable Development

Food security is based mainly on agriculture sector along with its sub-sectors, which contribute inter-alia 23.4% to national GDP and employ over 33.1% of the workforce directly. For FY2025–26, agricultural growth remained at 2.9%, driven by policy support and increased productivity.

For FY2026-27 growth projections for the agriculture sector are at 3.6%. Future programs focus on transforming the agricultural sector to enhance food security and economic growth, aiming for a US\$1 trillion economy by 2035 through adoption of need-based policies aligned with climate-resilient actions and sustainable practices.

Sustainable Energy

Installed power generation capacity at national grid reached 46,275 MW by June 2026 adding 1,820 MW of capacity during FY2025-26, mainly 1,663 MW through solar net-metering. Renewable energy expansion remained a key priority, while inefficient GENCO plants with a capacity of 4,625 MW were retired to improve efficiency and reduce financial burden. Significant investments were also made in transmission and distribution systems.

During FY2026-27, power generation capacity of 3,787 MW will be added in the system, mainly from hydropower and solar energy, increasing total installed capacity to over 50,000 MW, with renewables expected to contribute more than half of the national generation mix. For transmission and distribution sectors focus would be on grid modernization and upgradation to enhance grid reliability and affordability. Privatization of the distribution companies and steps towards competitive markets would be the key interventions to track the progress in the sector.

During FY2025-26, crude oil production reached 23.85 million barrels while natural gas production stood at 1.07 TCF per annum. Local coal and LPG production exceeded expectations, reflecting progress in indigenous resource utilization. LNG imports remained below planned levels because of international supply constraints in wake of recent Middle East conflict, while infrastructure expansion continued through additional gas consumers and pipeline networks by SNGPL and SSGC.

During FY2026-27, the government aims to strengthen domestic energy production, expand strategic storage infrastructure, advance projects such as TAPI and underground gas storage and encourage frontier basin exploration to improve long-term energy security and reduce import dependence. Progress on refineries upgradation would be critical milestone for the FY2026-27.

Water Resources Development

For the FY2025-26, the water sector portfolio comprises of 34 projects with total cost Rs. 1,848.1 billion and PSDP allocation of Rs. 97.354 billion, out of which expenditure till June 2026 is estimated at Rs. 84.863 billion. Progress under flagship projects: Diamer Basha Dam (Physical 21 percent, Financial 44.23 percent) and Mohmand Dam (Physical 51.20 percent, Financial 65.81 percent), together is targeting 7.076 MAF additional storage and 5,300 MW hydropower. Telemetry System for real-time IBIS monitoring reached 59.28 percent physical progress. K-IV Kalri Baghar Feeder lining achieved 75 percent physical progress, securing water supply to Karachi.

Total PSDP allocation for FY2026-27 is Rs. 74.920 billion — comprising Rs. 36.920 billion for Large Dams, Rs. 12.148 billion for Medium/Small Dam Projects, Rs. 10.000 billion for Karachi Bulk Water Supply, Rs. 5.640 billion for Canals and Irrigation Infrastructure Improvement, Rs. 5.055 Billion for Installation of Telemetry System, Rs. 4.500 billion for Flood Protection, and Rs. 657 million for Feasibility Studies. Key national targets include increasing farmgate water availability from 63.5 to 84.2 MAF, storage capacity from 13.5 to 23.5 MAF, and water-use efficiency from 40 percent to 70 percent. The National Flood Protection Plan-IV (FPSP-III, Rs. 194.625 billion umbrella PC-I) is advancing with foreign funding being explored.

Sustainable Transport and Communication Infrastructure

During FY 2025-26, Rs. 325.6 billion were allocated for the development of the transport sector, including provincial transport projects, which were subsequently revised to Rs. 270.6 billion, owing to budgetary constraints. Major milestones included approval of the Sukkur-Hyderabad Motorway (M-6) and the Dualization of N-25 Karachi-Quetta-Chaman (Pakistan Expressway) by the Federal Government. The Thar Coal Rail Connectivity project was also revised, and a plan for implementation of ML-1 Karachi-Rohri Section through ADB funding and rehabilitation of ML-3 Rohri-Taftan Section through bridge financing was chalked out.

For FY2026-27, an allocation of Rs. 364.6 billion has been earmarked for the transport sector, focusing on implementation of already approved and ongoing major infrastructure projects. A detailed comprehensive plan for the revitalization and revamping of Pakistan Railways will also be prepared during the plan period.

Sustainable Urban Development and Housing

During FY2025-26, an amount of Rs. 61 billion was allocated in PSDP while provincial contributions exceeded Rs. 336 billion, out of which over 73 percent PSDP funds amounting to approximately Rs. 45 billion were utilized. Major achievements included the advancement of key urban infrastructure projects such as multiple water supply and sewerage initiatives across provinces, and climate-resilient reconstruction efforts.

For FY2026-27, with an allocation of approximately Rs. 55 billion in federal PSDP, the focus will be on full implementation of the National Housing Policy 2025 through PPPs, rental models, and land pooling to deliver affordable and climate-resilient housing units, completing GIS-based digital master plans for major cities, and further expanding water supply and sanitation coverage.

China–Pakistan Economic Corridor (CPEC)

The operational energy portfolio under the CPEC initiative, continued to support stable electricity supply through 17 completed projects generating 8,904 MW. Continuous efforts were made in the infrastructure initiatives such as ML-1 financing discussions, KKH Realignment, East Bay Expressway connectivity, and operationalization of the New

Gwadar International Airport. Industrial cooperation accelerated through development of priority Special Economic Zones (SEZs), including Rashakai, Allama Iqbal Industrial City, Dhabaji, and Bostan, alongside growing collaboration in mining, artificial intelligence, and digital infrastructure. Key financing allocations included US\$ 6 million for rehabilitation of flood-affected houses in Balochistan, RMB 300 million for Lady Health Worker housing projects, and a US\$ 320 million ICT Cooperation framework.

Accordingly, strategic priorities for FY2026–27 include achieving financial close of major infrastructure projects, operationalization of Gwadar Port and Free Zones, promotion of industrial relocation and export-oriented investment, advancement of green and digital initiatives, and strengthening regional logistics and mineral connectivity.

Punjab

Punjab’s Annual Development Programme for FY2025-26 represented a significant expansion, with the total ADP enhanced from Rs. 1,240.0 billion to Rs. 1,389.1 billion, reflecting a transition from planning-intensive to implementation-intensive development. The province’s development agenda is firmly anchored in URAAN Pakistan an 13th Five Year Plan, with social sectors commanding the largest share at Rs. 464.6 billion, reinforcing investments in education, health, housing, and social protection.

During FY2025-26, education and human capital development advanced strongly through the CM Punjab Laptop Programme, which received over 141,000 applications with 60 percent female beneficiaries, and the Honhaar Scholarship Programme with 96,000 applications. The School Meal Programme was expanded to additional districts, improving student retention and nutrition. In health, 982 Maryam Nawaz Health Clinics became functional under an outsourced model, substantially expanding primary care outreach, while the Nawaz Sharif Institute of Cardiology Sargodha reached completion.

Agricultural modernization proceeded effectively, with over 8,700 tractors delivered under the Hi Power Tractor Programme and more than 7,000 solar tubewell installations contributing to energy efficiency and reduced production costs. The Kissan Card supported financial inclusion for farmers. Housing development under the Apni Chhat Apna Ghar Programme attracted over 800,000 applications with approximately 74,000 units under construction. On the governance side, Smart Safe Cities expansion and fiber optic connectivity progressed across multiple districts. Overall, 1,315 ongoing schemes were completed during the year.

The proposed ADP for FY2026-27 stands at Rs. 749 billion, emphasizing social sector strengthening, production-led growth, and fiscal balance. Social sectors will receive the largest allocation, followed by infrastructure and production sectors. Key targets include distribution of 70,000 laptops and 80,000 scholarships, coverage of 900,000 farmers under support programs, construction of 100,000 housing units, expansion of

Smart Safe Cities to 15 districts, installation of 100,000 solar units, and plantation on 10,000 acres under climate resilience initiatives.

Sindh

The Government of Sindh's socio-economic development agenda is aligned with URAAN Pakistan, the 13th Five-Year Plan, and the Sindh Budget Strategy Paper (2026-29). This strategy is anchored in two overarching pillars: strengthening social and physical capital, and improving quality of life through effective governance, climate resilience, and inclusive service delivery.

The total development outlay for FY2025-26 was originally Rs. 1,018.326 billion but was revised to Rs. 949.495 billion due to slower-than-expected implementation and geopolitical disruptions. Across sectors, significant progress was achieved: 151 watercourses were lined and 128 solar pumps installed for agriculture; 946.5 miles of irrigation channels were lined and Guddu and Sukkur Barrages rehabilitated; 100,000 solar home kits were distributed and 656 schools and 225 health centers solarized; 2,263 km of roads were rehabilitated under ADP; 156 schools rehabilitated and 2,000 primary schools upgraded; and five medical colleges were constructed with two THQ and two DHQ hospitals upgraded. Digital initiatives expanded through PITP training for 13,428 participants and enhanced e-governance platforms.

Post-flood recovery remained a central priority, with approximately US\$ 2 billion in projects under implementation. The Sindh Peoples Housing for Flood Affectees programme, with US\$ 1.7 billion committed, targets construction of 2.1 million resilient houses. A substantial financing gap of US\$ 8.09 billion persists against total flood recovery needs of US\$ 11.49 billion. SDG integration advanced through full embedding of the SDG Checklist into provincial planning systems with 49 indicators localized.

The proposed development outlay for FY2026-27 is Rs. 770 billion. This comprises of Rs. 514 billion for Provincial ADP, and for District ADP, Rs. 256 billion through Foreign Project Assistance, and Rs. 160.637 billion from Federal PSDP. Priority sectors include agriculture, IT/digital governance, irrigation, energy, transport, water supply, education, health, social protection, and post-flood restoration. The Plan reinforces SDG integration, climate-resilient infrastructure, and public-private partnerships to bridge development financing gaps.

Khyber Pakhtunkhwa

Khyber Pakhtunkhwa's development plan for FY2025-26 and 2026-27 is structured around inclusive growth, good governance, and equitable service delivery across both settled and merged districts. The province contributes approximately 10 percent to the national GDP, relying primarily on agriculture, minerals, services, and small-scale industries. Given continued dependence on federal transfers, fiscal discipline and own-source revenue mobilization remain central to the province's development strategy.

Own-source revenue was estimated at Rs. 129 billion in taxes and non-tax resources, with Rs. 106 billion additionally projected under Net Hydel Profits. The provincial ADP was pitched at Rs. 547.337 billion with Rs. 249.6 billion dedicated to merged districts. The province completed 194 projects absorbing Rs. 75,435 million and approved 456 projects out of 854 that were unapproved at the start of the year.

Significant governance achievements included the launch of the Cashless Payment Initiative, approval of the KP Digital Payment Act 2025, digitization of over 100 public services, and operationalization of e-Summaries and e-Office systems. In health, 150 primary and rural health centers were converted to round-the-clock childbirth centers with 700 doctors recruited. Agricultural interventions included grafting of 150,000 wild olives, provision of 200 machines to farmers, and upgradation of 700 water courses. A Debt Management Fund was introduced alongside pension reforms and budgeting system upgrades.

The FY2026-27 budget is structured around nine strategic themes: Youth Empowerment, Good Governance and Service Delivery, Safe KP, Reducing Regional Disparities, Water Conservation, Economic Growth and Job Creation, Climate Resilience, Clean Drinking Water, and Digital KP. The macro-fiscal framework under the Medium-Term Development Framework prioritizes fiscal consolidation, enhanced revenue mobilization, and sustainable debt management. Health priorities include the Khan Institute of Organs Transplant, medical complexes in Kohat and Malakand, and breast cancer screening centers in five divisional headquarters. Education targets include 100 percent essential infrastructure in all schools and 90 percent teacher attendance. Output-based budgeting is to be implemented per the Public Finance Management Act 2019, linking spending to tangible results.

Balochistan

Balochistan's development agenda focuses on governance reform, digitization, security, and inclusive development under the URAAN Pakistan and 13th Five Year Plan. The Government of Balochistan completed 17 major special projects worth Rs. 114,704 million during FY2025-26. Key achievements included the initiation of a satellite-based Cadastral System for land settlement (Rs. 6,000 million), modernization of fruit, vegetable, grain, and livestock markets (Rs. 6,000 million), and fortification of police stations and posts (Rs. 2,000 million). Major infrastructure projects initiated include Mashkel Dam at Washuk (Rs. 41,000 million), Industrial Estate Naukandi, Fertilizer City, Meat Packaging Plants in four cities, and the People's Train Service. Social sector interventions included construction of two additional rooms in 3,000 schools, expansion of routine immunization, and Enterprise Development Programs in two clusters. Provincial ADP achieved 92.8 percent fund utilization (releases Rs. 231,419 million against allocation Rs. 249,450 million).

For FY2026-27 the provincial PSDP is Rs. 250 billion and submitted 24 projects worth Rs. 511,995 million for Federal PSDP. Key policy targets include drafting a Provincial

Data Protection Framework by December 2026, implementing a Local Government Empowerment Policy in 10 districts, and training 5,000 civil servants in digital tools. Project targets include completing the Satellite Based Cadastral System across all districts (100 percent by June 2027), achieving 75 percent completion of the Safe City Project in Quetta and three cities, establishing four Fast-Track Courts by December 2026, and reaching 10,000 beneficiaries under the Enterprise Development Programme. The Peace and Social Cohesion Programme targets training 15,000 additional people, while the new Minority Welfare Programme aims to reach 5,000 beneficiaries by June 2027.

Azad Jammu and Kashmir

Azad Jammu & Kashmir's economy is characterized by its strategic geographic location, abundant hydropower potential estimated at over 15,000 MW, expanding tourism sector, and a literacy rate exceeding 77.5 percent. Public sector investment through the Annual Development Programme remains the primary driver of economic growth, given the limited industrial base and fiscal constraints. The Annual Plan 2026-27 integrates regional priorities with URAAN Pakistan, 13th Five Year Plan and Sustainable Development Goals.

The total ADP for FY2025-26 was Rs. 49 billion. Infrastructure development progressed with 24 km of major roads constructed, 95 km of link roads completed, and 50 km of major roads rehabilitated. In the energy sector, projects totaling 3,204.60 MW have been completed while 4,685.98 MW are under implementation; however, distribution targets were partially met, with 16,520 service connections against a target of 30,000. Tourism demonstrated strong growth, with 3.21 million tourists generating Rs. 23.892 billion in revenue in 2024-25. Key health infrastructure achievements included completion of THQ Hospital Chakkar (50-bed), General Hospital Rawalakot (200-bed), and upgradation of DHQ Hospital Mirpur (250-bed), with 87 percent immunization coverage and 35 percent CPR achieved. In digital governance, 14 tehsils computerized land records, 76 lower courts were automated, and 2 IT Excellence Centers were established. Microfinance through Akhuwat supported 5,909 interest-free loan beneficiaries.

The total proposed ADP for FY2026-27 is Rs. 74.771 billion (Block Allocation Rs. 73.271 billion, Foreign Aid Rs. 1.5 billion), representing a significant increase from the FY2025-26 envelope. Infrastructure investment targets construction of 95 km major roads and 105 km link roads. Energy targets include 25,000 new service connections, 198 km transmission lines, and operationalization of three grid stations. Tourism will be promoted through a Master Planning & Development Programme. Health targets include 5,000 additional hospital beds, 95 percent immunization, 62 percent CPR, and 100 percent population access to health facilities. IT targets include establishing 8 IT Excellence Centers and a Tier-III State Data Center in Muzaffarabad. Agricultural programs target 100,000 certified fruit plants and vaccination of 100,000 animals against FMD.

Gilgit-Baltistan

Gilgit-Baltistan has been declared a less developed special area by the Federal Government. Given its geo-strategic location as the gateway to CPEC and as Pakistan's water bank, with abundant natural beauty and resources, GB holds critical importance for the country. The GB development plan is anchored in 10 priority sectors: Transport and Communications, Clean Energy and Power, Health, Water & Sanitation, Tourism, Disaster Management, Education, Social Welfare/Poverty Alleviation, Fuel Sector, and Information & Technology.

The total development outlay for FY2025-26 was Rs. 37,000 million, comprising Rs. 22,000 million as block allocation for the ADP and Rs. 15,000 million for Federal PSDP projects. In education, 27 schemes were completed, 213,436 students received free textbooks, 16,262 students received meals, 120 ECD centers were established, and 425 teachers were trained. In the energy sector, 13 hydro power projects were completed with a cumulative capacity of 18.550 MW, and approximately 250,000 consumers are to benefit from system improvement projects. Health achieved 100 percent budget utilization with 8 schemes completed and procurement of MRI/CT equipment for three regional hubs. Technical and vocational training exceeded targets, with 1,048 youth trained against a target of 1,000, and NAVTTC programs achieved 99 percent of targets.

Under the CM Self-Employment Interest-Free Loan Scheme, Rs. 673.7 million was disbursed to 9,977 beneficiaries. Population welfare achieved 45 percent CPR and conducted 51 Mobile Service Unit camps with 170,000 family planning clients. Approximately 2,500 women were trained through Women Development Centers. SDG integration advanced with baseline values established for 67 indicators and a comprehensive governance structure for implementation.

For the FY2026-27, education targets include 40 school schemes, training of 3,000 teachers, provision of textbooks to 215,000 students, and establishment of 150 ECD centers. Energy targets include completion of 25 hydel schemes adding 40 MW cumulative capacity, 15 system improvement schemes, and commencement of tunnel works for the 26 MW HPP Shagarthang in Skardu. Health priorities include 15 new ADP schemes, 95 percent budget utilization, transition to Green Health Infrastructure, and establishment of a Digital Procurement Hub. For higher and technical education, new degree colleges are planned in Pari Bangla, Phander, and Gonar Farm, with 1,500 youth to be trained by TESD and 1,000 by NAVTTC. Youth programs will expand YRCs to Hunza and Chilas. Population welfare targets 47 percent CPR, 100 MSU camps, and 230,000 FP clients. Women's empowerment targets training of 3,000 women and support to 1,000 entrepreneurs through WDCs in all districts.

Population

During FY2025-26, progress was recorded with CPR increasing from 41.4 percent to 42.3 percent and TFR declining from 3.59 to 3.54. Key achievements included completion of

Population Projections 2023-2050, operationalization of D4D Data Portal (Phase-II), and preparation of the draft National Strategic Framework on Population and Development.

For FY2026-27, the plan focuses on institutional reforms, service delivery expansion, data integration, and behavior change interventions. Major priorities include finalization and operationalization of the National Strategic Framework on Population and Development, establishment of a federal lead agency mandate at the Planning Commission, GST exemption on contraceptives, indigenous contraceptive production, implementation of D4D Data Portal (Phase-III), development of district-level population projections, establishment of a centralized National Knowledge Hub, and creation of formal youth engagement and Social Behavior Change Communication (SBCC) mechanisms to address demand-side barriers and strengthen population governance.

Health

During FY2025-26, the flagship initiatives of the sector include; the Prime Minister's National Health Programme, Hepatitis-C Elimination Programme, and Diabetes Prevention and Control Programme - anchored national service delivery efforts. Tertiary infrastructure advanced through the Jinnah Medical Complex and Research Centre (JMCRC), the PIMS Cancer Hospital, and expanded procurement of biomedical and digital health equipment.

In FY2026-27, priorities will shift toward strengthening primary and preventive care, raising the UHC index, integrating family planning services, and advancing disease surveillance, One Health approaches, and digital interoperability-collectively oriented toward achieving SDG-3 and national development goals.

Nutrition

During FY2025-26, progress included concept approval of the revised National Multisectoral Nutrition Programme, implementation of the National ECD Policy Framework, advancement of food fortification legislation, development of BCC materials, and strengthened nutrition financing and governance.

For 2026-27, priorities include multi-sectoral convergence, climate-resilient and data driven nutrition systems, improved food systems, and community engagement. Key initiatives include implementation of the National Multisectoral Nutrition Programme and ECD Policy Framework, strengthening food fortification and integrated service delivery, initiating the National Multisectoral Nutrition Survey, and revising the Pakistan Multisectoral Nutrition Strategy.

Basic and College Education

During FY2025-26, the sector recorded encouraging progress in educational infrastructure, teacher training, digital learning, and access initiatives. Enrollment and retention efforts for out-of-school children showed positive results despite migration

and dropout-related challenges. Infrastructure development advanced across several institutions, while teacher training completion rates remained strong at foundational levels. Digital transformation initiatives also gained momentum through STEM and emerging technology programmes.

The FY2026–27 programme focuses on expanding equitable access, strengthening digital and technology-enabled learning, modernizing educational infrastructure, promoting sustainable energy solutions, and enhancing teacher capacity building. Continued emphasis will be placed on inclusive educational opportunities for underserved and marginalized populations. Overall, the sector aims to develop an inclusive, resilient, and future-ready education system that supports sustainable national development and human capital growth.

Labor, Employment and Skill Development

In 2025-26, Pakistan's labour force reached 83.1 million, with 77.2 million employed. The unemployment rate stood at 7.1 percent. There has been a gradual shift from agriculture (33.1 percent) toward services (41.2 percent). Under the Prime Minister's Youth Skill Development Programme, over 131,417 youth were trained across Batch-I and II, with significant focus on IT and digital skills.

For FY2026-27, the government has allocated Rs. 8,200.50 million, with the largest share (Rs. 5,290.49 million) for the Prime Minister's Youth Skills Development Programme. Key targets include training 40,000 in IT skills, 50,000 in industry and conventional trades, expanding overseas employment-linked training to 10,000, and providing international certifications to 20,000 trainees.

Mass Media, National Heritage and Culture

During the FY2025-26, total PSDP allocation for the sector was Rs. 3,625 million across 10 projects (8 ongoing, 2 new), with full allocation released and Rs. 3,500 million expected to be utilized by June 2026. Four of the eight ongoing projects are expected to be completed by June 2026, including the National Information Media Archive Repository (NIMAR) for centralized digital archiving of Ministry of Information records, and the PID Media Cell for Countering Violent Extremism (CVE). Digitalization of the terrestrial networks of PTV and PBC continued, with three PTV stations and several PBC transmission stations digitized. Transmitter up-gradation projects at Khuzdar (300 kW MW) and Quetta (100 kW MW) are advancing to enhance radio coverage and counter cross-border interference. Three of six ongoing projects of National Heritage & Culture will be completed by June 2026 with full Rs. 98.019 million utilized.

During FY2026-27, digitalization of remaining PTV and PBC stations will continue, targeting two additional PTV stations and approximately five PBC stations. The newly approved National Center for Brands Development (NCBD) will serve as a strategic platform for strengthening Pakistan's national and international brand image in support

of export-led growth, with interventions in branding, packaging, marketing strategies, and business capacity building. Creation of a formal Creative and Culture Industry (CCI) framework is in the initial stage of approval, aimed at enhancing Pakistan's global image and promoting cultural diplomacy.

Inclusive and Equitable Development

During FY2025–26, progress was achieved through strengthened institutional coordination, digital governance reforms, expansion of the Human Rights Information Management System (HRIMS), operationalization of grievance redressal mechanisms, and enhanced monitoring under the National Mechanism for Reporting and Follow-up (NMRF). Awareness campaigns, transgender protection services, and welfare support for Federal Government Employees were further expanded. Key development initiatives included the approval of the Strengthening Social Protection Delivery System in Sindh and formulation of region-specific social protection reforms for Balochistan and Gilgit-Baltistan.

For FY2026–27, priorities include strengthening institutional resilience, scaling up outreach to vulnerable groups, enhancing rehabilitation and welfare services, modernizing social protection delivery systems, and improving federal-provincial coordination. Proposed PSDP investments will support human rights initiatives, senior citizen and child protection facilities, and inclusive education through the Autism Centre in Islamabad.

Balanced Development – Focus on Less Developed Regions

During FY2025-26, development efforts in AJ&K, GB, and Merged Districts of KP were mainly focused on infrastructure expansion, hydropower development, road connectivity, and improvement of socio-economic conditions. These interventions were aimed at unlocking development potential of these areas and reducing regional disparities.

For FY2026–27, development priorities will continue to emphasize energy, transport and communications, health, education, agriculture, digital transformation, and institutional strengthening. Continuation of the Ten-Year Development Programme (AIP) in merged districts. will remain central to efforts of long-term stabilization and inclusive growth, while contributing to improves living standards in these areas.

Poverty Alleviation and Sustainable Development Goals

The national poverty estimates based on the HIES 2024-25 revealed that poverty increased from 21.9 percent in 2018-19 to 28.9 percent in 2024-25, primarily due to persistent inflationary pressures, decline in real incomes, weak employment generation and climate-induced shocks, particularly affecting rural and flood-affected populations. Major interventions in pursuit of the poverty reduction during FY2025-26 under the BISP included covering nearly 10 million households and 9.6 million children, while

Pakistan Bait-ul-Mal, Pakistan Poverty Alleviation Fund, Workers Welfare Fund and NAVTTC contributed through welfare services, skills development, employment generation and livelihood support initiatives.

For FY2026-27, priorities include expanding social protection coverage, promoting digital and vocational skills, increasing access to interest-free loans and implementing climate-resilient development initiatives in alignment with the URAAN Pakistan and 13th Five Year Plan.

Governance and Institutional Reforms

During FY2025–26, the sector made steady progress, particularly in digital transformation and institutional capacity building. With a PSDP allocation of Rs. 17.01 billion, key achievements included advancements in tax administration under the Pakistan Raises Revenue Programme and near completion of the Integrated Transit Trade Management System (ITTMS), improving trade facilitation and revenue collection. In the justice sector, the Case Flow Management System (CFMS) was implemented in 188 courts, digitizing over 253,000 cases and enhancing efficiency in case management.

In the regulatory and digital domain, the Pakistan Telecommunication Authority achieved Tier-1 status in the Global Cybersecurity Index and significantly reduced mobile data costs, expanding digital access. The Public Procurement Regulatory Authority strengthened transparency through the expansion of the EPADS e-procurement system. Broader reforms included civil service reviews, rightsizing of federal entities, and measures to improve public financial management through digital billing and audit systems. Regulatory bodies such as SECP, CCP, and NTC also introduced measures to enhance market oversight and investor protection.

Looking ahead to FY2026–27, the initiatives which were initiated during the previous year in the areas i.e. civil service reform, justice sector reforms, police & law order, financial management & Tax reforms, restructuring of public sector & strengthening institutional capacity, expanding digital transformation across governance systems, and improving ease of doing business will be continued for enhancing regulatory effectiveness, promote transparency & accountability, and ensure rule of law at the federal and provincial levels.



Exports

Unlocking Our Export Potential

1. MACROECONOMIC FRAMEWORK – GROWTH, INVESTMENT, AND SAVINGS

1.1. Introduction

The macroeconomic framework is a structured set of economic policies, assumptions, projections, and indicators to guide economic planning and decision-making at the national level. It plays a vital role in economic planning and policy formulation by helping the government design fiscal, monetary, trade, and development policies based on current economic conditions and future projections. It also provides a basis for efficient allocation of national resources among different sectors of the economy.

Under the macroeconomic framework, the government sets explicit annual targets for GDP growth alongside its key productive sectors: agriculture, industry, and services. Each sector is assigned a realistic yet progressive growth target based on its potential and policy priorities. The framework also sets targets for inflation, investment, and savings to maintain balance and sustainability.

1.2. Review of FY2025-26

Globally, economic outlook remains subdued amid persistent trade-related uncertainties and heightened geopolitical tensions, particularly in the Middle East. Reflecting these challenges, the International Monetary Fund (IMF) revised its global growth projections downward from 3.3 to 3.1 percent for 2026, while maintaining a modest recovery outlook of 3.2 percent for 2027.

Against this challenging global backdrop, Pakistan's economy demonstrated notable stabilization during FY2025–26, supported by prudent and well-coordinated macroeconomic management despite the adverse impacts of floods during the monsoon season. The economy recorded GDP growth of 3.7 percent, with average inflation remaining within the target of 7.5 percent. Large-Scale Manufacturing (LSM) continued its recovery trajectory. Fiscal consolidation remained on track through effective expenditure management and revenue enhancement, while higher remittances and stronger services supported external balances despite headwinds from global trade-related uncertainty. The exchange rate remained stable, foreign exchange reserves strengthened, and improved credit ratings bolstered market confidence.

Higher inflows of workers' remittances and robust growth in services exports helped offset the adverse effects of global uncertainty and regional geopolitical developments, thereby supporting external balances. The exchange rate remained broadly stable, while foreign exchange reserves strengthened further. These developments

contributed to an improvement in the country's credit rating outlook, enhancing investor confidence and reinforcing overall market sentiment.

1.3. Sectoral Performance FY 2025-26

1.3.1. Agriculture Sector

The agriculture sector recorded growth of 2.9 percent compared to 1.5 percent last year (Table 1.1), supported by a modest recovery in crops, livestock, and cotton ginning. Better agricultural production, easing inflationary pressures, improved fertilizer availability, enhanced agricultural credit, and supportive policy interventions contributed positively to sectoral growth.

Table 1.1: Agriculture Sector Growth Performance (%)

Sector	FY 2024-25 (Rev.)	FY 2025-26 (Prov.)
Agriculture	1.5	2.9
1. Crops	-1.0	1.4
-Important Crops	-13.2	0.6
-Other Crops	19.7	2.4
-Cotton Ginning	-19.0	0.1
2. Livestock	2.9	3.8
3. Forestry	2.9	2.0
4. Fishing	1.4	1.7

Source: PBS

The crops sector modestly recovered during FY2025-26 and achieved growth of 1.4 percent compared to a contraction of 1.0 percent during FY2024-25. Recovery in the sector owes to improved wheat and sugarcane output, better farm incentives, enhanced fertilizer availability, and improved crop management practices. Important crops recovered and achieved growth of 0.6 percent during FY2025-26. Growth in other crops moderated to 2.4 percent compared to 19.7 percent in FY2024-25.

Cotton ginning registered a modest growth of 0.1 percent in FY2025-26 compared to a sharp contraction of 19.0 percent in FY2024-25 due to lower cotton arrivals, pest attacks, climate variability, and structural weaknesses in the cotton value chain. Livestock growth improved to 3.8 percent compared to 2.9 percent growth last year. Improved performance of livestock is owing to increasing commercialization, improved disease management, expansion in dairy and poultry activities, and rising consumer demand.

1.3.2. Industrial Sector

The industrial sector recorded a growth of 3.5 percent in FY2025-26 compared to 5.6 percent in FY2024-25 (Table 1.2). The mining and quarrying sector slightly recovered

by 0.4 percent in FY2025–26 compared to a contraction of 3.7 percent last year, due to relatively improved production of major minerals. In contrast, the manufacturing sector posted a strong recovery and grew by 6.6 percent against 2.0 percent growth last year. The improvement was largely supported by better performance of large-scale manufacturing industries, improved domestic demand, easing inflationary pressures, and relatively stable macroeconomic conditions.

Table 1.2: Industrial Sector Growth Performance (%)

Sector	FY 2024-25 (Revised)	FY 2025-26 (Prov.)
Industry	5.6	3.5
1. Mining & Quarrying	-3.7	0.4
2. Manufacturing	2.0	6.6
-Large Scale	-0.7	6.1
-Small Scale	8.9	8.5
-Slaughtering	6.4	6.2
3. Elect. Gas & Water Supply	29.6	-10.6
4. Construction	8.8	5.7

Source: PBS

Large-scale manufacturing rebounded from a contraction of 0.7 percent in FY2024-25 to a growth of 6.1 percent in FY2025-26, supported by improved output in key industries and a recovery in business confidence. Small-Scale Manufacturing (SSM) maintained robust growth at 8.5 percent, though slightly lower than 8.9 percent last year (Table 1.2), reflecting sustained domestic production and resilience of small enterprises. Slaughtering sub-sector also maintained positive growth of 6.2 percent compared to 6.4 percent last year, supported by steady livestock growth and domestic demand.

1.3.3. Services Sector

Services sector witnessed a growth of 4.1 percent in FY2025-26 compared to 3.1 percent during the last year (Table 1.3). Wholesale & retail trade rebounded from a modest growth of 0.5 percent in FY2024-25 to 3.7 percent in FY2025-26, reflecting improved momentum in the commodity-producing sector, particularly the strong recovery in LSM and increased imports. Transport, Storage & Communication growth recorded at 2.3 percent compared to 2.5 percent last year, indicating sustained activities of logistics and mobility services. Education and Health recorded growth of 5.2 percent and 6.9 percent, respectively, in FY2025-26 compared with 3.6 percent and 3.2 percent in the previous year. The Information and Communication subsector broadly maintained its growth of 7.5 percent in FY2025-26 compared to 7.0 percent in the previous year.

Table 1.3: Services Sector Growth Performance (%)

Sector	FY 2024-25 (Revised)	FY 2025-26 (Prov.)
Services Sector	3.1	4.1
1. Wholesale & Retail Trade	0.5	3.7
2. Transport & Storage	2.5	2.3
3. Accommodation & Food	4.1	3.9
4. Information & Comm.	7.0	7.5
5. Finance & Insurance	9.1	0.3
6. Real Estate Activities	3.8	3.6
7. Public Administration	8.6	8.5
8. Education	3.6	5.2
9. Human Health	3.2	6.9
10. Other Private Services	3.8	3.7

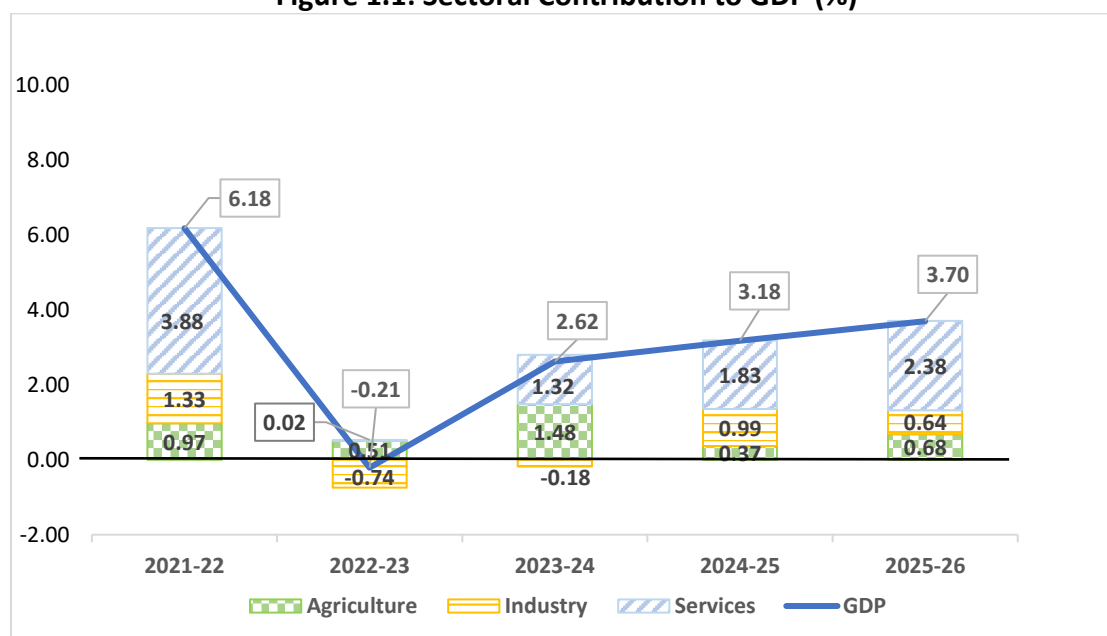
Source: PBS

Although the services sector's overall performance reflects a broader recovery, a notable slowdown is observed in finance and insurance with 0.3 percent growth compared to 9.1 percent previous year, indicating a reduction in banking sector net lending to households and private businesses during the outgoing year. Public Administration and Social Security remained broadly stable, growing by 8.5 percent compared with 8.6 percent in the previous year.

1.3.4. Sectoral Contribution to GDP

Sectoral contributions to GDP growth during FY2021-22 to FY2025-26 show that the services sector remained the main driver of economic growth, contributing 3.9 percentage points in FY2021–22 and 2.4 percentage points in FY2025–26 (Figure 1.1). Agriculture maintained a positive but fluctuating contribution, ranging from 0.4 percent to 1.5 percentage points during the period, reflecting variations in agricultural output. In contrast, the contribution of industry remained volatile, recording negative contributions of 0.74 percentage points in 2022–23 and 0.18 percentage points in 2023–24 due to industrial slowdown, especially the large-scale manufacturing and economic constraints. Overall, GDP growth declined from 6.18 percent in 2021–22 to negative 0.21 percent in 2022–23, followed by a gradual recovery to 3.70 percent in 2025–26, largely supported by the services sector.

Figure 1.1: Sectoral Contribution to GDP (%)



Source: PBS

1.3.5. Savings and Investment

National savings stood at 14.1 percent of GDP, compared to 14.9 percent in the previous year. Domestic savings were recorded at 7.7 percent, marginally lower than 7.9 percent. This slight decline reflected higher consumption pressures in a recovering economy. Foreign savings made a modest positive from -0.5 percent to 0.2 percent, supporting the overall resource envelope.

Total investment remained at 14.4 percent of GDP in FY 2025-26 compared to the same level in FY2024-25. Fixed investment, which directly expands productive capacity, also remained at the same level of 12.7 percent of GDP. Private investment slightly improved from 9.5 percent to 9.6 percent of GDP in FY2025-26, while public investment declined to 3.1 percent of GDP from 3.3 percent of GDP last year.

Table 1.4: Structure of Saving & Investment as Percent of GDP (mp)

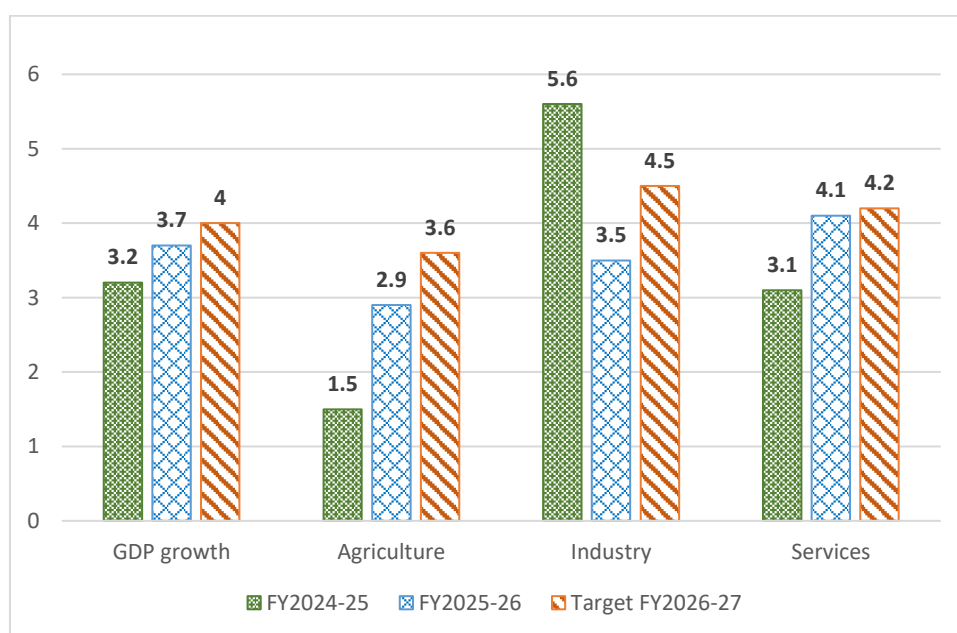
YEAR	2024-25 (Revised)	2025-26 (Prov.)
National Savings	14.9	14.1
Domestic Savings	7.9	7.7
Foreign Savings	-0.5	0.2
Total Investment	14.4	14.4
Fixed Investment	12.7	12.7
Public Investment, including Govt.	3.3	3.1
Private Investment	9.5	9.6

Source: PBS and Planning Commission

1.4. Economic Outlook 2026-27

The outlook for FY2026-27 builds on ongoing progress on structural reforms, fiscal consolidation, and measures to strengthen investors' confidence under URAAN Pakistan and the 13th Five Year Plan. GDP growth is targeted at 4.0 percent, expecting broad-based improvements across the sectors (Figure 1.2). The agriculture sector is targeted to grow by 3.6 percent based on climate-resilient policy interventions, better availability of inputs, efficient irrigation, and farm mechanization initiatives. The industrial sector is projected to maintain a steady growth trajectory in FY2026-27, with a target of 4.5 percent. Within the sector, manufacturing is expected to remain the key driver of industrial growth, supported by broad-based improvements across allied sub-sectors. The services sector is projected to grow by 4.2 percent. Improved growth in agriculture and industry, with enhanced demand for wholesale & retail trade and transport & storage activities is expected to contribute to services growth.

Figure 1.2: Growth Targets for FY 2026-27 (%)



Source: PBS & Planning Commission

1.4.1. Agriculture sector

The targeted agriculture growth of 3.6 percent will be driven by improved availability of quality inputs (seed, fertilizer, irrigation water), and initiatives like Kissan Card, agricultural internships, tractor mechanization programs, water-efficient farming, model agriculture malls, tube wells solarization, aquaculture development, and farm mechanization financing. These measures are aimed at boosting productivity, efficiency, and commercialization across the sector, thereby supporting improved performance in crops, livestock, forestry, and fishing, supported by better input management, modernization, and targeted sectoral reforms.

Important crops are targeted to grow by 2.9 percent, as a result of revival measures in cotton, improved wheat productivity, better sugarcane yields, and stabilization in rice production. In particular, initiatives of promoting high-yield and climate-resilient seed varieties, improved pest management are expected to strengthen crop output. Cotton ginning is projected to grow by 1.5 percent, supported by expected improvement in cotton arrivals, better seed regulation, and policy measures aimed at reviving the textile-linked agriculture sector.

Policy emphasis on strengthening agricultural research and extension systems, promoting certified seeds, improving fertilizer and pesticide regulation, and expanding access to modern technologies is expected to support higher productivity across crop activities.

Other crops are targeted to grow by 3.5 percent, supported by continued expansion in fruits, vegetables, pulses, and oilseeds, along with promotion of horticulture clusters, tissue culture technologies, certified nurseries, and small-scale agro-processing facilities. Government initiatives focused on value addition, post-harvest management, and rural agri-business development are also expected to strengthen growth in high-value crops.

Livestock growth is targeted at 3.9 percent during FY2026-27, driven by disease control, improved export compliance, and provincial initiatives like Punjab's Livestock Card and Sindh's dairy and meat sector reforms, enhancing productivity and exports. Further, the subsector's growth is expected to be supported by rising domestic demand through increasing commercialization, expansion in dairy and poultry activities, and improved veterinary & disease management services. Policy initiatives, including breeding programs, livestock traceability systems, disease surveillance mechanisms, and facilitation for meat and dairy processing, are expected to improve productivity and export potential in the livestock sector.

Forestry growth is targeted at 1.9 percent due to continued afforestation drives, sustainable forest management, and environmental conservation initiatives. Similarly, the fisheries sector is projected to grow by 1.7 percent, supported by aquaculture expansion, promotion of shrimp and fish farming, export facilitation measures, cold-chain infrastructure development, and value addition in fisheries products. Enhanced access to agricultural finance, concessional lending schemes, and promotion of private sector investment are also expected to support overall sectoral growth during FY2026-27.

1.4.2. Industrial Sector

The industrial sector is targeted to grow by 4.5 percent. Within the sector, manufacturing is expected to remain the key driver with a growth target of 5.7 percent, supported by strong contributions from both large-scale manufacturing (5.0 percent) and small-scale manufacturing (7.7 percent), along with slaughtering activities (6.2

percent). Electricity, gas and water supply sector are also targeted to post a moderate growth of 0.1 percent, while construction is expected to grow by 5.8 percent. Mining & quarrying are anticipated to modestly grow at 0.2 percent due to improved extraction and exploration activities under SIFC. Overall, the industrial sector is expected to maintain its growth trajectory, driven primarily by manufacturing and supported by broad-based improvements across allied sub-sectors in FY2026–27.

This growth outlook is expected to be underpinned by ongoing policy reforms and development initiatives, including the National Tariff Policy (2025–30), National Energy Vehicle policy, expansion of Special Economic Zones, development of the Karachi Industrial Park, and promotion of digital trade under e-Commerce Policy 2.0. In addition, PSDP-backed industrial infrastructure and SME development projects are being focused. Furthermore, investment facilitation measures, industrial modernization, and advancements in mineral exploration are likely to strengthen industrial activity and support improved growth momentum. Together, these reforms are improving competitiveness, lowering input costs, and promoting manufacturing, exports, and value-added industrial expansion.

1.4.3. Services Sector

The services sector is targeted to grow by 4.2 percent in FY2026-27. Wholesale & retail trade (4.3 percent target) and transport & storage (3.1 percent target) are expected to expand in tandem with the growth in commodity-producing sectors. In addition, impetus is expected from information and communication (7.6 percent target) as the government aims to raise fiberized telecom towers from 16 percent to 60 percent within the next three years, focusing on expanding fiber-to-home access, and strengthening digital infrastructure. Moreover, Ministry of IT & Telecom, in collaboration with Google for Developers, Telenor, and Innovista, is launching AI Seekho 2026, a nationwide upskilling programme introducing Pakistanis to AI coding and targeting one million non-IT professionals. Alongside, reforms in the finance and insurance subsector are expected to reinforce growth of subsector to 2.1 percent on the back of initiatives such as the introduction of a landmark insurance reform bill in May 2026, replacing the outdated Insurance Ordinance of 2000, to modernize regulation, attract foreign investment, and expand digital insurance services. Overall, the sector is projected to continue to build on the resilience demonstrated during FY 2026-27.

1.4.4. Investment and Savings

Total investment is targeted to 15.0 percent of GDP in FY 2026–27, driven by economic recovery, an improved business climate and political stability. Government’s continued focus on investment, industrial revival, export-led growth strategy, and infrastructure development initiatives envisaged under URAAN Pakistan and the 13th Five Year Plan is expected to contribute to achieving the targets.

Fixed investment is targeted at 13.3 percent, supported by ongoing reforms to improve ease of doing business, promote public-private partnerships, attract foreign direct investment, and expand financing opportunities for SMEs and the private sector.

National savings are targeted at 14.3 percent of GDP in FY 2026–27, supported by macroeconomic stabilization, financial sector deepening, digitization of financial services, expansion of banking outreach, and government measures to encourage remittances, formal savings instruments, and documentation of the economy. The detailed macroeconomic framework is at Annex-1.2.

**Gross Domestic Product
(Constant Basic Prices of 2015-16)**

(Percent Changes)

Sectors/Subsectors	2023-24	2024-25	2025-26		2026-27
	Final	Revised	Target	Prov.	Target
1. COMMODITY PROD. SECTORS	3.1	3.2	4.4	3.2	4.0
A) AGRICULTURE	6.4	1.5	4.5	2.9	3.6
Important Crops	17.1	-13.2	6.7	0.6	2.9
Other Crops	0.1	19.7	3.5	2.4	3.5
Cotton Ginning	47.2	-19.0	7.0	0.1	1.5
Livestock	4.4	2.9	4.2	3.8	3.9
Forestry	-1.1	2.9	3.5	2.0	1.9
Fishing	1.0	1.4	3.0	1.7	1.7
B) INDUSTRY	-1.0	5.6	4.3	3.5	4.5
Mining and Quarrying	-2.4	-3.7	3.0	0.4	0.2
Manufacturing (I+II+III)	3.0	2.0	4.7	6.6	5.7
-Large-Scale	0.9	-0.7	3.5	6.1	5.0
-Small Scale	9.0	8.9	8.9	8.5	7.7
-Slaughtering	6.6	6.4	4.3	6.2	6.2
Electricity, Gas and Water Supply	-18.0	29.6	3.5	-10.6	0.1
Construction	-1.1	8.8	3.8	5.7	5.8
II) SERVICES	2.3	3.1	4.0	4.1	4.2
Wholesale and Retail Trade	3.3	0.5	3.9	3.7	4.3
Transport, Storage & Communications	1.6	2.5	3.4	2.3	3.1
Accommodation and Food Services Activities (Hotels & Restaurants)	4.1	4.1	4.1	3.9	3.2
Information and Communication	4.3	7.0	5.0	7.5	7.6
Financial and Insurance Activities	-13.1	9.1	5.0	0.3	2.1
Real Estate Activities (OD)	3.7	3.8	4.2	3.6	3.6
Public Administration and Social Security (General Government)	-7.0	8.6	3.0	8.5	4.5
Education	10.1	3.6	4.5	5.2	5.2
Human Health and Social Work Activities	3.3	3.2	4.0	6.9	6.9
Other Private Services	3.6	3.8	4.5	3.7	3.8
GDP(bp)	2.6	3.2	4.2	3.7	4.0

Source: PBS & Planning Commission

**Macroeconomic Framework
(Current Market Prices)**

(Rs. Billion)

Items	2023-24	2024-25	2025-26		2026-27	% Growth	
	Final	Revised	Target	Prov.	Target	2025-26/ 2024-25	2026-27/ 2025-26
GDP (bp)	99,737	107,224	119,837	117,991	133,768	10.0	13.4
Indirect Taxes (Net)	5,553	6,815	9,730	8,880	9,837	30.3	10.8
GDP (mp)	105,290	114,039	129,567	126,870	143,604	11.3	13.2
Net Primary Income (NPI)	5,815	8,003	7,895	9,012	9,571	12.6	6.2
GNP (mp)	111,105	122,043	137,462	135,882	153,175	11.3	12.7
External Resources Inflow (net)	586	(513)	605	304	1,044	-	-
Total Resources / Uses	111,691	121,529	138,067	136,186	154,218	12.1	13.2
Total Consumption from Identity	97,792	105,087	118,962	117,945	132,700	12.2	12.5
Total Investment	13,899	16,442	19,105	18,241	21,519	10.9	18.0
-Fixed Investment	12,099	14,492	16,890	16,071	19,077	10.9	18.7
-Public incl. General Govt.	2,573	3,714	4,137	3,909	4,237	5.3	8.4
-Private	9,525	10,778	12,753	12,162	14,840	12.8	22.0
Changes in Stocks / Valuables	1,800	1,950	2,216	2,169	2,441	11.3	12.5
National Savings	13,313	16,956	18,500	17,937	20,475	5.8	14.2
As % of GDP							
Total Investment	13.2	14.4	14.7	14.4	15.0		
-Fixed Investment	11.5	12.7	13.0	12.7	13.3		
-Public incl. General Govt.	2.4	3.3	3.2	3.1	3.0		
-Private	9.0	9.5	9.8	9.6	10.3		
National Savings	12.6	14.9	14.3	14.1	14.3		
External Resources Inflow (net)	0.6	(0.5)	0.5	0.2	0.7		
Memo Items							
Inflation	23.4	4.5	7.5	7.1	8.2		
GNP (mp) Per Capita (Rs.) 2023-Census	454,585	489,110	560,803	533,624	590,917	9.1	10.7

Source: PBS & Planning Commission

2. BALANCE OF PAYMENTS

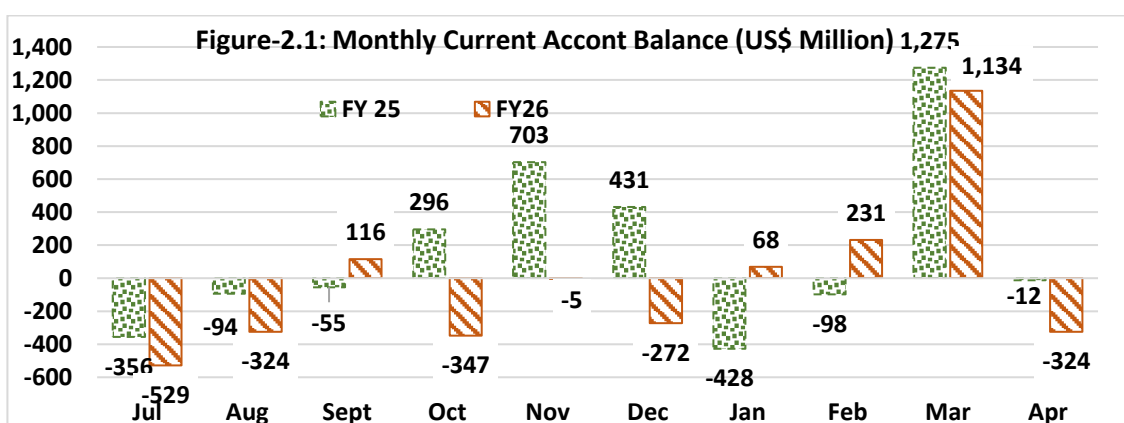
2.1 Introduction

Pakistan's external sector demonstrated stability during July-April FY26 amid devastating floods, shifting trade patterns and recent Middle East conflict. The resilience in services sector exports and workers' remittances, coupled with containment of primary income deficit, buttressed the current account. The prudent policies pursued by the government have helped contain spillover effects and preserve overall economic stability.

2.2 Review FY2025-26

2.2.1 Current Account Balance

The Current Account Balance (CAB) recorded a moderate deficit of US\$ 252 million during Jul-Apr FY26 compared to a surplus of US\$ 1,662 million in the corresponding period of previous year. The widening deficit in trade in goods was offset by narrowing of deficits in trade in services and primary income coupled with enhanced secondary income balance. Monthly CAB (Fig-2.1). The overall position of the Balance of Payments during Jul-Apr is presented in Annex-2.1.



2.2.2 Balance of Trade in Goods and Services

The trade in goods and services deficit widened by US\$ 5,187 million (21.8 percent) as exports of goods and services contracted marginally by US\$ 242 million (0.7 percent) while imports of goods and services rose by US\$ 4,945 million (8.5 percent). The trade in goods deficit widened by US\$ 5,612 million (26.3 percent) as exports of goods recorded a contraction of US\$ 1,484 million (5.4 percent) while imports of goods witnessed an increase of US\$ 4,128 million (8.5 percent) during the period under review. The trade in services deficit narrowed by US\$ 426 million (17.3 percent) as expansion in exports of services of US\$ 1,242 million (17.7 percent) outpaced the rise in imports of services of US\$ 817 million (8.6 percent) during the period under review.

2.2.3 Primary and Secondary Income Balances

Primary income deficit was contained by US\$ 321 million (4.4 percent) as credit showed an expansion of US\$ 118 million (14.3 percent) while debit posted a contraction of US\$ 203 million (2.5 percent) nevertheless repatriation of profit/dividend on foreign investment in Pakistan increased by US\$ 159 million (8.7 percent) during the period under review. The secondary income balance recorded enhanced surplus of US\$ 2,952 million (9.0 percent) due to jack up in workers' remittances of US\$ 2,650 million (8.5 percent) and other personal transfers of US\$ 227 million (14.0 percent).

2.2.4 Exports of Goods

Exports of goods recorded a contraction of US\$ 1,484 million (5.4 percent) and stood at US\$ 25,824 million during July-April FY2025-26 compared to US\$27,308 million in the corresponding period of previous year. During the period under review textile group exports grew by US\$ 303 million (2.1 percent) with expansion in knitwear (5.7 percent), readymade garments (6.0 percent), bedwear (3.0 percent) and other textile materials (5.5 percent) while contraction in cotton cloth (9.9 percent), towels (6.5 percent), art, silk & synthetic textile (5.4 percent) were recorded during the period under review.

Food group exports plunged by US\$ 1,598 million (28.9 percent) as exports of major food commodities recorded a decline. Exports of rice fell by US\$ 920 million (35.6 percent) due to intensified competition and decrease in international market price (around 24.8 percent), while ban on sugar exports in FY2025-26 for domestic price stability compared to US\$ 398 million exports in previous year period. Similarly, exports of oil seeds, nuts & kernels contacted by US\$ 155 million (44.4 percent). On the other hand, fish & fish preparations exports increased by US\$ 51 million (14.5 percent) during the period under review. Petroleum group exports recorded decline of US\$ 41 million (5.3 percent) primarily on account of drop in crude oil exports. Other manufacturing groups export recorded a slight decline of US\$ 45 million (1.3 percent) during the period under review.

The government is taking several measures to facilitate exporters such as rebate to rice exporters, three-year industrial concessional electricity package, enhanced market access to CARs and enhancing regional connectivity.

2.2.5 Price and Quantum Effect-Exports

An analysis of PBS shipment-based exports commodities showed that major food group exports dropped by US\$ 1,390 million of which price effect decline contributed US\$ 209 million whereas quantum effect drop contributed overwhelming US\$ 1,181 million. Textile group selected commodities exports recorded an increase of US\$ 128 million with price effect drop of US\$ 125 million whereas quantum effect increased by US\$ 253 million. Petroleum products exports increased by US\$ 184 million as quantum effect increased by US\$ 206 million which offset price effect drop of US\$ 22 million. Other manufacture exports of major commodities recorded net decline of US\$ 177 million due to price effect drop of US\$ 89 million and quantum effect drop of US\$ 88 million. The

data shows that the export earnings during Jul-Apr FY26 generally dropped both on account of price and quantum effects. The price and quantum effect of selected export commodities is given in Table-2.1.

Table 2.1: Price & Quantum Effects of Selected Export Commodities (Jul-Apr, FY26)

Commodities	% Change in		(US\$ Million)		
	Unit Price	Quantity	Price Effect	Quantum Effect	Total Effect
Rice	-9.88	-29.62	-206.16	-878.00	-1,084.16
Oil Seeds, Nuts & Kernels	-11.99	-31.00	-30.04	-112.53	-142.56
Fruits	7.40	-4.65	18.25	-12.03	6.22
Cotton Yarn	-8.34	21.42	-58.34	123.36	65.02
Cotton Cloth	-3.70	-5.29	-54.28	-82.11	-136.39
Knitwear	2.32	-1.37	94.20	-56.33	37.86
Bed Wear	-0.98	2.86	-25.82	73.41	47.59
Readymade Garments	-2.97	8.06	-108.83	273.49	164.66
Footballs	-3.89	24.77	-8.99	45.84	36.85
Leather Garments	-20.38	35.23	-55.16	70.51	15.35
Plastic Material	-5.46	-28.24	-16.00	-115.21	-131.21
Pharmaceutical Products	-3.27	-28.35	-9.17	-111.05	-120.22
Cement	9.54	4.74	25.36	12.04	37.39
Footwear	-19.30	27.66	-36.58	41.05	4.48

2.2.6 Imports of Goods

Imports of goods recorded substantial increase by US\$ 4,128 million (8.5 percent) and stood at US\$ 52,753 million in Jul-Apr FY26 compared to US\$ 48,625 million in the corresponding period of previous year. It is observed that transport, food, machinery, agricultural & other chemicals and metal groups imports grew by US\$ 1,423 million (89.1 percent), US\$ 820 million (13.0 percent), US\$ 773 million (11.2 percent), US\$ 560 million (7.4 percent) and US\$ 355 million (8.2 percent) respectively. Whereas petroleum group and textile groups imports fell by US\$ 511 million (4.0 percent) and US\$ 420 million (8.8 percent) respectively.

During first eight months of CFY, the average crude oil price declined by 13.9 percent to US\$ 65.04/bbl compared to US\$ 75.54/bbl. in the corresponding period of last year. However, the Middle East conflict caused 46.7 percent sharp spike in the average crude oil price during Mar-Apr 2026 to US\$ 99.75/bbl from US\$ 68.01/bbl recorded in February 2026. Moreover, the heightened geopolitical uncertainty caused supply disruptions through the closure of Strait of Hormuz which accounts for one fifth of global oil and LNG trade coupled with resulting into rising insurance premium and freight cost on crude oil imports that triggered sharp rise in energy prices globally. Urea

fertilizers prices in international market increased by 67.6 percent to average US\$ 791.3/mt in Mar-Apr 2026 compared to US\$ 472/mt in February 2026.

2.2.7 Price and Quantum Effect-Imports

The shipment-based import, monthly advance release trade data, reported by PBS showed that quantity effect has remained positive in case of food, petroleum, agri. & other chemicals and metal groups. Whereas, negative price effect recorded for agri. & other chemicals, metal showing that prices of these commodities fell globally. The price and quantum effect of textile remained negative. The quantity effect of selected major import products remained positive at US\$ 1,979 million, whereas price effect remained negative at US\$ 485 million, thus total effect recorded a net increase of US\$ 1,494 million during the period under review. Price & quantum effects of selected import commodities is presented in Table 2.2.

Table-2.2: Price & Quantum Effects of Selected Import Commodities (Jul-Apr)

Commodities	% Change in		(US\$ Million)		
	Unit price	Quantity	Price Effect	Quantum Effect	Total Effect
Tea	-1.30	6.51	-7.29	34.38	27.09
Soybean Oil	4.41	-62.79	4.59	-175.68	-171.09
Pulses	-14.30	-12.50	-114.82	-114.72	-229.53
Petroleum Products	-1.64	4.71	-84.96	233.24	148.28
Petroleum Crude	8.96	14.01	463.60	636.08	1099.68
Raw Cotton	-7.63	-42.92	-97.28	-958.90	-1056.19
Synthetic Fiber	0.57	4.72	3.40	26.70	30.10
Fertilizer Manuf	4.78	-1.01	24.41	-5.22	19.20
Plastic Materials	-8.06	13.31	-205.88	300.10	94.22
Medicinal Products	-17.63	36.23	-243.76	367.65	123.90
Iron and Steel Scrap	-4.72	7.94	-81.05	126.28	45.23
Iron and Steel	-10.95	29.51	-273.54	569.11	295.56

2.2.8 Exports and Imports of Services

In Jul-Apr FY2025-26, trade in services deficit narrowed by US\$ 426 million (17.3 percent) and stood at US\$ 2,040 million compared to US\$ 2,465 million in the corresponding period of previous year. Exports of services recorded an increase of US\$ 1,242 million (17.7 percent) and stood at US\$ 8,270 million. The ICT, travel, other business exports recorded an increase of 21.1 percent, 39.5 percent, 25.4 percent whereas transport and general government services exports decreased by 6.9 percent and 1.7 percent, respectively. Imports of services increased by US\$ 817 million (8.6 percent) during Jul-Apr FY26 and stood at US\$ 10,310 million compared to US\$ 9,493 million in the corresponding period of previous year. Travel, transport, ICT and government services imports increased by 28 percent, 6.6 percent, 28.2 percent and 6.3 percent during the period under review, whereas financial and other business services imports decreased by 18.2 percent and 10.6 percent, respectively.

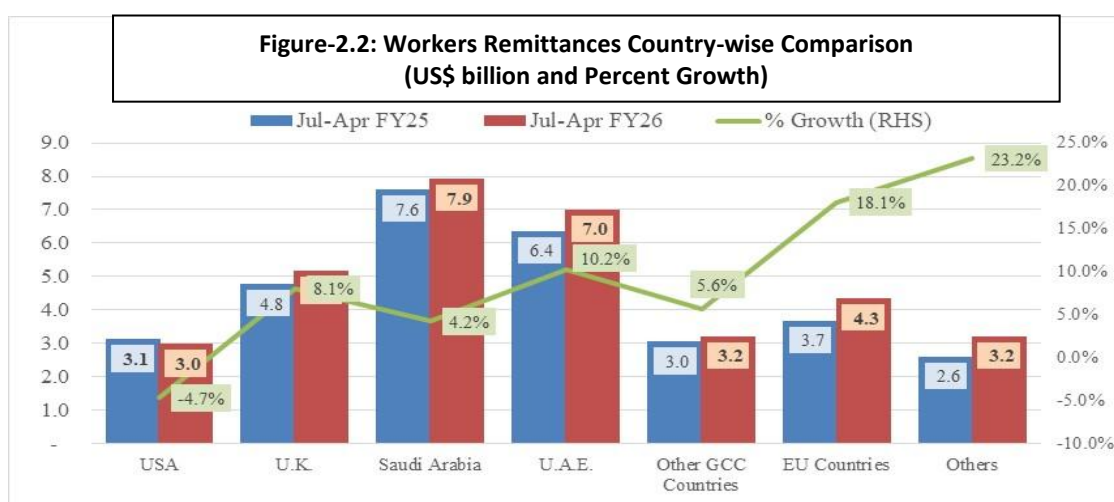
2.2.9 Primary Income Balance

Primary income deficit witnessed containment of US\$ 321 million (4.4 percent) in Jul-Apr FY2025-26 and stood at US\$ 7,014 million compared to US\$ 7,335 million in the corresponding period of previous year. The primary income credit expanded by US\$ 118 million (14.3 percent) and stood at US\$ 943 million while debit declined by US\$ 203 million (2.5 percent) and stood at US\$ 7,957 million during the period under review. The repatriation of profit/dividend on foreign investment in Pakistan increased by US\$ 159 million (8.7 percent) and stood at US\$ 2,001 million compared to US\$ 1,841 million recorded in the corresponding period of previous year.

2.2.10 Secondary Income Balance

Secondary income balance showed significant improvement of US\$ 2,952 million (9.0 percent) and stood at US\$ 33,858 million bolstered by sustained and steady growth in workers' remittances of US\$ 2,650 million (8.5 percent) and other personal services US\$ 227 million (14.0 percent) during Jul-Apr FY2025-26.

The remittances inflows maintained upward momentum and stood at US\$ 33,858 million during the period under review compared to US\$ 31,208 million in the corresponding period of previous year. In spite of recent conflict in Middle East, remittances inflows in Mar-Apr 2026 remained resilient and stood at US\$ 7,370 million compared to US\$ 7,231 million inflows in Mar-Apr 2025. The sustained and significant rise in remittance inflows can be attributed to several government measures and improved macroeconomic situation. The Prime Minister in August, 2025 approved the new National Emigration & Welfare Policy. Figure-2.2 reveals the country-wise remittances during Jul-Apr FY2025-26.



2.2.11 Financial Account Balance

Financial account recorded turnaround with a net outflow of US\$ 12 million during July-Apr FY2025-26 compared to net outflow of US\$ 1,492 million in the corresponding period of previous year. Net FDI with a contraction of US\$ 911 million (45.1 percent)

stood at US\$ 1,110 million compared to US\$ 2,021 million in corresponding period of previous year.

FDI in abroad stood at US\$ 300 million compared to just US\$ 14 million in the corresponding period of previous year. FDI in Pakistan contracted by US\$ 625 million (30.7 percent) and stood at US\$ 1,410 million compared to US\$ 2,035 million in the corresponding period of last year. SBP revised Instructions for Remittance of Royalty, Franchise and Technical Service (RFT) Fees, in order to promote ease of doing business and realign the relevant instructions with market dynamics. Board of Investment during FY2025-26 implemented several key initiatives to boost FDI and improve the investment climate. The Cabinet Committee on Regulatory Reforms has endorsed 411 reform proposals for implementation. These reform proposals pertain to 38 Federal Ministries/ Departments and 28 provincial departments; it is expected that these packages will cost savings of Rs. 366.94 billion annually. Enactment of Asaan Karobar 2025 to institutionalize and sustain the regulatory reform. Negotiations on Bilateral Investment Treaty (BIT) initiated with various countries to promote and provide legal protection of investment make by nationals and companies of other countries.

The portfolio investment recorded net outflow of US\$ 1,370 million during the period under review. The segregation of foreign portfolio investment in Pakistan into private and foreign public revealed that private portfolio in equity securities recorded a net outflow of US\$ 550.3 million and public portfolio in debt securities also witnessed a net outflow of US\$ 827.7 million due to repayment of EURO bonds of US\$ 1,800 million (US\$ 500 million in September 2025 and US\$ 1,300 million in April 2026). In April 2026, Pakistan raised US\$750 million by issuance of Eurobond. Moreover, Pakistan has also raised US\$ 250 million by issuance of Panda Bond in May, 2026.

Recently, the government has opted to expand the RDA initiative by permitting foreign individuals, companies, and institutional investors to engage in the programme, which is designed to enhance Pakistan's access to international capital and deepen financial market integration.

In addition to maintain a prudent monetary policy stance, SBP undertook following policy initiatives related to the external sector during FY2025-26 to improve resilience of the economy against shocks:

- SBP has withdrawn earlier directives requiring Authorized Dealers (ADs) to place a lien on delayed export proceeds.
- To promote cashless economy, all FCY sale transactions to resident citizens of Pakistan for the purpose of deposit into FCY account will be executed through account-to-account transfer.
- To facilitate the stakeholders to access the latest digital tools and platforms to develop new products and services,

- In order to facilitate SBP regulated entities, it has been decided that Authorized Dealers may process such remittances without prior SBP approval, subject to documentation, through the addition of Para 28C in FEM.
- SBP has temporarily allowed import of crude oil and petroleum products on CIF basis for 60 days (from March 11, 2026) considering the prevailing situation.

The other investment (net acquisition of financial assets and net incurrence of liabilities) posted a net inflow of US\$ 254 million during Jul–Apr, FY2025-26 compared to net outflow of US\$ 2,951 million in the corresponding period of the previous year. General government recorded net inflow of US\$ 3,439 million (including US\$3,000 million time-deposit inflows from Saudi Arabia) as disbursement remained higher compared to amortization during the period under review. While Central Bank recorded net outflow of US\$ 3,448 million mainly owing to repayment to UAE.

2.2.12 Overall, Balance, Foreign Exchange Reserves and Exchange Rate

The overall balance recorded a surplus of US\$ 378 million. The gross SBP reserves increased to US\$ 17.2 billion by 29th May, 2026 compared to US\$ 11.5 billion on 30th May 2025, stabilizing the foreign exchange market and exchange rate.

The average exchange rate stood at Rs. 280.94 in Jul-Apr FY26 compared to Rs. 278.75 in the corresponding period of previous year. The average Real Effective Exchange Rate (REER) Index during Jul-Apr FY26 stood at 103.16 compared to 101.49 in the corresponding period of previous year. The reforms undertaken related to exchange companies by the SBP and the government's administrative actions, helped in stabilizing the exchange rate.

2.2.13 External Debt

Pakistan's total external debt and liabilities stood at US\$ 137.6 billion at the end of March, 2026 compared to US\$ 136 billion at the end of June, 2025. Within total external debt, public external debt recorded at US\$ 104.3 billion against US\$ 103.8 billion, last year. The long-term debt trend indicates a gradually decreasing repayment capacity despite obtaining sufficient financial inflows to meet scheduled repayments and bolster foreign exchange reserves.

2.3 Outlook 2026-27

During FY2026-27, exports for goods are projected to remain at US\$ 32,851 million in FY2026-27. As a core component of URAAN Pakistan and 13th Five Year Plan 2024–29, the government is pursuing an export-led growth strategy by promoting sectors such as agriculture, IT, manufacturing, minerals, services, and the blue economy and creative industry. Multipronged strategy aligned with exports anchored in three core pillars; markets, products, and firms is being pursued in order to drive Pakistan's transition toward sustained, higher-value export growth. The initiatives mainly include value-addition, regional integration, policy consistency, launch of strategic trade policy framework, service exports, compliance and productivity, trade facilitation & logistics

efficiency, export diversification & SME integration, trade finance access and digital trade & e-commerce exports.

Workers' remittances are projected to reach US\$ 42,387 million in FY2026-27 by promoting formal remittance channels, expanding into European and emerging labor markets, enhancing language and skills training, increasing overseas employment to 1.1 million, and raising the skilled migrant share from 44 percent to 50 percent through collaboration with TVET institutions and universities. MoOPHRD will focus on three strategic priorities i.e. market diversification, institutional modernization, and human capital development. Market diversification will involve expanding labour mobility partnerships with European countries including Germany, Italy, and others, while maintaining strong engagement with GCC countries during FY2026-27. Human capital development will be prioritized through scaling up skills training programmes in collaboration with NAVTTC, targeting sectors such as healthcare, construction, I.T., and renewable energy.

IT exports are anticipated to reach US\$ 6,500 million in the FY2026-27. The growth of the IT industry is expected to have positive ripple effects on other sectors such as e-commerce, financial services, and public services (e-Government). Comprehensive training and skills development initiatives are planned to support this growth

The overall current account deficit is likely to remain around US\$ 3,599 million in FY2026-27 if ceasefire resulted into deal among the parties. In case the Gulf conflict prolonged, it will have adverse impact on Pakistan's external sector by disrupting trade with GCC countries, affecting exports of goods & services and likely to affect remittance inflows from over a million Pakistani workers in the Gulf, which are crucial for Pakistan's balance of payments. Additionally, global energy supply chain disruptions due to the war have increased oil import costs, worsening the trade deficit.

In order to further improve business environment, reduce compliance cost and attract FDI, BOI plans various initiatives during FY2026-27 like shift from facilitation to implementation for tangible economic outcomes; accelerate SEZs, especially Karachi Industrial Park, and launch new industrial projects; convert MoUs and Joint Ventures into operational investments via stronger follow-up; finalize SEZ policy reforms and establish the Industrial Cooperation Fund; expand Pak-China B2B portal and host sector-specific conferences and roadshows; identify technology gaps and promote value-added industries by promoting research & upgradation; enhance mechanisms to track progress and address investor concerns and; consolidate gains from CPEC Phase-II to build a sustainable industrial ecosystem which will help boost the exports, attract FDI, and improve BoP through industrial growth.

Balance of Payment (BPM6) Position (US\$ Million)

Items	Actual	Jul-Apr			FY26		FY27
	FY25 ^R	FY25 ^R	FY26 ^P	Percent Change	Target	Revised Estimates	Target
Current Account Balance	1,838	1,662	-252	-	-2,116	-1,082	-3,599
Exports of Goods FOB	32,343	27,308	25,824	-5.4%	35,282	30,307	32,851
Imports of Goods FOB	59,146	48,625	52,753	8.5%	65,211	66,295	70,021
Balance on Trade in Goods	-26,803	-21,317	-26,929	26.3%	-29,929	-35,988	-37,170
Exports of Services	8,450	7,028	8,270	17.7%	9,550	10,859	11,279
Imports of Services	11,286	9,493	10,310	8.6%	14,015	11,395	13,761
Balance on Trade in Services	-2,836	-2,465	-2,040	-17.3%	-4,465	-536	-2,483
Balance on Trade in Goods and Services	-29,639	-23,782	-28,969	21.8%	-44,832	-36,524	-39,653
Balance on Primary Income	-8,838	-7,335	-7,014	-4.4%	-8,498	-8,328	-8,881
Balance on Secondary Income	40,315	32,779	35,731	9.0%	40,777	43,770	44,934
Workers' Remittances	38,300	31,208	33,858	8.5%	39,437	41,275	42,387

3. FISCAL, MONETARY & CAPITAL MARKET DEVELOPMENT

3.1. Introduction

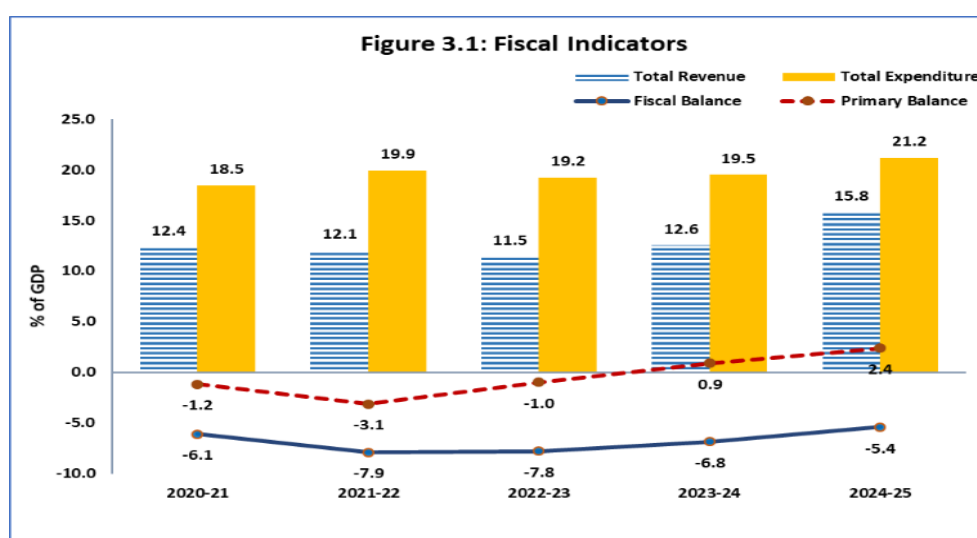
The prudent fiscal and monetary policy coupled with capital market development is imperative for achieving sustainable growth, and investors confidence in Pakistan for macroeconomic stability. Fiscal discipline through improved revenue mobilization, rationalized expenditures, and reduced budget deficits is essential to restore debt sustainability and create fiscal space for development spending.

Monetary policy helps contain inflation, stabilize exchange rates, strengthen external balances, and maintain financial sector confidence, especially during periods of economic adjustment. In parallel, the development of efficient and transparent capital markets mobilizes domestic savings, attracts foreign investment, broadens financing sources for both public and private sectors, and reduces excessive dependence on bank borrowing and external debt.

3.2. Review of FY2025-26

3.2.1. Fiscal Developments

The fiscal deficit narrowed to an eight-year low of 5.4 percent of GDP, while the primary balance registered a surplus at a 24-year high. Total revenues increased to their highest level in over two decades as a percent of GDP, with balanced contributions from both tax and non-tax sources. Consistent with the 13th Five-Year Plan, the fiscal deficit is projected to remain on a consolidation path, declining gradually to 4 percent of GDP by FY2029. These trends are illustrated in Figure-3.1.



Fiscal performance during July-March 2025-26 was on track and the fiscal indicators have shown noticeable improvement as compared to the same period of last year. A summary of fiscal developments during July- March 2025-26 is given in Table-3.1 whereas their details are at Annex-3.1.

Table-3.1: Summary of Consolidated Fiscal Operations

	Rs. Billion			Percent of GDP	
	Jul-Mar	Jul-Mar	Percent Growth	Jul-Mar	Jul-Mar
	2024-25	2025-26		2024-25	2025-26
Total Revenue	13,367.0	14,799.3	10.7	11.7	11.7
Tax Revenue	9,137.3	10,166.6	11.3	8.0	8.0
-FBR Taxes	8,453.1	9,305.9	10.1	7.4	7.3
Non-Tax Revenue	4,229.7	4,632.7	9.5	3.7	3.7
Total Expenditure	16,337.0	15,655.6	-4.2	14.3	12.3
Current	14,588.2	14,267.4	-2.2	12.8	11.2
Development	1,535.6	1,947.1	26.8	1.3	1.5
Fiscal Balance	-2,970.0	-856.4	-71.2	-2.6	-0.7
Primary Balance	3,468.7	4,091.5	18.0	3.0	3.2
Memo Item					
GDP (current market prices) *	114,039	126,870*			

*National Accounts 117th meeting PBS

Source: Finance Division

Total revenue during July -March FY2025–26, stood at Rs. 14,799.3 billion, 11.7 percent of GDP, reflecting a growth of 10.7 percent over the corresponding period of the previous year. Tax revenue stood at Rs. 10,166.6 billion, registering a growth of 11.3 percent out of which FBR’s tax collection stood at Rs. 9,305.9 billion with a growth of 10.1 percent. The growth was broad-based, with direct taxes rising by 12.4 percent and indirect taxes by 7.9 percent. The expansion of Pakistan’s tax revenue is due to the FBR strategic Transformation Plan, which has focused on strengthening human capital with 430 auditors, deploying AI-driven monitoring, and implementing faceless customs to enhance transparency.

Non-tax revenue stood at Rs. 4,632.7 billion, increased by 9.5 percent compared to Rs. 4,229.7 billion during the corresponding period last year. The increased mainly stemmed from higher collections under major heads such as Surplus Profit of SBP (Rs. 2,428.4 billion), Petroleum Levy (Rs. 1,205.2 billion), mark-up from Public Sector Enterprises (Rs. 100.2 billion) and Dividends (Rs. 100.9 billion). Provincial non-tax revenue grew by 36.7 percent, reaching Rs. 277.5 billion compared to Rs. 203.0 billion during the same period last year.

3.2.2. Expenditure

During the July-March FY2025-26, total government expenditure reached Rs. 15,655.6 billion, reflecting a decline of 4.2 percent over the corresponding period of the last year. The decline was due to lower current expenditure by 2.2 percent and recorded at Rs. 14,267.4 billion as compared to Rs. 14,588.2 billion same period last year. Within, the current expenditure, the markup (interest) payments decreased by 23.2 percent and stood at Rs. 4,947.9 billion as compared to Rs. 6,438.8 billion same period last year, whereas non-markup expenditures recorded a sharper increase of 18.8 percent, reaching Rs. 4,922.4 billion compared to Rs. 4,143.1 billion in the same period last year.

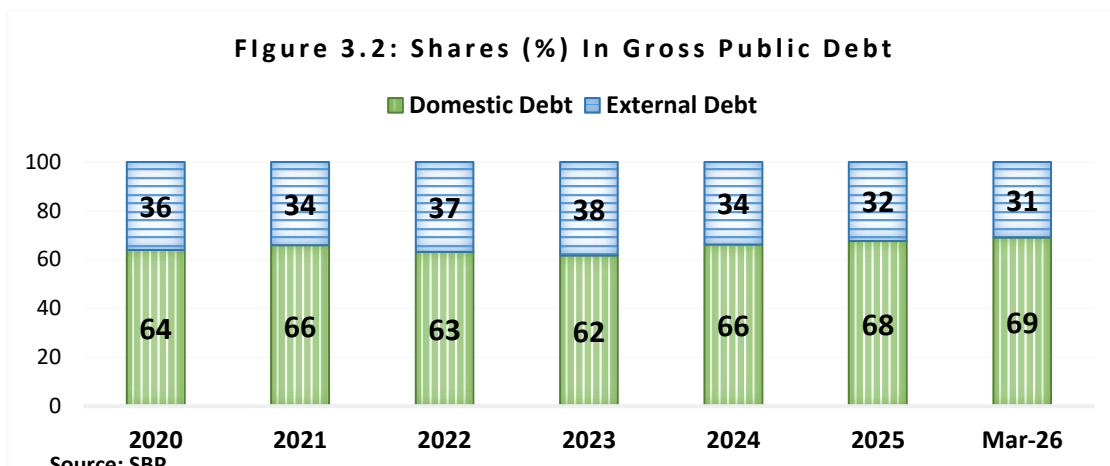
However, total development expenditure increased significantly by 26.8 percent, mainly driven by provincial governments, which collectively posted a 31.6 percent increase as compared to federal development expenditure, which recorded a growth of 7.6 percent only. All four provinces exhibited higher development spending, led by Punjab 42.4 percent, followed by Sindh 32.5 percent, Khyber Pakhtunkhwa 15.0 percent, and Balochistan 10.6 percent, reflecting improved fund utilization during the period.

Net lending to Public Sector Enterprises (PSEs) showed a net retirement of Rs. 115.2 billion, compared to an expansion of Rs. 7.5 billion in the corresponding period last year, indicating reduced reliance of PSEs on government financing.

Overall fiscal balance remained in deficit, amounting to Rs. 856.4 billion (0.7 percent of GDP), compared to a deficit of Rs. 2,970.0 billion (2.6 percent of GDP) in the same period of FY2025, while the primary balance posted a surplus of Rs. 4,091.5 billion (3.2 percent of GDP), underscoring improved revenue performance and expenditure management. The government retired Rs. 105.5 billion (net) in external debt and borrowed Rs. 961.9 billion (net) in domestic debt, resulting in total net borrowing of Rs. 856.4 billion.

3.2.3. Public Debt

The total public debt increased to Rs. 83,285 billion, out of which domestic debt was Rs. 57,566 billion and external debt Rs. 25,719 billion as of March, 2026. Public debt remains largely dominated by domestic debt, with external debt declining from 38 percent (Jun 2023) to ~31 percent (March 2026), reducing exchange rate risk. Borrowing has shifted towards medium- and long-term securities, increasing the Average Time to Maturity (ATM) from 2.8 years (June 2024) to 3.86 years (March 2026), and lowering refinancing risk by reducing reliance on short-term Treasury Bills.



Liability Management Operations continued, with Rs. 2.05 trillion in bond buybacks (Jul–Mar FY2025–26). Debt structure also improved through a shift from floating to fixed-rate instruments and the introduction of long-term zero-coupon bonds, reducing interest rate risk. As a result, interest costs fell to Rs. 4.9 trillion from Rs. 6.4 trillion year-on-year, mainly due to reduction in policy rate.

3.2.4. Monetary Developments

The SBP maintained a cautious stance, keeping the policy rate at 11 percent from July 2025. Moreover, moderation in inflation, fiscal consolidation, a stable exchange rate, and subdued global commodity prices provided the necessary policy space leading to cut the policy rate by 50 basis points in December 2025. Whereas, in the second half of FY2025–26, inflation in Pakistan rebounded due to the US–Iran conflict triggering global energy prices and higher freight and insurance costs translated into inflationary pressures. Headline CPI inflation rose from 0.3 percent in April 2025 to 10.9 percent in April 2026, in response, the SBP increased the policy rate by 100 bps to 11.50 percent marking a reversal of the easing cycle.

3.2.5. Broad Money (M2)

Broad money (M2) during 1st July 2025 to 1st May 2026 grew by 7.3 percent, as compared to an expansion of 3.8 percent during the same period last year. Liquidity in the banking system was mainly generated by an increase in Net Foreign Assets (NFA) of the banking system, which expanded by Rs. 1,518.2 billion compared to an expansion of Rs. 1,218.2 billion during the corresponding period of last year. Net Domestic Assets (NDA) of the banking system registered an expansion of Rs. 1,431.8 billion compared to an expansion of Rs. 138.5 billion during the corresponding period of last year, primarily due to a net retirement of loans from the State Bank of Pakistan and a contraction in other items (net), partially offset by higher net borrowings from scheduled banks for budgetary support.

Table-3.2: Monetary Aggregates

Factors Affecting Broad Money (M2)		Stock at end-June 2024	Stock at end-June 2025	Monetary Impact	
				1-May- 26	2-May- 25
A	Net Foreign Assets of the Banking System	(1,121.99)	464.86	1,518.23	1,218.23
	(i) State Bank of Pakistan	(52.54)	1,455.19	1,827.04	645.69
	(ii) Scheduled Banks	(1,069.45)	(990.33)	(308.81)	572.54
B	Net Domestic Assets of the Banking System	36,717.02	40,041.4	1,431.77	138.45
	(i) State Bank of Pakistan	10,595.67	10,262.6	(380.92)	356.37
	(ii) Scheduled Banks	26,121.35	29,778.7	1,812.69	(217.92)
1	Net Government Sector Borrowings (a+b+c)	31,074.87	35,119.8	884.49	1,618.25
	a. Borrowings for Budgetary Support	29,719.93	34,078.3	938.12	1,929.27
	(i) From SBP	4,545.62	3,836.19	(2,267.1	(280.87)
	(ii) From Scheduled banks	25,174.32	30,242.1	3,205.24	2,210.14
	b. Commodity Operations	1,378.32	1,066.52	(50.05)	(309.11)
	c. Others	(23.39)	(25.03)	(3.58)	(1.91)
2	Credit to Non-Government Sector (a+b+c+d)	11,567.17	13,011.0	781.67	1,249.20
	a. Credit to Private Sector	8,881.24	9,948.71	904.35	731.50
	b. Credit to Public Sectors Enterprises (PSEs)	2,191.48	2,104.37	241.91	(0.57)
	c. PSEs Special Account-Debt Repayment with	-	-	-	-
	d. Credit to NBFIs	494.45	958.01	(364.60)	518.27
3	Other Items (net)	(5,925.02)	(8,089.47)	(234.39)	(2,729.0
Broad Money (M2) (A+B)		35,595.03	40,506.3	2,950.00	1,356.68
Growth (%)				7.3	3.8

For budgetary support, net government sector borrowings from scheduled banks stood at Rs. 3,205.2 billion during 1st July 2025 to 1st May 2026, higher than last year's net bank borrowings of Rs. 2,210.1 billion. Financing for commodity operations witnessed a net retirement of Rs. 50.1 billion during the period 1st July 2025 to 1st May 2026, compared to a net retirement of Rs. 309.1 billion during the same period last year. It primarily reflects the impact of reforms in commodity operations to stem the accumulation of commodity debt. These measures included rationalization of wheat procurement and gradual abolition of minimum support price (MSP).

The working capital requirement in some of the major LSM groups was supported by lower interest rates to enhance production., therefore a growth of 9.1 percent was observed in credit to the private sector during the period 1st July 2025 to 1st May 2026 as compared to the 8.2 percent growth of the corresponding period last year.

3.2.6. Inflation

Average CPI (National) inflation was recorded at 6.7 percent during July–May FY2025–26, compared to 4.6 percent in the corresponding period last year. On a year-on-year basis, CPI inflation stood at 11.7 percent in May 2026, compared to 3.5 percent in May 2025. On a month-on-month basis, CPI inflation increased by 0.5 percent in May 2026,

compared to 2.5 percent in April 2026. Despite the prevailing inflationary pressures, overall inflation is expected to remain within the target range set for FY2025–26.

Table-3.3: Average Inflation (Percent)

	July-May	
	2024-25	2025-26
CPI National	4.6	6.7
Food	0.4	4.3
Non-Food	8.5	8.4
Core	9.8	7.7
CPI Urban	5.5	6.8
Food	1.5	3.9
Non-Food	8.8	8.6
Core	8.7	7.3
CPI Rural	3.3	6.6
Food	-1.1	5.0
Non-Food	8.1	8.1
Core	11.4	8.2
Sensitive Price Indicator	4.4	4.8
Wholesale Price Index	2.0	3.3

Source: Pakistan Bureau of Statistics

Box 3.1: National Price Monitoring Committee (NPMC) for Price Stabilization and Inflation Management

The National Price Monitoring Committee (NPMC), chaired by the Minister for PD&SI, serves as a national coordination mechanism comprising representatives from relevant Federal Ministries, Provincial Governments, AJK, GB, ICT, and allied departments. Its mandate is to monitor price movements, evaluate demand–supply conditions of essential commodities, and recommend or implement corrective measures to address emerging supply-chain disruptions in a timely and coordinated manner.

The Minister for PD&SI has been regularly convening NPMC meetings and directing federal and sub-national administrations to ensure the uninterrupted stocks/availability of essential commodities at fair and stable prices. During July–May FY2025–26, a total of 13 meetings were held, reflecting sustained intergovernmental coordination and continuous market oversight.

Inflationary pressures increased from February 2026 onwards, driven by seasonal demand during Ramazan and compounded by external shocks arising from the US–Iran conflict, which contributed to higher global energy prices along with increased freight and insurance costs. The Government adopted a calibrated partial pass-through approach to maintain fiscal discipline and avoid unsustainable subsidy pressures. As a result, headline CPI inflation reached 11.7 percent in May 2026, while average inflation during July–May FY2025–26 stood at 6.7 percent within target.

To address this challenge, the M/o PDSI initiated weekly National Price Monitoring Committee (NPMC) meetings in close coordination with provincial governments and ICT Administration to closely monitor the prices of essential items, curb undue profiteering & hoarding, improve inter-provincial coordination, and facilitate smoother transportation and distribution channels.

Overall, sustained and coordinated policy actions under the NPMC framework have supported improved market discipline, strengthened supply–demand alignment, and contributed to stabilization of essential commodity prices, thereby reinforcing inflation management and broader macroeconomic stability.

3.2.7. Capital Market

Pakistan Stock Exchange (PSX) has a total of 532 listed companies on the Main Board and 6 companies on the Growth Enterprise Market (GEM) Board. The total market capitalization stands at Rs. 18.9 trillion as on June 05, 2026. Around 60 percent of the market capitalization is dominated by Shariah-compliant companies, showing a strong structural preference for Islamic finance within the equity market. The average daily traded value, including READY and Deliverable Futures Contracts segments, is Rs. 60.21 billion, reflecting moderate liquidity levels relative to market size. The investor base of PSX stands at 502,906 individuals, which represents about 0.20 percent of the total population, highlighting very low retail participation and significant room for expansion in financial inclusion and equity market penetration.

During the period from July 1, 2025 to June 05, 2026, the benchmark index of KSE-100 Index, recorded a gain of approximately 30.8 percent, rising from 130,334 points to 170,478.9 points. The index reached a historic milestone in January 2026 by surpassing the 189,000 level, marking an all-time high.

The listing of 3 new Equity IPOs in 2025, raised a capital of Rs. 4,189 million, while in 2026 to date, 6 new Equity IPOs were listed, which have raised a capital of Rs. 5,860 million. The 3 auctions of GOP Ijarah Sukuk in 2026 to date, have raised Rs. 530 billion. In total, there have been 32 auctions raising Rs. 4,685 billion since 2024. Corporate debt through PSX has remained relatively moderate over the five-year period amounted to Rs. 101 billion.

Reforms initiatives taken by SECP during FY2025-26 are as follows:

S. No	Reforms Initiated	Outcome
	Public Offering Regulations, 2017 & Public Offering (Regulated Securities Activities Licensing) Regulations, 2017	The major amendments include: • Introducing a 14-working-day approval timeline. • Adopting QR codes and electronic signatures to promote digitalization. • Replacing the single Book Runner with “Eligible Participants” to enable direct bidding by brokers, mutual funds, DFIs, and banks. • Allowing banks and DFIs to act as CTIs for equity offerings • Introducing a framework for public offerings by GEM companies
	Development of Primary & Secondary GDS Market	Introduction of GDS issuance and trading through capital market infrastructure, with 32 auctions raising Rs. 4.69 trillion (US\$ 16.71 billion) since December 2023.

S. No	Reforms Initiated	Outcome
	Further Issue of shares by way of right and other than right	Reduced timelines for credit of bonus and right shares from 85 to 11 days and 181 to 53 days, respectively, and removed the clean CIB requirement for right issues subject to lender NOC.
	REIT Regulations 2022	Streamlined timelines for transfer of REIT assets to trustees within 120 days of registration and introduced early listing requirements to enhance liquidity and investor participation.
	Amendments to PSX Regulations for Shariah-Compliant Trading	Requiring companies to disclose Shariah-related financial information to improve Islamic equity screening and support Islamic capital market growth.
	Minor brokerage account	Issued guidelines for minor trading accounts to promote early participation in capital markets and foster saving and investment culture among youth.
	Amendments in Corporate Briefing Sessions	Amendments to the PSX rulebook mandating listed companies to hold Corporate Briefing Sessions (CBS) on annual audited financial accounts.
	Cash-settled futures	Relaunch of Cash settled futures. Effective date December 31, 2025
	T+1 Settlement Cycle	Allowing market to settle trades in one business day after execution started that date- Effective February 09, 2026
	Incentivize Shariah-Compliant Intermediary Services	SECP directed licensed entities to promote Shariah-compliant intermediary services in line with the gradual elimination of riba from the financial sector.
	Adoption of ISSB sustainability standards (IFRS S1 and IFRS S2).	Commenced the phased mandatory adoption of the International Sustainability Standards Board's IFRS S1 and S2 Standards, beginning on or after 1 July 2025. Subsequent phases will progressively embrace the broader market, culminating in full coverage of listed companies and licensed public-interest entities by 2027
	Reforms in ESG Guidelines	Environmental, Social, Governance Guidelines have been further improved to incorporate disclosures aligned with Pakistan Green Taxonomy

S. No	Reforms Initiated	Outcome
	Engagement with Govt. of Punjab and country-wide training on developing commodity derivatives market (September 2025)	Multi-year Adoption of Electronic Warehouse Receipt (EWR) and Commodity Trading System scheme for wheat in Punjab Substantial increase of 164 percent in the accredited warehouse capacity from 110,000 MT in FY2023-24 to 290,000 MT by end of FY2024-25.

3.3. Outlook 2026-27

3.3.1. Fiscal Policy

Fiscal policy in 2026–27 will focus on achieving tax-to-GDP ratio to 13.5 percent by 2028–29 under the URAAN Pakistan, while supporting SDG Targets 10.4, 17.1, and 17.3 through improved equity and stronger domestic resource mobilization.

The fiscal deficit will be contained through enhanced revenue collection, tax base broadening, expenditure rationalization, reduction of energy sector circular debt, and a shift from generalized to targeted subsidies, while protecting development spending.

Revenue reforms will be driven by digitalization and enforcement upgrades, including value-chain digitization across 22+ sectors, a 24/7 Central Control Unit for real-time monitoring, digitized customs systems with faceless assessment and cargo tracking to improve transparency & compliance.

Debt management strategic direction are Portfolio de-risking by increasing fixed-rate debt to reduce interest rate volatility and improve debt sustainability. Investor and product diversification through retail outreach and institutional engagement with expanded marketing in FY2026–27. Debt maturity lengthening via greater focus on long-term instruments to improve ATM and reduce refinancing risk. Expansion of Islamic financing through higher share of Shariah-compliant instruments across maturities. External debt strategy diversification through Panda bonds, Eurobond re-entry, currency hedging options at lower expected cost, and issuance of a sustainable Panda bond alongside exploration of debt-for-development and nature swaps.

3.3.2. Monetary Policy and Inflation

The State Bank of Pakistan is likely to continue balancing the objectives of price stability and economic recovery while closely monitoring domestic and global developments, including energy prices, exchange rate movements, and external sector risks. In line with SDG target 9.3, policy measures will also aim to improve SME's access to financial services, particularly affordable credit, to facilitate their integration into value chains and markets. Efforts to promote financial inclusion, digital banking, and private sector

credit growth are also expected to support investment, productivity, employment generation, and export-oriented economic activities during the year.

The inflation outlook for the next fiscal year will largely depend on second round effect of international oil and commodity prices, growth in commodity-producing sectors, domestic supply conditions, and adjustments in energy tariffs, exchange rate movements & other factors. External sector developments, geopolitical uncertainties, and the stance of monetary and fiscal policies will also play an important role in shaping the inflation trajectory during FY2026–27.

3.3.3. Capital Market Reforms / Initiatives

The major planned initiatives for FY2026-27 include:

S. No	Prospective Reforms	Expected Outcome
1.	Facilitate listings by Providing Pathways (AOP & LLP)	The reform to provide a pathway to Associations of Persons (AOPs) and LLPs by taking into account their track record as AOP/LLP is expected to promote listings at PSX, deepening the capital market and corporatization.
2.	Review of Credit Rating Companies Framework	The reforms enhance governance, transparency, and credit rating quality through measures including rotation of credit analysts and external rating committee members to strengthen independence and credibility.
3.	Facilitate Capital Formation by providing Guidelines (Right & Bonus Shares Issuance)	These guidelines enhance ease of doing business by providing step-by-step manuals for IPOs, rights issues, and bonus share issuances.
4.	Improving the Account Opening Process	Improving the Account opening process for simplifying investor on boarding, removing duplications and redundancies.
5.	Research Analyst Regulations	Reforms to be introduced in the Research Analyst Regulations to align with international best practices.
6.	Reforms for referral programme by securities brokers	Regulatory amendments to the Licensing Regulations to enable broker referral programs, aimed at enhancing investor outreach and increasing market participation.
7.	Enhancing the Capacity of Brokers	Identifying and addressing hurdles which may restrict the capacity of brokers to handle broader investor base.
8.	Algo trading guidelines	Issuing guidelines for Algo trading.

S. No	Prospective Reforms	Expected Outcome
9.	Operationalization of CMDF	Operationalization of Capital Market Development Fund for investor education and market development.
10.	Launch of ESG Index	To promote sustainable investment practices and provide a transparent benchmark for companies with strong ESG performance.
11.	Enabling domestic Agri-Commodities Futures trading on PMEX	Deliverable Agri-Futures approvals / modification; Onboarding of Agri-Commodity Market Makers; Accreditation of warehouses; Regular trading of Domestic Agri-Commodities Futures on PMEX.
12.	Strengthening of Naymat CMC and scaling up EWR Ecosystem	Facilitating approvals for PMEX to acquire majority stake in Naymat CMC. Scaling up of EWR storage and its integration with the Exchange.

Consolidated Fiscal Operations (2025-26) (Provisional)				(Rs. Billion)	
	Jul-Mar FY25	Jul-Mar FY26	% Change	As % of GDP	
				Jul-Mar FY25	Jul-Mar FY26
Total Revenue	13,367.0	14,799.3	10.7	11.7	11.7
- Federal	12,479.7	13,661.1	9.5	10.9	10.8
- Provincial	887.3	1,138.2	28.3	0.8	0.9
A) Tax Revenue	9,137.3	10,166.6	11.3	8.0	8.0
a) Federal	8,453.1	9,305.9	10.1	7.4	7.3
i) FBR's Taxes	8,453.1	9,305.9	10.1	7.4	7.3
Direct Taxes	4,127.8	4,637.8	12.4	3.6	3.7
Indirect Taxes	4,325.2	4,668.1	7.9	3.8	3.7
Customs Duties	927.5	955.1	3.0	0.8	0.8
Sales Tax	2,860.7	3,104.5	8.5	2.5	2.4
Federal Excise Duty	537.0	608.5	13.3	0.5	0.5
b) Provincial	684.3	860.7	25.8	0.6	0.7
B) Non-Tax Revenue	4,229.7	4,632.7	9.5	3.7	3.7
a) Federal	4,026.7	4,355.1	8.2	3.5	3.4
b) Provincial	203.0	277.5	36.7	0.2	0.2
Total Expenditure	16,337.0	15,655.6	-4.2	14.3	12.3
A) Current Expenditure	14,588.2	14,267.4	-2.2	12.8	11.2
a) Federal	10,581.9	9,870.3	-6.7	9.3	7.8
Markup Expenditure	6,438.8	4,947.9	-23.2	5.6	3.9
Non-Markup Expenditure	4,143.1	4,922.4	18.8	3.6	3.9
b) Provincial	4,006.3	4,397.0	9.8	3.5	3.5
B) Development Expenditure & Net	1,543.2	1,831.8	18.7	1.4	1.4
a) Development Expenditure (PSDP /	1,535.6	1,947.1	26.8	1.3	1.5
Federal	309.4	333.0	7.6	0.3	0.3
Provincial	1,226.2	1,614.1	31.6	1.1	1.3
b) Net Lending to PSEs	7.5	-115.2	0.0	0.0	-0.1
Statistical Discrepancy	205.7	-443.6	-315.6	0.2	-0.3
Fiscal Deficit	2,970.0	856.4	-71.2	2.6	0.7
Financing	2,970.0	856.4	71.2	2.6	0.7
a) External	19.5	-105.5	-641.0	0.0	-0.1
b) Domestic	2,950.5	961.9	-67.4	2.6	0.8
Primary Balance	3,468.8	4,091.5	18.0	3.0	3.2
Gross Federal Receipts	12,552.5	13,732.9	9.4	11.0	10.8
Transfer to Provinces	5,084.4	5,630.8	10.7	4.5	4.4
Net Federal Receipts	7,468.1	8,102.1	8.5	6.5	6.4
Federal Deficit	-4,023.4	-2,492.4	-38.1	-3.5	-2.0
Provincial Surplus	1,053.3	1,636.1	55.3	0.9	1.3
GDP (Current Market Prices) *	114,039	126,870			
Source: Finance Division, * PBS					

4. PUBLIC SECTOR DEVELOPMENT

4.1. Introduction

Public Sector Development Programme (PSDP) serves as a catalyst to spur the socio-economic development through prudent investment in the priority sectors through financing and implementation of viable projects and programmes sponsored by various Ministries/Divisions and provinces. PSDP investment is leveraged on upgradation and modernization of physical and social infrastructure by creating enabling environment to crowd in the private sector and foreign direct investment to achieve the targeted growth in selected sectors of the economy. It also plays a pivotal role in advancing environmental sustainability, ensuring inclusive and balanced regional development.

Owing to fiscal constraints, allocation of limited resources is geared up towards high-impact sectors aligned with URAAN Pakistan. In addition, the provinces, public sector corporations, national and local authorities and SOEs also mobilize self-generated resources for undertaking development activities in respective areas and sectors in the country.

4.2. Review of PSDP FY2025-26

National Development outlay for FY2025-26 was approved by NEC on 04-06-2025 at Rs. 4,224 billion including federal PSDP at Rs. 1,000 billion, provincial ADP 2,869 and SOEs development programme Rs. 355 billion. Given the resource envelope, allocation priority was given to infrastructure development, human capital investment and equitable regional growth. The infrastructure sector was allocated Rs. 629 billion (63 percent), Social sector Rs. 167 billion (17 percent) and Rs. 70 billion were allocated for SDGs Achievement Programme and Rs. 134 billion for other sectors like S&T, IT, Governance, Special Areas and Production, under federal PSDP 2025-26.

In view of the prevailing external economic challenges and energy-related shocks, Federal PSDP 2025-26 was reduced to Rs. 820.5 billion which was accordingly authorized by M/o PD&SI to ensure optimal utilization by 30th June, 2026. Releases for the Annual Development Programmes (ADPs) of AJ&K and GB were authorized on bi-annual basis, taking into account the limited working season in these regions. The summarized position of PSDP 2025-26 is as under:

Table-4.1. Summary of PSDP FY2025-26

(Rs. Billion)		
S#	Description	Total
i.	Number of Projects	786.0
ii.	Approved Cost of Projects	14,512.0

S#	Description	Total
iii.	Expenditure by 30.06.2025	3,497.0
iv.	Throw-forward as on 01.07.2025	9,665.0
v.	Allocation	1,000.0
vi.	Revised Allocation / likely utilization	820.5

During the Third Quarter Review held in April 2026, around 194 projects with an estimated cost of Rs. 592 billion were reported to be completed by June 2026. During the period July–May FY2025-26, sponsoring Ministries/Divisions re-appropriated approximately Rs. 66 billion in favour of 189 projects. In addition, Technical Supplementary Grants (TSGs) amounting to Rs. 46 billion for 37 projects were recommended within the approved PSDP 2025-26. These additional allocations were primarily recommended for key Prime Minister’s initiatives and important ongoing projects of the Ministries/Divisions including FE&PT/NAVTTTC, IT&T, I&P, Interior, NHSR&C, Solar Power Project in GB, and SUPARCO. Furthermore, on the recommendation of ECNEC, an amount of Rs. 10 billion was provided to the Revenue Division through TSG the approved PSDP size, for the project titled “*Construction of Customs Digital Enforcement Stations and Pakistan Raises Revenue Project*”. The updated utilization of PSDP FY2025-26 up to 10.06.2026 is given in Table-4.2 below:

Table-4.2. Allocation & Utilization: PSDP 2025-26 (As of 10-06-2026)

(Rs. Billion)

Component	Original PSDP	Revised 2025-26	Authorization 2025-26	Utilization (As per SAP)
Rupee	770.5	820.5	820.5	492
Foreign Aid	229.5			106
Total:	1,000.0	820.5	820.5	598

4.3. Proposed Federal PSDP FY2026-27

PSDP 2026–27 has been prepared under fiscal constraints, focusing on fiscal discipline, prioritization of development spending, completion of high-impact ongoing projects, and reduction of throw-forward. For the year FY2026-27 ministries requested Rs. 4.1 trillion for 1,254 projects, including 764 ongoing and 490 new/unbudgeted projects. Of this, ongoing projects alone required Rs. 3.3 trillion. After consultations, the Ministry of Planning Development & Special Initiatives assessed a minimum IBC of Rs. 2.9 trillion, including rupee cover for foreign-funded projects under PSDP 2026–27. However, due to prevailing fiscal constraints, Finance Division initially conveyed IBC of Rs 1,126 billion for PSDP 2026-27. However, due to fiscal constraints, PSDP was reduced to Rs 1,000 billion on 9th June, 2026 that is only one fourth of the funds demanded by the Ministries / Divisions thereby creating a challenging position for M/o PD&SI.

4.3.1. Challenges for Federal PSDP FY2026-27

- Throw forward of Rs. 10 trillion may require ten years to manage at current size of PSDP provided no revision in the cost of ongoing projects and no new project is added.
- The size of PSDP is the 5 percent of budget outlay and 0.6 percent of GDP in FY2025-26 as compared to 20 percent of budget and 2.6 percent of GDP in FY2017-18.
- Demand of over Rs. 4.1 trillion including Rs. 1 trillion as rupee cover by Ministries/ Divisions for PSDP 2026-27.
- Within the given IBC, it is difficult to cater for demands of mega projects and rupee cover of Rs. 426 billion indicated by EAD to honour the international obligations.
- Mid-course cuts on PSDP further built up throw forward/ liabilities and delayed completion of projects.
- Chronic issue of cost / time over run. Over 90 percent projects portfolio face cost/time over run due to multiple issues including thin spread allocations.
- AJ&K, GB and NMDs development requirements being federal responsibility.
- Incursion of provincial/small projects affecting the core national level projects

4.3.2. Guiding Principles for PSDP FY2026-27

- Protection of strategic / high impact projects with adequate allocation
- Infrastructure sector receives over 65 percent of PSDP resources as federal subject.
- Provision of sufficient rupee cover to foreign aided projects
- Equal priority given to social sector, S&T, IT, governance, production, climate resilience and flood reconstruction etc.
- Projects with 80 percent plus progress be focused for early completion
- Priority to fast moving projects to be completed within next 2-3 years.
- Adequate special allocations for Gilgit Baltistan, AJ&K, Merged Districts of KP
- No token allocation to avoid further throw-forward and cost escalation
- Restriction on new projects except those aligned with URAAN Pakistan
- Discourage provincial projects except in least developed areas as per policy approved by NEC.
- Rationalization and pruning of slow moving and non-performing projects
- Exploring innovative mode of financing of projects on PPP/BoT basis
- Priority funding to ECNEC and CDWP approved projects
- Moratorium on approval of new projects by DDWP.
- Discourage new and provincial nature projects.

Due to funding constraints and enormous demands, the Priorities Committee reviewed and prioritized proposed allocations with major ministries in meeting held on 30th May 2026, focusing on rupee cover and critical projects. New and unapproved projects were discouraged in line with the Public Finance Management Act, 2019, except for those of

strategic importance. Allocations were suggested to be adjusted within the PSDP ceilings. The APCC in its meeting of 1st June 2026 noted that limited fiscal space and the relatively smaller federal PSDP compared to provincial development programs made it impossible to meet all funding demands. Allocations were adjusted within available resources, while new and unapproved projects were generally discouraged in accordance with the Public Finance Management Act, 2019.

4.3.4. Sectoral strategy/Priorities: PSDP FY2026-27

The APCC also reviewed the proposed ADPs of the provinces / regions and recommended the proposed public investment to the NEC. The Public Sector National Development outlay as approved by NEC in its meeting held on 10th June, 2026 at Rs. 3,675 billion as per following break up:

Table-4.3: Summary of Public Investment 2026-27

(Rs. Billion)

Agency/Programme		Rupee	F. Aid	Total
A. Total (Federal)		745	255	1,000
i.	Ministries/ Divisions	568	119	687
ii.	Corporations (NHA, Power)	177	136	313
B. Provincial ADPs		1,641	583	2,224
C. Federal State-Owned Enterprises		451	-	451
National Development Outlay (A+B+C)		2,837	838	3,675

The sectoral break up of Federal PSDP 2026-27 is given below:

Table-4.4: Sector-wise PSDP 2025-26 and Proposed PSDP 2026-27

(Rs. Billion)

S. #	Sector	Original Allocation 2025-26	Revised Allocation 2025-26	Proposed Allocation 2026-27
1	Infrastructure	614.7	501.4	602.5
i.	Energy	122.7	100.2	116.2
ii.	Water	97.8	77.1	75.8
iii.	Transport & Communication	325.6	264.1	355.9
iv	Physical Planning & Housing	68.6	60.0	54.6
2	Social	178.2	146.6	180.6
i.	Education including HEC	65.3	52.6	74.5
ii.	Health and Nutrition	16.5	14.0	22.1
iii.	SDGs Achievement Programme	70.0	63.0	63.0
iv.	Others	26.4	17.1	21.0

3	Governance	10.3	10.3	13.0
4	Science & I.T.	42.8	35.6	41.4
5	Special Areas (AJ&K, GB)	81.8	67.7	88.8
6	Merged Districts	65.4	54.0	56.1
7	Production	6.8	4.7	12.6
<i>i.</i>	Food & Agriculture	3.9	2.3	4.6
<i>ii.</i>	Industries	2.9	2.4	8.0
8	Multiple Sectors	-	-	5.0
Total		1,000.0	820.0	1,000.0

Note: Ministry-wise detail is given in the PSDP 2026-27 book.

5. MANUFACTURING, COMMERCE AND MINERAL DEVELOPMENT

5.1. Introduction

The manufacturing sector contributes about 12 percent to GDP and accounts for 15 percent of total employment. The commerce and trade sectors are integral to Pakistan's external sector, with manufactured goods accounting for 82 percent of total exports during the first quarter of 2025-26. The mineral (mining and quarrying) sector, despite Pakistan's rich endowment of natural resources such as copper, gold, gemstones, hydrocarbons, coal, and critical minerals, remains significantly underexploited, contributing approximately 2 percent to GDP amid persistent challenges including infrastructural deficits, regulatory issues, and limited value addition and export focus.

5.2. Sectoral Policy Framework

#	Policy Dimension	Content
1	Key Policy Instruments	• New Energy Vehicles Policy (NEV) 2025-30 • Productivity, Quality, and Innovation plus Sustainability (PQI+S) Framework • e-Commerce Policy 2.0 2025-30 • National Tariff Policy (NTP) 2025-30
2	Policy Alignment	• The NEV Policy 2025–30 targets 30 percent EV adoption rate and 3,000 charging stations. This initiative advances national goals of import substitution, environmental protection, and energy security. • PQI+S Framework links quality and innovation to drive productivity. It embeds sustainability to align competitiveness with resilience while connecting firm-level performance to global market access. • The e-Commerce Policy 2025–30, aligned with URAAN's framework, aims to expand Pakistan's digital market by strengthening digital payments, improving logistics, and enhancing data privacy. The final draft is currently awaiting Cabinet approval. • The NTP 2025–30 reinforces the "Export" pillar of URAAN. It aligns tariff structures with global market integration, investment, and industrial competitiveness.

#	Policy Dimension	Content
3	Policy Gaps / Reforms Needed	• The NEV Policy 2025-30 is actively addressing affordability and fiscal alignment constraints in the electric vehicle market through structured revisions to SBP auto-finance regulations, tax harmonization across federal and provincial tiers, and establishment of a centralized New Energy Vehicle Center to provide coherent institutional coordination. • PQI+S Framework is systematically addressing fragmentation across the productivity and innovation domains through sustained capacity-building initiatives, progressive institutionalization of data-driven ESG compliance mechanisms, and strengthening of firm-level standards to facilitate access to international markets. • The e-Commerce Policy 2025-30 is comprehensively addressing gaps in consumer protection and payment security through expedited operationalization of the National e-Commerce Council (NeCC), tax harmonization, and enactment of robust data protection legislation to ensure inclusive and secure digital participation. • The National Tariff Policy 2025–30 is systematically addressing anti-export bias and tariff complexity through phased rationalization of duties, consolidation of tariff slabs, and strengthened regulatory alignment across relevant institutions to establish a transparent, predictable, and investment-conducive trade environment.

5.3. Review of FY2025-26

The industrial sector posted a provisional growth of 3.5 percent, with Large-Scale Manufacturing (LSM) recording a cumulative growth of 6.1 percent, surpassing the annual target of 3.5 percent. This performance was primarily driven by automobiles (62 percent), tobacco (12 percent), petroleum products (11 percent), food (10 percent), transport equipment (40 percent), and rubber products (14 percent), reflecting resilience in key manufacturing sectors, although pharmaceuticals (-5 percent) and iron & steel (-5 percent) recorded contraction. The Mining and Quarrying sector posted a provisional annual growth of 0.38 percent in FY2025-26, supported by coal production

growth of 4.5 percent, while output in natural gas (-2.6 percent), crude oil (-0.38 percent), and certain other minerals presents opportunities for further enhancement.

Significant progress was made during the year in mineral exploration and institutional development. Around 30 large-scale exploration licenses were granted for copper, lead-zinc, antimony, and iron ore, while key projects advanced notably, with Reko Diq completing feasibility studies and nearing financial close, Gunga Barite-Lead-Zinc securing financing and entering the development phase, and Siah Diq progressing through final approvals. Institutional capacity was further strengthened through the upgradation of the Geological Survey of Pakistan, including modern laboratories, GIS mapping, and enhanced testing capabilities. In addition, multiple MoUs with countries such as Azerbaijan, Türkiye, UAE, Russia, and China, along with business-to-business engagements, supported increased cooperation, investment, and technology transfer in the mineral sector.

To address identified performance gaps, the Planning Commission undertook targeted strategic interventions through Product-Specific Roundtable Consultations (January 2026) and the Export Challenge Review (April 8, 2026), aimed at identifying and addressing key economy-wide bottlenecks. These zero-fiscal-cost measures focus on easing energy and logistics constraints to reduce spoilage and port delays, alongside streamlining regulatory and financial processes through unified certification and simplified banking channels for digital exports. In addition, the institutionalization of a Buyer Retention Protocol and harmonization of the SME definition represent important steps toward safeguarding export value and facilitating a transition toward higher value-added manufacturing. Collectively, these initiatives aim to strengthen institutional efficiency and support progress toward the US\$ 63 billion export target.

5.3.1 Status Against Targets

The industrial, commerce, and mineral sectors are gradually aligning with the productivity, export diversification, and value addition objectives set under URAAN Pakistan and the 13th FYP (2024–29). Short-term stabilization targets are being supported through LSM, with the transition toward export-led growth and value addition in minerals.

Commerce sector demonstrated encouraging momentum, with IT exports reaching \$3.81 billion in the first nine months of FY2025–26, reinforcing the shift toward a digital-first and services-oriented export base.

Mineral sector posted a provisional annual growth of 0.38 percent in FY2025-26, supported by coal production growth of 4.5 percent. This performance underscores the ongoing importance of a gradual transition toward a value-oriented development framework focused on economically viable assets and downstream integration.

At the same time, notable progress has been achieved in institutional strengthening and investment facilitation. The BoI Reforms Wing delivered strong outcomes through the Business Facilitation Center Islamabad, which served 5,298 investors at 82 percent efficiency, facilitated 2,506 new businesses, and mobilized Rs. 4.05 billion in investment while generating 12,530 jobs. In addition, 412 approved reforms are expected to yield annual savings of Rs. 400 billion, alongside ongoing efforts to further strengthen implementation capacity in select areas. Under the B-Ready framework, improvements were observed in regulatory processes and public service delivery through digitization, while operational efficiency is being progressively enhanced through continued procedural refinement.

Further, Pakistan's Special Economic Zone (SEZ) network has expanded to 44 notified zones, of which 22 are operational, with 35 percent of allotted land under production. The presence of 74 foreign enterprises, along with emerging partnerships with Chinese developers for the Karachi Industrial Park, reflects strengthening investor confidence and gradual alignment with international investment standards.

5.4. Programmes for FY2026-27

5.4.1 Outlook 2026-27

The outlook for FY 2026–27 focuses on transitioning toward an export-led, digitally enabled, and higher value-added growth framework, with emphasis on improving productivity, broadening the export base, and enhancing energy efficiency to strengthen competitiveness and deepen global trade linkages.

In commerce and digital trade, reforms will focus on strengthening institutional and regulatory frameworks to support export growth and diversification. Key initiatives include the proposed e-Commerce Policy 2.0 to gradually expand the digital market. The Services Export Roadmap will support diversification into higher value-added services, alongside the proposed establishment of PharmEx (Pakistan Pharma Export Council) as a Section 42 company to facilitate pharmaceutical exporters' integration into global value chains, particularly in EU and US markets. Pakistan will also expand digital trade cooperation through SCO engagements and a digital trade MoU with Cambodia to enhance market access.

In parallel, investment facilitation and SEZ development will continue to support industrial deepening and export-oriented growth. Strategic collaboration with China and other friendly countries will support development of the Karachi Industrial Park (KIP) as a key manufacturing hub. Digital integration will be strengthened through SEZMIS portal and its proposed linkage with the Pakistan Single Window (PSW), improving transparency and streamlined facilitation of incentives and customs processes.

The mineral sector will continue its shift toward a structured, data-driven, and reserve-focused exploration framework under the Geological Survey of Pakistan. Priority will be given to geochemical exploration of precious metals and gemstones to generate bankable geological data, while key projects including Reko Diq, Siah Diq, and Gunga (lead-zinc) are expected to advance toward production milestones. The operationalization of the National Mineral Data Centre (NMDC) will further enhance transparency and investor confidence through a standardized data system.

From a broader perspective, industrial competitiveness will be supported through alignment of the NTP 2025–30 tariff structure (0–15 percent) with sectoral needs and operationalization of the New Energy Vehicle Center for improved coordination. These measures will be complemented by efforts to ease energy cost pressures and logistics constraints through better coordination and digital integration, while promoting domestic value addition.

Targeted measures, including incentives for NEV and mobile manufacturing to encourage a shift toward manufacturing-based production, implementation of the NTP 2025–30 to improve competitiveness, and enhanced energy affordability for export-oriented industries will be undertaken. In the mineral sector, policy continuity, adoption of the National Minerals Harmonization Framework 2025 (NMHF) across provinces, and value addition will be pursued to strengthen investor confidence and contribute to a stable investment environment.

5.4.2: Key Targets of FY2026-27

Type	Item Name	Key Objective	Current Status	Targets 2026-27	Resp.
Policies	New Energy Vehicles Policy (NEV) 2025-30	Key objective is to transition Pakistan to sustainable mobility by achieving 30 percent electric vehicle sales by 2030, aiming to reduce carbon emissions and save FE in oil import costs.	Started	NEV Adoption (Units): total 266,415 • 2-Wheelers: 246,728 • 3-Wheelers: 6,644 • 4-Wheelers: 12,369 • Buses/Vans: 291 • Trucks/LCVs: 382 Charging Infrastructure: 380 public charging stations	MoIP
	e-Commerce Policy 2.0 2025-30	Primary objective is to expand Pakistan's digital trade	Final draft awaiting Cabinet approval	-	MoC

Type	Item Name	Key Objective	Current Status	Targets 2026-27	Resp.
	National Tariff Policy (NTP) 2025-30	Key objective is to improve industrial competitiveness and export-led growth by simplifying Pakistan's complex tariff structure into a predictable, transparent system.	Started	-	MoC
	National Mineral Development Policy	Updated National Mineral Development Policy 2025	Under Consideration	Approval and Notification	Petroleum Division
	Legal and Regulatory Framework for Mineral Sector	Harmonization of Legal and Regulatory Framework	Adopted by Balochistan and Punjab	Approval and Notification	Provincial Governments
	Mines Health and Safety Act	Updated Mines Health & Safety Act and Regulations	Under circulation for views/ comments	Approval and Notification	Provincial Governments
Programs	Pakistan Mineral Investment Forum (PMIF-26)	Host an international event to showcase Pakistan's mineral sector	Re-scheduled for November 2026	2026-27	Petroleum Division
Projects	Details of some important projects are at Annex-5.1				

Details of Key Projects

Name of the Project	Key Objectives	Current Status	Targets 2026-27	Responsibility
Industries and Production Division				
Establishment of 132 KV Grid Station at Bin Qasim Industrial Park (BQIP), Karachi (PIDC)	The project aim is to provide uninterrupted power supply at affordable rates to Bin Qasim Industrial Park (BQIP) of all categories and to improve the commercial viability of zone enterprises.	Started	Likely to be completed by June 2026	MoIP
Establishment of Hub Special Economic Zone, Lasbela (LIEDA, GOB)	Objective of the project is to develop state of the art SEZ in the wake of CPEC and industrial growth in Balochistan through local as well as foreign investors.	Started	Likely to be completed by June 2028	MoIP
Industrial Designing & Automation Centers at Karachi, Lahore and Sialkot (TUS\$EC)	It aims to facilitate the local industry through services for 3D Scanning, Rapid Prototyping, designing, advance industrial automation solutions, simulation & trainings for troubleshooting, installation & maintenance of existing & new automation related equipment.	Started	To be completed by June 2027	MoIP
Product Development Center for Composites Based Sports Goods, Sialkot (SMEDA)	Objective is to enhance productivity by providing technical consultancy services to new and existing industrial units.	Started	Likely to be completed by June 2027	MoIP
Support Centre for Dental and Surgical Equipment (SCDS), Sialkot (TUS\$EC)	It aims to support Sialkot surgical Sector in Export Promotion and Localization.	Started	Likely to be completed by June 2027	MoIP
Development of Block-A (500 acres) of Phase-I (1500 acres) of the Karachi Industrial	Purpose is to provide a plug-and-play environment to investors at minimal upfront land costs, facilitated through a	Started	To be completed by June 2027	MoIP

Name of the Project	Key Objectives	Current Status	Targets 2026-27	Responsibility
Park (Federal SEZ) on Approx. 6400 Acres of Pakistan Steel Mills Land, Karachi (PIDC)	bankable lease/rental model.			
Commerce Division				
Expo Centre Quetta	It aims to provide international standard infrastructure for the promotion of economic activities through trade exhibitions, consumer fairs and conferences.	Started	Likely to be completed by Oct. 2027	MoC
Board of Investment (BoI)				
Digital Economy Enhancement Project (Component-II, BOI) Foreign Funded Project	The key objective is to digitalize and simplify the business lifecycle by mapping all regulatory requirements (RLCOs) into a unified Pakistan Business Portal to ensure transparent, integrated, and phase-wise delivery of services across all government tiers.	Started	To be completed by March 2029	BoI
Establishment of Project Management Unit (PMU) on China Pakistan Economic Corridor - Industrial Cooperation Development Project (CPEC-ICDP)	The key objective of CPEC Industrial Cooperation Phase II is to drive Pakistan's industrialization by operationalizing Special Economic Zones (SEZs) and facilitating the relocation of Chinese industries through policy interventions, bankable feasibility studies, and robust government-to-government (G2G) coordination.	Started	To be completed by June 2027	BoI
Sectoral Mapping and Regulatory Reforms (SMART)	The key objective is to modernize Pakistan's business environment by automating and simplifying regulatory	Started	Likely to be completed by June 2027	BoI

Name of the Project	Key Objectives	Current Status	Targets 2026-27	Responsibility
	processes to foster SME growth and attract FDI.			
SIFC Division				
Invest Pakistan	Key objective is to improve Pakistan's regulatory regime and ease of doing business to attract domestic and international investment across all sectors, thereby increasing FDI inflows and driving sustainable GDP growth.	Started	To be completed by June 2027	SIFC

6. BLUE ECONOMY

6.1. Introduction

The Blue Economy has emerged as a strategic sector under URAAN Pakistan, given its potential to support exports, connectivity, energy security, employment generation, and climate resilience. Additionally, it has been identified as one of the eight key drivers for export growth.

Pakistan possesses a 1,046 km coastline and its continental shelf extending to 350 nautical miles covering an area of approximately 290,000 sq. km. Pakistan's strategic location provides greater opportunity for maritime trade and commerce globally. Pakistan is strategically located at the apex of the Arabian Sea, giving it commands over the vital Strait of Hormuz energy corridor. This positioning makes it a critical gateway for global maritime trade, particularly for oil shipments originating from the Persian Gulf and moving toward Asia and the West.

Pakistan's potential to act as the next most economically efficient and viable transshipment hub as well as most time-effective and cost-efficient transit corridor would undoubtedly contribute in optimum utilization and improving foreign exchange earnings, reduce freight and import costs for traders, and position the maritime sector as a long-term engine of economic growth.

6.2. Sectoral Policy Alignment

The Sector is aligned with URAAN Pakistan and 13th Five-Year Plan through freight savings, trade connectivity, logistics efficiency, shipbuilding, strategic maritime & energy security and maritime workforce development. The following five objectives directly relate to the Blue Economy development:

- Promote sustainable fisheries and aquaculture practices,
- Enhance Pakistani ports infrastructure,
- Develop coastal infrastructure for tourism,
- Promote offshore mining,
- Promote regional and national multimodal connectivity.

6.3. Sectoral Policy Framework

Pakistan remains committed to align its domestic rules and regulations with international conventions, comply with IMO regulations, and implement international best practices.

The primary laws that govern Pakistan’s maritime sector are being updated which inter alia include the following:

S #	Framework	Legislation and Policy
1.	Key Legislations	• Pakistan Merchant Shipping Ordinance, 2001 • The Ports Act, 1908 • Statutory laws of each Port & Shipping Corporation • Admiralty Jurisdiction of High Courts Ordinance, 1980 • The Fisheries Act, 1897
2.	Policy Alignment	• Pakistan Merchant Marine Policy 2001 (amended 2019) • National Fisheries & Aquaculture Policy • National Maritime Policy • National Shipping Policy Primary objective of the above policies remains to incentivize local and international stakeholders in terms of tax / duty exemptions till 2030, tonnage tax regime, cargo preference for Pakistan-flag vessels, Pakistani flag fleet expansion, etc.
3.	Initiatives undertaken	In order to further promote expansion in maritime sector as well as private sector engagement, policy directions have been issued from time to time for the purpose, which include the following: • Encouraging registration by private shipping liners under Pakistan’s flag, • Greater Incentives, • Simplifying ship financing / leasing mechanisms, • Simplifying and digitalization of vessel registration, • Strengthening legal protection for investors, • Modernization of shipyards / repair facilities, and • Integration with multimodal logistics corridors.

6.4. Review of FY2025-26

During the year, performance across the core sectors of the Blue Economy remained sustainable with signs of improvement.

6.4.1. Ports and Shipping

Karachi, Qasim and Gwadar ports remain the primary maritime trade hubs of Pakistan. Collectively, these ports handled ~79 million tonnes of cargo during FY2025-26 (July-March) which was around ~5 percent higher than corresponding period in FY2024-25.

Pakistan National Shipping Corporation (PNSC), expanded its fleet by adding three ships increasing the total numbers of vessels to fourteen (14).

6.4.2. Fisheries

Total seafood exports in FY2024-25 were \$ 489 million. In the current financial year (July-March), \$ 405 million exports have already been achieved. This figure is expected to cross \$ 500 million exports of sea food by June 2026. Exploration and registration of new potential markets including European Union and GCC countries and others have been successfully launched. Moreover, seafood exports to Russia and Eurasian Commission of seven (07) countries has also been approved.

6.4.3. Shipbuilding and Repair

Around 3000 ships call at KPT and PQA combined annually, but there is under provision of dry dock and repair infrastructure to service them, which requires construction of additional shipyards. In this regard, negotiations with foreign investors are at advanced stage to build a state-of-the-art shipyard at Port Qasim, Karachi. Further, the master plan of Gwadar provides for a shipyard at Gwadar.

6.4.4. Ship Recycling

Pakistan operates the third-largest ship-breaking industry in the world, centered primarily at the Gadani ship-recycling yard. Pakistan ratified the Hong Kong International Convention (HKC) for the Safe and Environmentally Sound Recycling of Ships in the year 2023. Pakistan has aligned its national and provincial regulations as per the convention and is on track to transform its ship recycling industry in compliance with HKC. Owing to this fast-paced compliance with HKC standards, Pakistan anticipates progress towards regaining the top spot in ship recycling.

6.4.5. Marine Energy

In 2025, after a hiatus of 18 years, Government of Pakistan invited bids for offshore oil and gas exploration. Bids were received for twenty-three (23) offshore oil and gas blocks, covering a total area of approximately 53,510 square kilometers. This will involve an estimated \$ 80 million investments during the initial three-year license period for offshore exploration and development.

In the year 2026, the Government has announced the establishment of Pakistan Maritime Energy City (PMEC), which is seen as an ambitious initiative aimed at meeting domestic and global energy storage and re-export needs while positioning the country as a regional hub for energy logistics.

6.5. Programmes and Outlook for FY2026–27

6.5.1. Ports & Shipping

The focus will be on improving port performance and maritime logistics to enhance global trade competitiveness. Moreover, PNSC has prepared a comprehensive “Fleet Development Plan” wherein it plans to enhance its fleet capacity up to 30 vessels. The

planned vessel inductions are in line with its diversification effort to increase tonnage and reduce reliance on foreign shipping lines.

6.5.2. Fisheries

URAAN Pakistan envisions promotion of sustainable fisheries and aquaculture. However, with critically depleting marine fisheries resources, marine fishing has become unsustainable. This requires transition to aquaculture as the primary mode of fish production, in line with the global trend where aquaculture production has now outpaced marine catch. In this regard, the coastal areas of Balochistan and Sindh are ideally-suited for coastal aquaculture development. Moreover, aquaculture in Punjab is undergoing a massive transformation, shifting from traditional to tech-driven, high value commercial production for exports which include development of shrimp aquaculture and other high value species. In F.Y. 2026-27, the focus will be on advancement of the above model with targeted interventions at both federal and provincial levels.

Moreover, PSDP project titled “Establishment of Export Oriented Fisheries Facilities and Infrastructure at Korangi Fish Harbour”, costing PKR 1.048 billion is underway for upgradation of KoFHA export-related infrastructure to aid export-related activities.

6.5.3. Shipbuilding & Repair

PSDP project titled “Infrastructure Upgradation of KS&EW”, costing PKR 10.69 billion, is underway to modernize dry docks, install advanced fabrication systems, and increase the shipyard’s ability to serve both defense and commercial clients.

6.5.4. Shipbreaking & Recycling

PSDP project titled “Modernization and Upgradation of Gadani Ship Breaking and Recycling Industry”, costing PKR 12.9 billion, is underway to upgrade infrastructure, enforce labor safety and environmental protocols, and align Pakistan’s practices with the HKC.

6.5.5. Marine & Coastal Tourism

Pakistan’s marine and coastal tourism remains mainly unexplored till date; however, first ever ferry service license, both for tourism and trade has been issued. Provincial Governments are expected to lead upgradation of coastal infrastructure, including local transport, power, water and housing facilities in line with URAAN Pakistan’s objective of developing coastal infrastructure to promote tourism. Moreover, cruise and ferry linkages, both local and with Gulf countries are being explored for deepening marine tourism linkages.

6.5.6. Marine Energy

Exploration of offshore oil and gas by private operators in twenty-three (23) offshore blocks is expected to be carried out during FY2026-27. Moreover, technical feasibility studies will be launched in the Sindh Wind Corridor and Hingol National Park Corridor,

areas with high potential for scalable renewable energy in the form of offshore wind energy.

6.6. Key Targets of FY2026-27

Type	Item Name	Key Objectives	Targets 2026-27	Responsibility
Policy	National Maritime Policy	Guide future direction and interventions in maritime sector	Approval of policy	M/o Maritime Affairs
Policy	National Shipping Policy	Guide future direction and interventions in Shipping sector	Approval of policy	M/o Maritime Affairs
Policy	National Fisheries & Aquaculture Policy	Guide future direction and interventions in fisheries and aquaculture sector	Approval of policy	M/o Maritime Affairs
Expansion Plan	Pakistani Flag Fleet Development Plan	Expand Pakistani flag fleet	Execution of expansion plan	M/o Maritime Affairs PNSC
Development Plan	Coastal Aquaculture Development	Development of infrastructure to enable cluster-based aquaculture transition in coastal areas	-	M/o Maritime Affairs, G/o Balochistan, G/o Sindh



E-Pakistan

Leading the Digital Revolution

7. INFORMATION AND COMMUNICATION TECHNOLOGY – DIGITAL TRANSFORMATION

7.1. Introduction

The Information and communication Technology (ICT) sector occupy a central position within the E-Pakistan pillar of the URAAN Pakistan and 13th Five Year Plan, serving as a key driver of exports, productivity, and employment generation. Pakistan ranks among the world's most attractive IT outsourcing destinations as per Kearney's 2023 Global Services Location Index, and is recognized by the International Labour Organization (ILO) as the second-largest provider of digital labour in software development and technology services. With over 30,000 IT and ITeS companies registered with SECP and global enterprises including IBM, S&P Global, Symantec, and VMware operating consulting and BPO service centres in the country, Pakistan's private-sector digital ecosystem continues to deepen, generating high-value employment and attracting FDI.

7.2. Sectoral Policy Framework

The ICT sector's development is guided by an evolving, multi-layered policy architecture combining short-term regulatory measures, medium-term structural initiatives, and long-term strategic visions. The framework is anchored in URAAN Pakistan and calibrated against the 13th Five-Year Plan, ensuring that annual programme targets are nested within coherent sectoral direction and remain trackable across review cycles.

7.2.1. Key Policy Instruments

The Ministry of Information Technology and Telecommunication (Mo IT&T) operationalizes its mandate through a broad institutional network: the Pakistan Software Export Board (PSEB) for export facilitation and industry development; IGNITE-National Technology Fund (NTF) for innovation and entrepreneurship; the National Information Technology Board (NITB) for digital governance and e-government services; the Universal Service Fund (USF) for rural and underserved connectivity; Pakistan Telecommunication Authority (PTA) for telecom regulation; the National Telecom CERT (NCERT/NTISB) for cybersecurity; and the Special Communication Organization (SCO) for connectivity in AJ&K and Gilgit-Baltistan.

Key regulatory and programmatic instruments include PTA's spectrum management framework including the recent unlocking of the 6 GHz band enabling Wi-Fi 6E Mobile Device Manufacturing Regulations (2021), the Online Application Submission and Information System (OASIS) for streamlined telecom licensing, and the MARKAZ one-window industry facilitation platform. The Pakistan Information Security Framework (PISF), National CERT Rules, and National Cybersecurity Strategy form the country's layered cyber-defence architecture. The Digital Economy Enhancement Project (DEEP),

financed through the World Bank, serves as a cross-cutting instrument supporting digital governance, data policy, enterprise architecture, and citizen services delivery. A Joint Working Group on IT (JWG-IT) between China and Pakistan further enhances cooperation in ICT infrastructure, AI, cloud computing, cybersecurity, and skill development.

Recent policy advancements have further strengthened the sector's enabling environment. The Islamabad AI Declaration (February 2026) establishes guiding principles for sovereign, responsible, and capability-driven artificial intelligence development in Pakistan. The Mobile Virtual Network Operator (MVNO) Policy Framework (December 2025) allows licensed operators to offer nationwide services, enhancing competition and service innovation. In addition, the abolition of Right of Way (RoW) charges, reduced from Rs. 36,000 to zero, positions Pakistan as the first country in Asia to implement such a reform, significantly accelerating fiberization and reducing broadband deployment costs

7.2.3. Policy Gaps and Reforms Required

Despite notable progress, key structural and regulatory constraints continue to limit the sector's scalability, export competitiveness, and investment inflows. Procurement bottlenecks and multi-agency NOC requirements have delayed project execution—most notably for the GDPR-ISO compliance programme and the Karachi IT Park. The fiscal incentive regime for IT exporters, particularly the 0.25 percent Fixed Tax Regime (FTR) for PSEB-registered companies, requires post-June 2026 policy clarity. The absence of a notified Personal Data Protection regime hinders high-value contract acquisition from European markets. The telecom policy framework requires a comprehensive update to address 5G, satellite broadband, and cloud-native service realities. Institutional fragmentation between Mo IT&T, the proposed Pakistan Digital Authority (PDA), NITB, and NCERT requires resolution through the Mo IT&T restructuring initiative currently underway. Addressing these gaps is essential for the sector to meet the ambitious targets set for FY2026-27 and beyond.

7.3. Review of FY2025-26

The IT and ITeS exports continued on an upward trajectory, broadband penetration deepened, and several long-stalled infrastructures and improving process re-engineering recorded meaningful physical progress. The Digital Economy Enhancement Project (DEEP) completed key early-phase deliverables, including the beta launch of the National Data Exchange Layer (NDEL) in October 2025, delivery of the Enterprise Architecture Framework, and issuance of approximately 1.2 million digital identities under the Digital ID soft launch. NITB expanded the e-Office platform to 38,487 active users, with over 743,000 digital files processed and official summary approval time reduced from approximately two weeks to three days.

In FY2025-26, broadband subscriptions reached 147.2 million, a penetration rate of 59.8 percent, up from 32.6 percent in 2019. Total telecom subscriptions (mobile and fixed)

stood at 199.99 million, with tele density at 81.3 percent. Cellular coverage reached 91 percent of Pakistan's population, with 96.2 percent of cell sites upgraded to 4G. Telecom revenues were Rs. 803 billion and sector contribution to the national exchequer stood at Rs. 271 billion during FY2025-26. Together, the IT and telecom sub-sectors form the backbone of Pakistan's ambition to build a sustainable, knowledge-based techno-economy, consistent with the priorities of URAAN Pakistan and the 13th Five-Year Plan.

Under the PSDP portfolio for Mo IT&T, total allocation for FY2025-26 stood at Rs. 22.23 billion across 15 schemes (12 ongoing, 3 new). Expected utilization by end-June 2026 is approximately Rs. 10.89 billion. While headline project progress is encouraging, procurement delays, exchange rate pressures, and dependency on multi-agency regulatory clearances held back full expenditure absorption. The Islamabad IT Park reached 77 percent physical completion; the Karachi IT Park secured key environmental and architectural clearances, though contractor mobilization remained pending. Across the broader ICT-related PSDP portfolio covering Mo IT&T, SUPARCO, Interior Division, and other ministries total allocation in FY2025-26 reached Rs. 37.130 billion across 34 projects with a combined approved cost of Rs. 265.249 billion.

Table 7.1: PSDP Allocation – ICT-Related Ministries / Divisions (FY2025-26)

(Rs. Million)

Ministry / Division	No. of Projects	App. PSDP Cost for ICT-Related Projects during FY2025-26	Est. Expenditure 30.06.2025	Allocation 2025-26
Information Technology & Telecommunication Division	15	87,202.07	19,566.67	22,227.49
SUPARCO	6	131,295.79	51,732.86	5,418.52
Interior Division	4	31,501.21	828.68	5,889.70
Law & Justice Division	2	825.18	600.12	197.00
Govt. of Balochistan	1	2,483.45	738.00	1,500.00
Board of Investment	1	3,584.06	9.80	710.50
Cabinet Division	1	1,985.00	306.12	138.28
Establishment Division	1	3,000.04	0.00	95.36
Finance Division	1	1,003.30	838.53	164.58
Petroleum Division	1	995.00	276.42	718.58
Planning Development & Special Initiatives Division	1	1,374.55	509.68	70.14
TOTAL	34	265,249.65	75,406.88	37,130.16

7.3.1. Status Against Targets

IT and ITes Exports

Pakistan has positioned itself as one of the leading suppliers in this sector, bringing US\$ 985 million in FY2024-25, which has almost tripled in the last three years. When combined with broader IT and ITes, digital exports exceeded US\$ 3.8 billion in FY2024-25, highlighting the role of freelancing as a stable source of foreign exchange earnings. According to State bank Half year report FY2025-26, in first half of the FY2025-26, the ICT exports has witnessed to an all- time high of US\$ 2.2 billion. PSEB subsidized participation of 256 IT companies in 15 international events, generating over US\$ 48 million in business. The Tech-destination Pakistan campaign continued to rebrand the country as a leading IT hub in UAE, USA, and UK markets, with a long-term target of US\$ 15 billion in annual IT exports. Over 50 Software Technology Parks and e-Rozgaar centres now operate across the country, supporting over 350 companies and 4,600 IT professionals.

Mo IT&T in coordination with State Bank of Pakistan is working on reforms, including the standardization of export documentation requirements and introduction of a one-day processing turnaround for export receipts, to improve liquidity and ease of doing business for IT exporters and freelancers.

Human Resource and Skill Development

Under PM's Initiative (Component-III), actual achievements stood at 1,957 completed trainings against an annual target of 5,062 (comprising certifications, soft skills, bootcamps, and internships), with 1,027 internships exceeding target. The National Semiconductor HR Development Programme onboarded three SERC universities and trained 475 professionals under the USTP track against a target of 675. Under Revamping IT Industry Landscape, 2,200 apprentices were placed exceeding the 1,560 targets while the IT Industry Census was formally initiated. National Incubation Centres have to date incubated over 1,900 start-ups, with more than 960 graduating successfully, generating over 185,000 jobs and receiving Rs. 30.8 billion in total investment.

Digital Infrastructure and Process Re-engineering

The Universal Service Fund Pakistan (USF) deployed significant optical fibre cable infrastructure during FY2025-26 (577 km in KP 76 nodes, 366 km in Sindh 26 nodes, 132 km in Balochistan 10 nodes, and 46 km in Punjab 4 nodes). Voice and broadband coverage were extended to over 525,000 beneficiaries across all four provinces. Nationwide, broadband subscriptions reached 147.2 million, total data consumption in FY2025-26 is estimated at 27,897 petabytes, a record high. Eighty co-working spaces were established under PM's Initiative Component-II against a target of 50. NTC earned Rs. 196.78 million in profit (before tax) during FY2025-26, and is advancing plans for a cloud-based, AI-enabled Data Centre at Karachi at a cost of Rs. 0.78 billion.

During FY2025-26, PakSat MM-1 remained fully operational, providing broadband, VSAT, TV broadcasting, and mobile backhaul services across Pakistan, including remote

and underserved regions, with a capacity of up to 10 Gbps and download speeds of up to 160 Mbps.

Cybersecurity

National Cyber Emergency Response Team of Pakistan (NCERT) monitored and responded to over 900 cybersecurity incidents, and maintained continuous surveillance of designated government websites. The Pakistan Information Security Framework (PISF) was developed and is pending Cabinet approval. Cybersecurity audits were conducted for 12 Critical Information Infrastructure organizations, and vulnerability assessments were completed for over 200 government websites. Ninety-nine advisory issuances and 27 MoUs under the Cyber Innovation Ecosystem Programme (CIE) further deepened public-private cybersecurity cooperation. Pakistan improved its standing in the Global Cybersecurity Index 2024 to Tier-1 (Role Modeling), placing among the top 40 countries globally a major leap from its previous 79th position, which reflects substantial progress in institutional capacity, policy frameworks, and operational readiness in cybersecurity governance.

Telecommunication Development

During FY2025-26, the Pakistan Telecommunication Authority (PTA) took several practical steps to improve internet access, reduce costs, and modernize the telecom sector. PTA unlocked the 6 GHz spectrum band for Wi-Fi 6E a faster, less congested version of Wi-Fi making Pakistan the 10th country in Asia-Pacific to adopt this technology. On the regulatory side, PTA launched OASIS (Online Application Submission and Information System) on 14th August 2024 a fully digital platform that allows telecom companies to apply for licenses entirely online, with automated verification through NADRA, SECP, and NBP, making the process significantly faster and more transparent.

Table 7.2: ICT Sector Performance Summary – FY2025-26

Indicator / Initiative	Target / Benchmark FY2025-26	Achievement (as of Reporting)	Status
IT/ITeS Exports (Jul–Feb FY2025-26)	Sustained growth trajectory	US\$ 2.97 billion (+19.7% YoY)	On Track
IT/ITeS Trade Surplus	Highest among all Services	US\$ 2.55 billion (86% of ICT remittances)	On Track
Freelancer Remittances	Growth over prior year	US\$ 400 million	Verify
Broadband Subscribers	Expanding penetration	157 million; 63% penetration	On Track
Total Telecom Subscriptions	Approaching 200 million	205 million; 82% tele- density	On Track
4G Cell Sites Coverage	Expansion	95% 4G-enabled; 92%+ population coverage	On Track
Islamabad IT Park (Physical)	Key completion milestones	72% physically complete; 62% financial utilization	Delayed

Indicator / Initiative	Target / Benchmark FY2025-26	Achievement (as of Reporting)	Status
Karachi IT Park	Construction commencement	2nd tender drew no bids; project at 10% physical progress	Behind Target
PM Initiative Comp-III Trainings	5,062 trainings (all components)	1,957 completed; procurement ongoing	Behind Target
Co-working Spaces (Comp-II)	50 spaces	80 spaces established across 30 districts	Exceeded
Semiconductor HR – USTP	675 trainings	475 trained	Behind Target
Revamping IT – Apprenticeships	1,560 placements	2,200 placed	Exceeded
Cyber Security (NCERT)	Operationalization (Phase-I)	900+ incidents monitored; 78% physical progress	On Track
e-Office Active Users	Federal government expansion	38,487 users; 743,000+ digital files processed	On Track
Digital ID Issuance (DEEP/NDEL)	Soft launch	~1.2 million identities issued	On Track
Global Cybersecurity Index Ranking	Improvement from Tier-2	Tier-1 (Top 40 globally)	Exceeded

7.4. Programme for FY2026-27

FY2026-27 marks a transition towards result-oriented, with emphasis on scaling exports, accelerating digital transformation, and improving service delivery efficiency. Having spent two years establishing policy frameworks, procuring technical assistance, and constructing digital infrastructure, the sector now enters a phase where concrete, measurable outputs are expected across all sub-components. The government's overarching aim for ICT sector is to achieve the US\$ 7.3 billion threshold in IT and ITeS exports, scale digital skills infrastructure to achieve 25,000 employment outcomes, operationalize the Islamabad IT Park in its entirety, advance the Karachi IT Park into active construction, and formally notify the country's cybersecurity and data governance architecture through Cabinet-approved frameworks.

On the telecommunications front, FY2026-27 will be defined by movement towards 5G spectrum auction and commercial rollout preparations is likely to commence in Islamabad and provincial capitals within five to six months following the spectrum auction, marking a significant transition towards next-generation digital connectivity and enabling advanced use cases in industry, health, and smart cities, formal approval and implementation of the National Fiberization Policy, expansion of satellite broadband licensing under the National Space Policy, and continuation of USF-led rural broadband and backhaul programmes. Digital governance will be anchored by full-scale development of the National Citizen Services Portal (SuperApp), operationalization of the NDEL across at least five government agencies, and adoption of the Enterprise

Architecture Framework as a mandatory reference for new government IT procurement together reducing fragmentation and duplication across federal digital systems.

The Pakistan Digital Authority (PDA), once operationalized, is expected to assume apex coordination responsibility for the digital economy. Pending this, Mo IT&T will continue to anchor sector governance through a consolidated PSDP portfolio, with an expenditure utilization target of at least 80 percent—a significant improvement over the previous year's absorption rate. Institutional restructuring of Mo IT&T will be initiated in Q1 FY2026-27, with organizational design recommendations expected by September 2026. The National AI Advancement Initiative (NAAI) approved in FY2025-26 with an initial PSDP allocation of Rs. 524 million in FY2026-27, activating Pakistan's AI-first sectoral ambition from workforce development to applied AI integration in agriculture, health, and governance.

FY2026–27 is shaping up to be a delivery year for Pakistan's digital economy agenda. PSEB's National Semiconductor HR Development Programme (INSPIRE) is designed to build a semiconductor talent pipeline through Semiconductor Education & Research Clusters (SERCs) and industry-aligned Up-Skilling Training Programs (USTPs), while recent government and programme updates show active rollout with university partners and a total approved budget of Rs. 4.844 billion. At the same time, PSEB's Global Advisory & Innovation Network (GAIN) is mobilizing diaspora expertise and market linkages, and the U.S. SLED Procurement Training Programme is specifically aimed at enabling Pakistani IT firms to access the U.S. state, local, and education procurement market.

7.4.1. Key Targets of the FY2026-27 Plan

The vision of a Digital Pakistan, pursued through multiple cross-sectoral transformation initiatives spanning legislation, policies and rules, industry facilitation, and infrastructure development, continues to pave the way for a more robust, inclusive, and export-oriented ICT landscape. For FY2026-27, the government has earmarked a consolidated investment across MoITT and key ministries to accelerate the digital economy, with approximate PSDP allocation of more than Rs. 30 billion for ICT Sector, mainly including Rs. 19.58 billion for IT and Telecommunication Division, Rs. 4.89 billion for SUPARCO, and Rs. 5.95 billion for Interior & Narcotics Division. The following is a glimpse of key projects and initiatives for FY2026-27 which are expected to impact sectoral performance indicators across exports, employment, digital governance, and connectivity.

7.4.2. Human Resource and Skill Development Projects

Building on the foundation laid in preceding years, the skills development portfolio for FY2026-27 will deliver 3,734 trainings under PM's Initiative (Component-III), encompassing certification reimbursements and bootcamps in high-demand technology domains. The National Semiconductor HR Development Programme will intensify academic delivery through three additional SERC-affiliated universities,

bringing total targeted trainings to 1,700 professionals across undergraduate, postgraduate, and USTP tracks positioning Pakistan for meaningful participation in the global semiconductor value chain. The Revamping IT Industry Landscape initiative will further scale workforce development through 9,300 trainings in bootcamps, apprenticeships, and BPO/LPO/KPO programmes, alongside delivery of the long-anticipated IT Industry Census and policy reform consultancies. The GDPR-Driven ISO Compliance and IT Exports Enhancement Programme will certify 30 IT and ITeS companies under ISO 27001, 27701, 22301, and 42001 standards, directly unlocking European market access.

7.4.3 Infrastructure Development Projects

The Islamabad IT Park, with 720,000 sq. ft of covered area, is targeted for full completion and commissioning in FY2026-27, providing an innovation ecosystem for startups, SMEs, and established IT companies with projected annual IT exports of US\$ 60 million and 7,500 direct employment opportunities. In Karachi, the hiring of the Korean contractor and formal commencement of construction on the 1.12 million sq.ft IT Park expected to generate 13,400 jobs and US\$ 90 million in IT exports are the primary targets for the year. Under PM's Initiative (Component-II), 30 additional co-working spaces will be established, bringing the cumulative total to 110 towards an eventual target of 250, with an overarching aim of generating 25,000 jobs. The Special Communication Organization (SCO) will proceed with the installation of 32 new 4G cellular sites in unserved areas of AJ&K and GB, alongside Phase-II of the Hybrid Power Solution converting 50 remote SCO sites to solar energy to ensure uninterrupted, environmentally sustainable ICT services.

7.4.4. Cybersecurity Projects

The Cybersecurity for Digital Pakistan (Phase-I) project will reach full operationalization during FY2026-27, with the activation of the Screening and Forensics Laboratories, complete integration of the SOC/NOC with sectoral CERTs, and full delivery of the Governance, Risk and Compliance (GRC) framework. The National CERT (NCERT) will continue proactive threat monitoring, incident response, and capacity building across federal institutions. A comprehensive National Cybersecurity Assessment and Roadmap will be completed under the DEEP framework, with the resulting Roadmap submitted to Cabinet, further cementing Pakistan's Tier-1 standing in the Global Cybersecurity Index.

7.4.5. Digital Governance Projects

The Digital Economy Enhancement Project (DEEP) enters its most consequential implementation phase in FY2026-27. The development firm for the National Citizen Services Portal (SuperApp) will be onboarded and full-scale development commenced, delivering a secure, scalable, citizen-centric platform integrating services from across the federal government. The National Data Exchange Layer (NDEL), beta launched in October 2025, will be expanded to at least five government agencies with full lifecycle management operational. The Cloud First Policy Roadmap consultancy will deliver a cloud readiness assessment and engage three pilot agencies for migration planning. The

National Open Data Ecosystem (NODE) portal will move into development, and the Digital Government Innovation Programme (DGIP) will launch the first national hackathon and civic innovation technology labs. The Mo IT&T institutional restructuring consultancy will deliver its organizational design report by September 2026, resolving long-standing coordination gaps between the Ministry, NITB, DEEP PMU, and the emerging Pakistan Digital Authority.

7.4.6 Pakistan Remote Sensing Satellite System—Optical-2 (PRSS-O2) Project

FY2025–26, the PRSS-O2 project is expected to achieve key milestones in its development phase, including finalization of design specifications, procurement processes, and initiation of manufacturing activities in collaboration with the executing agency. Progress will also include establishment/upgradation of ground segment infrastructure, capacity building of technical staff, and commencement of preliminary testing and integration planning. Coordination with relevant stakeholders for data utilization frameworks and applications development will also be undertaken.

In FY2026–27, the project is anticipated to advance towards completion of satellite manufacturing, system integration, and rigorous testing phases. Preparatory activities for launch, including launch vehicle arrangements and ground station readiness, are expected to be finalized. Post-launch planning, including data reception, calibration, and operationalization of satellite services, will be initiated. The project will aim to enable provision of high-resolution satellite imagery and geospatial data services to support national development, disaster management, and strategic decision-making.

7.4.7. Major Projects Proposed for 2026-27

- National Artificial Intelligence Ecosystem Development Programme (NAIEDP)
- National Artificial Intelligence (AI) Advancement Initiative (NAAI)
- Smart Islamabad Initiative
- Pakistan Communication Satellite (PakSat-2)
- Establishment of Emerging Technologies Data Centre
- Upgradation of IT Infrastructure at Faculty of Security Studies (FSS), National Defence University, Islamabad.
- PAKAWAZ Secure Mobile Communication Ecosystem
- Digitalization of In-House Processes & Automation of Examination System of FPSC

The ICT sector is positioned to play a pivotal role in Pakistan’s transition towards a knowledge-based and export-led growth model. However, realization of this potential will depend on policy continuity, removal of regulatory bottlenecks, and strengthening of institutional coordination mechanisms. In particular, clarity on taxation regime for IT exports, notification of data protection framework, and modernization of telecom policy will be critical enablers. With sustained policy support and effective implementation, the sector can significantly contribute to foreign exchange earnings, job creation, and overall economic resilience.

8. HIGHER EDUCATION, SCIENCE & TECHNOLOGY

8.1. Introduction

Knowledge and technology-based development encompassing Higher Education, and Science & Technology (S&T), serve as a key performance driver for innovation-led transformation of economy. Higher Education Institutions (HEIs) contribute to skilled workforce development, research generation, entrepreneurship promotion, and industrial linkages, while the S&T sector supports technological advancement, indigenous innovation, industrial competitiveness, and import substitution.

8.2. Sectoral Policy Framework

8.2.1 Key Policy Instruments

Sectoral interventions are guided by the national policy frameworks and strategic initiatives including; National Education Policy 2017-2025, Higher Education Development in Pakistan (HEDP) 2019–2025 (World Bank-supported reform framework), National Science, Technology and Innovation Policy 2022, Digital Pakistan Policy 2018 and Industrial Policy Framework 2021–2030.

8.2.2 Policy Alignment

Sectoral interventions are aligned with URAAN Pakistan, the 13th Five-Year Plan through human capital development, digital inclusion and export-oriented innovation, commercialization of research outcome, innovation ecosystems, modernization of higher education and technical infrastructure and SDGs.

8.2.3 Policy Gaps / Reforms Needed

Pakistan's higher education sector faces persistent policy and institutional challenges. Weak academia–industry linkages, limited commercialization of university research, shortage of qualified PhD faculty, outdated research infrastructure, and weak coordination among HEIs, research organizations, and industry are highlighted in HEC Vision 2025, National Education Policy (2017–2025), and Pakistan Vision 2025. Rapid and unplanned expansion of HEIs/DAIs without feasibility, sustainability, and labour-market assessment has affected academic quality, employability, and regulatory oversight, while HEC Vision 2025, PSG-2023, and RIPE reforms emphasize stronger regulation, quality assurance, accreditation, governance standards, and institutional performance evaluation. Governance weaknesses, including non-merit-based leadership selection, weak accountability, and financial governance issues, are addressed under HEC Vision 2025 and HEDP governance reforms. Fragmented and insufficient R&D financing, weak ORICs/incubation outcomes, and limited performance-based research funding are reflected in HEC Vision 2025 and STI Policy 2022, which call for sustained and impact-oriented investment in higher education and research.

8.3. Review of FY2025–26

During FY2025-26, the Higher Education Commission (HEC), Pakistan with a revised allocation of Rs. 34.906 billion (from initial Rs. 39.488 billion) and with expenditure of Rs. 34.906 billion implemented a total of 147 development projects under the Public Sector Development Programme (PSDP), comprising 129 ongoing projects, 12 new initiatives, and 6 projects related to previous liabilities.

During the FY2025-26, 21 projects have been planned for completion Whereas, following major development initiatives have been launched:

- Allama Muhammad Iqbal Scholarships for Bangladesh, Central Asian and Friendly Countries Students to study in Pakistan (HEC)
- Establishment of National Institute of Science & Technology in District Rajanpur, Punjab
- Prime Minister's Scheme for Enabling Youth with Physical Challenges at HEIs through Electric Wheelchairs, Laptops for Blinds, Audio-Visual Aids-(HEC)
- Establishment of Public Sector University in District Muzaffargarh, Punjab
- Establishment of China-Pakistan Joint Research Centre (CPJRC) on Earth Sciences, QAU, Islamabad.
- Establishment of National Centre of Nano- Technology.
- Establishment of National Centre of Quantum Computing (NCQC).
- Establishment of National Centre for Manufacturing. (NCM)

During FY2025–26, the S&T sector implemented development initiatives under the PSDP with an initial allocation of Rs. 4,802.687 million, which was subsequently revised to Rs. 3,692.418 million due to fiscal constraints. Despite reduced funding, the sector demonstrated satisfactory performance across key areas of capacity building, technological development and industrial support.

8.3.2 Performance Status

Key achievements

A) Higher Education

During FY2025–26, Higher Education Commission allocated Rs. 7.143 billion for 17 scholarship projects, out of which Rs. 5.898 billion was disbursed. During the year, 5,383 local and more than 540 international scholarships were awarded at undergraduate, MS/MPhil, and PhD levels. More than 6,300 scholarships were awarded under regional scholarship initiatives, with over 4,000 scholars currently enrolled and more than 2,500 having completed their studies, while 10,497 students benefited from undergraduate financial assistance programs. To strengthen research and innovation, 320 research projects were completed, 72 PhD researchers were supported through scientific instrumentation access, and 93 travel grants along with 47 seminar and conference grants were awarded.

Under the HEDP initiative, major governance and institutional reforms were implemented to strengthen autonomy, accountability, quality assurance, and evidence-based policy making across the higher education sector. Key achievements included introduction of the Responsible University Tiering framework, rollout of the revised Undergraduate Education Policy and ODL Policy, strengthening of quality assurance systems, and expansion of faculty and leadership capacity building programs through NAHE.

In addition, significant progress was made in digital transformation through deployment of MAKTAB (ERP, SLcM, and LMS ecosystem), strengthening of HEDR, PERN expansion and development of digital governance and environmental sustainability frameworks for HEIs. In addition, blockchain technology-based degree attestation initiatives were introduced to improve transparency, security, authenticity, and efficiency in credential verification and attestation processes. Under HEDP research grant initiatives, 93 active projects progressed towards completion, while nine ORICs were established in public and private sector universities.

The Prime Minister's Laptop Scheme continued to promote digital inclusion and technology-enabled learning among students of public-sector HEIs. Under the scheme, 1,00,000 laptops were sanctioned for distribution to meritorious students, out of which 74,429 laptops had been distributed by April 2026 across 156 HEIs nationwide, including Punjab, Sindh, KP, Balochistan, Federal areas, AJ&K, and GB. More than 407,713 students were registered under the scheme, including 54 percent female students, reflecting the government's commitment to inclusive and digital higher education.

B) Science & Technology (S&T)

PCSIR laboratories provided 64,538 technical services to 20,107 industrial clients and delivered 1,073 consultancy services for industrial productivity and quality improvement. Strategic chemicals for the defence sector were produced locally, while 09 analytical laboratories and 03 ANF-controlled greenhouses were established to strengthen national R&D capacity. In the medicinal cannabis and industrial hemp sector, 46 hemp-based products including CBD oil were developed and leased to CCRA license holders, supported by validated analytical methods and establishment of the National Analytical Laboratory for Medicinal Cannabis and Industrial Hemp at Islamabad.

Progress was made in biotechnology, pharmaceuticals, and industrial fermentation through transfer of three API and two fermentation technologies from China, development of CRISPR, genome editing, metabolic engineering and BSL-3 infrastructure, and cultivation of a gene-edited soybean variety over 1,000 acres. Microbial strains for poultry and textile industries were developed, patents for Magic PCR Tube and Lysine technologies were filed in Pakistan and China, indigenous fermenter design capability up to 1,000 liters was achieved, and PCSIR facilities were equipped with 3D printers/scanners and analytical equipment for industrial prototyping and testing.

Under the SME Incentive Grant Scheme, 1,271 firms were approved for incentive grants amounting to Rs. 408.341 million. For SME capacity building, training programmes were designed in consultation with Chambers of Commerce & Industry, trade associations, and other stakeholders. Through an outsourced arrangement with Bureau Veritas Pakistan, 75 two-day training sessions covering 19 certification standards were conducted across major industrial clusters nationwide, benefiting around 3,400 SME personnel.

Under the STEM initiative, 37 FABLABs were equipped nationwide, including 24 fully commissioned facilities with equipment training completed. The Hi-STEM FABLAB at Quaid-i-Azam University was inaugurated in October 2025, while four STEM module books comprising 230 locally developed and 30 international STEM modules were distributed among designated institutions. Procurement processes for development of the STEM Learning Management System and STEM Activity Kits also reached advanced stages.

To strengthen industry-academia linkages, Pakistan Science Foundation supported competitive research initiatives under national and international collaboration programmes. During the year, 7 research projects were approved, Rs. 29.841 million was disbursed to 25 ongoing projects, and 13 projects were completed. Under the “Data Repository of Scientific Instrumentation” initiative, more than 300 scientists and researchers were connected nationwide, while 396 students from 52 universities were facilitated through access to advanced research equipment.

Three specialized training programmes were conducted under establishment of NUST Chip Design Centre (NCDC) project. The project will support R&D in digital, analog, and mixed-signal IC design through provision of EDA tools and chip testing facilities.

In the health and medical sector, the (NUST) continued implementation of the project “Establishment of Additional Production Lines for Indigenous Electro-medical Devices” to promote local manufacturing of ventilators, PAPRs, and syringe pumps for import substitution. Key achievements included technology sharing with NESCOM (10 percent), business collaboration with MEDSENSO (40 percent), and joint ventures with ADDLEVEN, INTELIGENSIA, HATO (40 percent each), and Monitor-Health (60 percent) for commercialization of medical devices. Under the “Establishment of a Center for Artificial Intelligence in Health Sciences”, AI-enabled healthcare infrastructure, high-performance computing systems, diagnostic tools, and AI-based disease detection models were developed alongside training and research activities.

Under the Medical Equipment & Devices Innovation Center (MEDICen), 35 immuno-diagnostic equipment were installed, a BSL-II laboratory worth Rs. 22.69 million was completed, consultations with 6 key institutions were undertaken, and 20–25 R&D initiatives were supported for local diagnostic kits, vaccine development, and medical

device prototyping. The initiative also facilitated training of more than 200 professionals in healthcare technologies.

More than 200 graduates were trained in chip design and PCB fabrication, PCB manufacturing capability was upgraded to multilayer production with 4-mil track precision, and over 4,500 PCBs were fabricated; besides, development of a RISC-V processor chip, conversion of Suzuki Mehran and Bolan vehicles to EVs, development of a wireless parking management system, and technical support to more than 50 SMEs. The initiatives also provided job-ready technical skills to over 100 graduates.

ISTA-accredited seed laboratory completed for advanced development of a seed processing plant to strengthen food security and reduce reliance on seed imports. The Pak-Korea Testing Facility for PV Modules established infrastructure for an accredited solar PV testing laboratory, acquired testing equipment, trained technical personnel, and strengthened compliance with international quality standards for solar products. In the nanotechnology sector, the Latif Ebrahim Jamal Nanotechnology Center established advanced nanotechnology laboratories, installed scientific equipment, conducted research on nanomedicine, water purification, and smart coatings, and facilitated international training of scholars to support industrial innovation and commercialization.

8.4. Outlook 2026-27

The Higher Education and S&T sector will focus on accelerating innovation-led growth, strengthening human capital development, and promoting technological self-reliance. Key priorities include expansion of higher education access, digital transformation, and enhanced commercialization of research and innovation outputs. The sector will also contribute to improving productivity, generating employment and boosting exports in line with national development priorities.

8.5. Programmes for FY2026-27

8.5.1. Higher Education Commission (HEC)

For FY2026-27, the HEC will continue to expand access to quality higher education, strengthen digital infrastructure, and promote research and innovation with its allocation of Rs. 46.000 billion.

Priority Interventions

- Continuation and expansion of scholarship programmes
- Introduction of AI-enabled learning systems to improve quality and delivery of education
- Strengthening of cybersecurity and digital infrastructure across higher education institutions
- Promotion of international academic collaboration and research partnerships

- Scaling up of research commercialization, innovation, and industry-academia linkages
- Enhancement of digital connectivity and smart learning ecosystems in universities

8.5.2. Science & Technology (S&T)

8.5.2.1. Programme / Priorities for FY2026–27

Within the allocated Budget of Rs. 3.567 billion for FY2026–27, the MoST has proposed funding requirements for ongoing and new initiatives aimed at strengthening technological capabilities, promoting industrial innovation, supporting emerging technologies, and enhancing research and human resource development in the Science & Technology sector.

Priority Areas

- Strengthening industrial research, innovation, and technology commercialization
- Enhancement of testing, quality assurance, and certification infrastructure for export promotion
- Promotion of indigenous technology development through industry–academia collaboration
- Development of mineral exploration, analytical, and value-addition capabilities
- Expansion and modernization of scientific and research infrastructure
- Promotion of export-oriented industrial productivity and competitiveness initiatives

8.5.2.2. Key Targets of FY2026-27 Plan

Type	Item Name	Key Objectives	Current Status	Targets 2026-27	Responsibility
Policies	Double and Joint Degree Programme	To promote international academic collaboration by providing students with enhanced educational opportunities, global exposure, and multidisciplinary learning through partnerships between institutions.	Approved	To launch collaborative degree programmes with local and foreign partner institutions	HEC/ Universities
Policies	Revised MS and Ph.D. Policies	Greater emphasis on research quality, academic integrity and supervisor accountability	Approved	GRE test by HEC is mandatory at MS and Ph.D. level.	Universities / DAI's.
Policies	Digital Degree Attestation	Paperless attestation process for convenience and transparency.	Approved	Online attestation from all Universities.	Universities / DAI's.

Type	Item Name	Key Objectives	Current Status	Targets 2026-27	Responsibility
Programme	Establishment of Prime Minister's E-Sports Arenas and Training Centers in HEIs – HEC under Prime Minister's Youth Programme	Establish a sustainable national esports ecosystem through E-Sports Arenas and Training Centers in HEIs to promote youth engagement, digital skills, competitive gaming, and growth of Pakistan's digital economy.	Approval stage at Planning Commission.	Establish 3 E-Sports Arenas and Training Centers in HEIs for male and female players.	HEC / Universities

S&T Sector

Type	Item Name	Key Objectives	Current Status	Targets 2026-27	Responsibility
Programme	SME Innovation Support	Industrial competitiveness through compliance / certification to 2050 SMEs	Ongoing	Support to 637 additional SMEs	Ministry of Science and Technology
Programme	STEM Education Promotion	Promotion of STEM Education nationwide through: - Establishment of STEM Pilot Academy - Establishment of 57 STEM FABLABs - Development of 04 STEM Modules - Fabrication of 150+ STEM Kits and development of STEM LMS (10500+ users) 08 National Teachers Training + 02 International Teachers Trainings - Student's STEM Project Competitions	Ongoing	- Operationalization of STEM Pilot Academy - Establishment of 20 STEM FABLABs - Fabrication of 150+ STEM Kits - Implementation of STEM Classes through LMS 04 National Teachers Training 01 International Teachers Training - Student's STEM Project's Competitions	Ministry of Science and Technology / PSF

Type	Item Name	Key Objectives	Current Status	Targets 2026–27	Responsibility
Project	Establishment of NUST Chip Design Centre. Advanced Educational and training facilities in Chip design	Enhance semiconductor talent pool in the country; Promote semiconductor R&D and IP development; Establish state-of-the-art chip testing lab;	Ongoing	Conduct 2-3 training cohorts targeting 100 chip design trainees. Design & tape-out of 10x Analog & Mixed-Signal Chip design IPs; Procurement & Operationalization of chip testing lab.	Ministry of Science and Technology / NUST
Project	Establishment of Centre of Research in Surface Engineering (CoRISE), NUST, Islamabad	To address Pakistan's socio-economic and technological needs through industry–academia–government collaboration; establish a state-of-the-art facility for advanced materials and surface engineering research; promote collaborative research and knowledge sharing; and develop skilled human resources through industrial projects and specialized training in Materials and Surface Engineering.	Ongoing	Procurement & Installation: i. Award contracts for at least 15 equipment by the end of FY2026–27. ii. Installation and commissioning of 15 surface engineering equipment. Operationalization: i. Operationalization of state-of-the-art lab. ii. Starting of industry services and revenue generation. Research & Industry Engagement: Deliver at least 5 research outputs and conduct 5 industry outreach engagements.	Ministry of Science and Technology / NUST
Project	Cannabis Cultivation, Processing and Testing & Product Development Facilities	Cultivation, processing, analytical testing, and product development of industrial cannabis for industrial, medicinal and commercial applications.	Ongoing	• Accreditation/operationalization of 3 cannabis analytical laboratories and provision of certified testing services for licensed industry/exporters.	Ministry of Science and Technology / PCSIR

Type	Item Name	Key Objectives	Current Status	Targets 2026–27	Responsibility
				• Cultivation of 7 experimental cannabis crops through 3 controlled greenhouses and establishment of a national cannabis seed bank. • Development/certification of 9 analytical testing methods for cannabinoids and related extraction/purification processes. • Development and commercialization support for 60 cannabis-based products through public-private partnership arrangements.	
Project	Critical Minerals Development	Mineral exploration, R&D, and value addition	Ongoing	• Analytical Lab development at Skardu for precious minerals & Rare Earth elements • 35 out of 75 of Equipment/pilot plant will be procured for the establishment of analytical Laboratory. • 8000 Square Feet Renovation of existing infrastructure 28 out of 41 No of project employees will be hired	Ministry of Science and Technology / PCSIR



Environment & Climate Change

Building a Resilient and Sustainable Future

9. ENVIRONMENT & CLIMATE CHANGE

9.1. Introduction

Pakistan's diverse geography, ranging from towering mountains and glaciers to fertile plains, deserts, and coastal zones, provides immense ecological and economic value but also makes the country highly vulnerable to environmental degradation and climate change. Rapid population growth, urbanization, deforestation, land degradation, water scarcity, and pollution have placed increasing pressure on natural resources; while rising temperatures, erratic weather patterns, glacial melt, and biodiversity loss continue to intensify these environmental challenges. These interconnected pressures threaten key sectors such as agriculture, water, energy, infrastructure, and public health, making environmental sustainability and climate resilience central to national planning and development agendas.

Over the past decade, climate-induced disasters, particularly recurring floods since the catastrophic 2010 super-floods, have highlighted Pakistan's growing exposure to extreme climate events. Successive floods in 2011, 2014, 2022, and 2025 have repeatedly caused widespread human suffering, economic disruption, infrastructure damage, and loss of livelihoods, particularly in vulnerable rural and urban communities. According to the World Bank's 2022 report, Pakistan's annual average losses from floods and earthquakes are estimated at approximately US\$ 2 billion. These are to reach US\$ 250 billion by 2030 and \$1.2 trillion by 2050, as measured by the projected annual losses to gross domestic product in priority sectors of up to about 30 percent of GDP in a peak disaster year. In terms of costs, the disaster risk preparedness and response category accounts for the largest investment needs under the Nationally Determined Contributions (NDC 3.0), requiring US\$ 139.1 billion by 2035. The estimated investment requirements for major mitigation, adaptation, and cross-cutting climate priorities, and projects an overall climate finance need of US\$ 565.7 billion by 2035. In terms of adaptation and resilience, water and sanitation will also require large investments.

In this context, integrating environmental protection, disaster risk reduction, climate adaptation, and sustainable resource management into national planning is essential for safeguarding natural capital, protecting vulnerable populations, and ensuring resilient, inclusive, and sustainable long-term development.

9.2. Sectoral Policy Framework

Pakistan has placed climate action at the center of its development agenda through URAAN Pakistan, NDCs 3.0, renewable energy expansion, electric mobility initiatives, Green Taxonomy, and Carbon Market Policy emphasizing climate resilience, sustainable growth, and green economic transformation as core national development priorities.

Major policy instruments and strategic alignments to operationalize sustainable, climate-resilient, and inclusive national development include:

- **URAAN Pakistan** as the overarching national development framework guiding resilient, sustainable, and inclusive economic transformation.
- **Nationally Determined Contributions (NDCs 3.0)** to align sectoral planning with Pakistan’s climate mitigation and adaptation commitments under the Paris Agreement.
- **National Adaptation Plan (NAP)** to mainstream climate resilience, disaster preparedness, and adaptive strategies across vulnerable sectors.
- **National Climate Change Policy (NCCP)** to provide broad policy direction on climate governance, mitigation, adaptation, and environmental sustainability.
- **National Biodiversity Strategy and Action Plan (NBSAP)** to safeguard ecosystems, natural capital, and biodiversity through conservation-focused development.
- **Green Taxonomy Framework** to guide sustainable finance, green investment classification, and environmentally responsible public and private financing.
- **Blended Finance Framework** to integrate climate and environmental priorities into fiscal planning, budgeting, and expenditure tracking.
- **National Electric Vehicle Policy (NEVP)** to support transport decarbonization, energy efficiency, and industrial transformation.
- **Indicative Generation Capacity Expansion Plan (IGCEP)** to align long-term energy planning with renewable energy transition and energy security objectives.
- **National Food Security Policy** to promote climate-smart agriculture, resilient food systems, and sustainable rural development.
- **Integrated Water Resource Management (IWRM) frameworks** to strengthen water governance, efficiency, and long-term water security.
- **Disaster Risk Reduction (DRR) frameworks and climate risk screening tools** to embed resilience in infrastructure, urban planning, and public investment decisions.
- **Green industrialization, circular economy, and carbon market mechanisms** to support sustainable production, resource efficiency, export competitiveness, and low-carbon economic growth.

Together, these instruments provide the policy, institutional, fiscal, and regulatory foundation necessary to align sectoral interventions with Pakistan’s climate resilience, environmental sustainability, and long-term development objectives.

9.3. Performance Review 2025–26

During FY2025–26, Pakistan made significant progress in advancing climate resilience, environmental sustainability, disaster preparedness, and green financing initiatives. These efforts align with URAAN Pakistan, national climate priorities, Sustainable

Development Goals (SDGs), and NDCs 3.0 for resilient and sustainable economic growth.

The Upscaling of Green Pakistan Programme (UGPP) remained the national flagship environmental initiative and delivered substantial progress in ecological restoration and climate mitigation. Approximately 2.27 billion plants were planted and regenerated, achieving 68.7 percent of forestry targets and significantly improving forest cover. The programme also strengthened biodiversity conservation through the notification of 131 protected areas covering 40,610 square kilometers. In addition, nearly 2.2 million green jobs (man-months) were created through the engagement of local communities, nursery workers, and forest guards. The project achieved 68.7 percent physical progress, with financial utilization of Rs. 35.05 billion (99.64 percent).

During the plan period under the Strengthening of Technical Capacities Initiative, major achievements included the development of monitoring and evaluation systems, annual planning tools, and standardized data frameworks for PSDP projects; operationalization of the Green Taxonomy, refinement of the Climate Finance Strategy, development of bankable climate projects, and policy support for international engagements such as COP-29. It further contributed to national initiatives including the GLOF Strategy and Heatwave Response Plan.

The biosafety management regulatory framework was strengthened through the Pakistan Biosafety Clearing House (Pak-BCH) initiative. Progress included amendments to the National Biosafety Guidelines, notification of 54 Institutional Biosafety Committees, processing of laboratory and commercialization approvals, issuance of over 148 biosafety licenses, and more than 1,000 import permits, generating over Rs. 1.5 billion in revenue.

Under the Water Quality Monitoring and SDG 6.1 Project, significant progress was made to improve safe drinking water systems. The project provided advanced testing equipment to 44 laboratories, deployed 9 mobile testing laboratories, trained 210 technical staff, and developed a Management Information System for real-time monitoring and reporting.

There are initiatives going on to improve weather surveillance system through various initiatives focusing on early warning and forecasting e.g. Multan and Sukkur Radar Projects, Meteorological Observatory Naran and Balakot Project and Modernizations of hydromet project. The National Center for Rainfall Enhancement with scope of cloud seeding trials are ongoing initiatives.

Major non-PSDP initiatives like Recharge Pakistan and SAFER Pakistan focus on ecosystem-based adaptation, flood management, and cryosphere monitoring to protect millions in the Indus Basin. The Climate Risk Management initiative in Khyber Pakhtunkhwa focuses on strengthening early-warning systems and climate information

services for 1.6 million residents. These efforts, alongside national urban strategy formulation, utilize a multi-agency approach to align Pakistan's climate resilience with international standards.

Advancements were also made in major climate finance and resilience initiatives during FY2025–26. Under the Climate and Disaster Resilience Enhancement Programme (CDREP), Blended Finance Framework, climate change due diligence guidance note for project development and appraisal have been approved along with design document of climate risk and gender screening of projects which will be integrated with iPAS.

Climate adaptation advanced, mainly in Sindh, through the Sindh Coastal Resilience Initiative, through drainage rehabilitation, freshwater restoration, mangrove plantations, and livelihood generation. Under the Punjab Clean Air Programme, 40 Air Quality Monitoring Stations (AQMS) have been installed, with real-time data now available to the public. Key achievements include the completion of the provincial emissions inventory, legislative reforms for vehicle inspections, and the distribution of over 2,000 super seeders to farmers.

9.4. Programme for FY2026-27

The total PSDP outlay for FY2026–27 of Pakistan Meteorological Department (PMD) under Ministry of Defense is projected at Rs. 1,594.207 million to undertake a set of strategic initiatives aimed at strengthening weather forecasting, climate resilience, and disaster risk reduction capacities. Project titled “Establishment of the National Centre for Rainfall Enhancement (NCRE)” has proposed funding need of Rs. 344.207 million, contributing to water security, climate adaptation, and agricultural productivity (SDGs 13, 6, and 2). Project titled Weather Surveillance Radars at Multan has proposed funding need of Rs. 195 million, whereas, project titled “Weather Surveillance Radars at Sukkur” has proposed funding need of Rs. 5 million to enhance real-time weather monitoring and early warning systems (SDGs 13 and 11). A major funds need of Rs. 1,000 million has been earmarked for the Modernization of Hydromet Services in Pakistan (MHSP), aimed at upgrading hydrometeorological infrastructure, improving forecasting accuracy, and strengthening climate-resilient infrastructure and data systems (SDGs 13, 11, and 9). Collectively, these initiatives reflect a strong focus on modernizing meteorological services and enhancing Pakistan’s preparedness against climate-induced risks.

The total PSDP outlay for FY2026–27 under the Ministry of Climate Change and Environmental Coordination is projected at Rs. 2,477.760 million. The major focus is on UGPP under the sectoral priority of forestry, biodiversity conservation, and nature-based climate solutions, reflecting continued emphasis on large-scale afforestation and ecosystem restoration. Several key initiatives for the upcoming fiscal year are proposed, including the Pakistan Climate Innovation and Green Growth Initiative, which equips youth with green skills and promotes entrepreneurship through a Green Innovation Fund. Additionally, the National Forest and Tree Cover Assessment will establish a

monitoring cell using remote sensing and machine learning to harmonize national forest data for restoration strategies. Three specialized sub-components will also be introduced under the UGPP: The Pollution Load Assessment Network (PLAN) for environmental monitoring in Islamabad, the Establishment of a Botanical Garden in Islamabad for master planning, and the Conservation of Margalla Hills National Park in Islamabad to manage biodiversity in line with international standards. These initiatives are strategically aligned with URAAN Pakistan.

9.5. Outlook FY2026-27

Building on the policy foundations established during FY2025-26, the outlook for FY2026-27 is anchored in a comprehensive suite of strategic instruments designed to mainstream sustainability and climate resilience across all sectors of the national economy. URAAN Pakistan and 13th Five Year Plan will serve as the overarching development framework, ensuring that resilience, inclusion, and sustainability remain central to economic transformation, while the third generation of NDCs 3.0 will align sectoral planning across energy, agriculture, transport, and industry with Pakistan's commitments under the Paris Agreement.

NAP and NCCP will together guide the institutionalization of adaptive strategies and climate governance, ensuring that vulnerable communities and ecosystems are afforded greater protection against mounting climate risks. Simultaneously, the NBSAP will direct conservation-focused interventions to safeguard natural capital and ecosystem integrity, which remain foundational to long-term food, water, and livelihood security.

On the financial side, the Green Taxonomy and Blended Finance Frameworks are expected to catalyze a structural shift in how public and private capital is mobilized, classified, and directed toward environmentally responsible and climate-aligned investments, helping bridge the significant financing gap that has historically constrained Pakistan's climate ambitions. The NEVP and the IGCEP will drive the twin transitions of transport decarbonization and renewable energy scale-up, respectively, positioning Pakistan's industrial and energy sectors on a low-carbon trajectory while strengthening long-term energy security.

In the agriculture and water sectors, the National Food Security Policy and IWRM frameworks will promote climate-smart agricultural practices, efficient water use, and resilient rural food systems critical imperatives given the country's deepening exposure to drought, floods, and glacial variability. Disaster Risk Reduction (DRR) frameworks and climate risk screening tools will be further institutionalized to embed resilience considerations into infrastructure planning, urban development, and public investment decision-making, reducing the economic losses associated with climate-induced disasters.

Underpinning this agenda, initiatives in green industrialization, circular economy transitions, and the development of domestic carbon market mechanisms will support resource efficiency, sustainable production systems, and improved export competitiveness in an increasingly carbon-conscious global economy. Taken together, these interlocking policy instruments represent a coherent and ambitious framework for ensuring that the Annual Plan 2026-27 not only addresses immediate development imperatives but also lays durable foundations for a climate-resilient, environmentally sustainable, and inclusively prosperous Pakistan.

10. FOOD SECURITY & SUSTAINABLE DEVELOPMENT

10.1. Introduction

Food security is defined as; all people, at all times, have physical, social and economic access to sufficient, safe and nutritious food that meets dietary needs and food preferences for an active and healthy life. Achieving food security is vital for sustainable development and is fundamental to achieving the 2030 Agenda, particularly Sustainable Development Goal, Zero Hunger (SDG-2).

Pakistan's food security depends on the performance of the agriculture sector, along with allied subsectors, including crops, livestock, aquaculture, and forestry. The agriculture sector, contributing 23.4 percent to GDP and employing over 33.1 percent of the workforce directly, is vital for socio-economic development and industrial output. Moreover, in line with URAAN Pakistan and 13th Five Year Plan, agriculture sector has a vital role in earning foreign exchange through exports.

Addressing the challenge of food insecurity remains one of the key areas for every government. The recent Household Integrated Economic Survey (HIES) 2024–25 indicates that food insecurity increased from 16.44 (2019-20) to 24 percent (2024-25), primarily due to affordability and income instability, rather than national food supply shortages.

10.2. Sectoral Policy Framework

Pakistan's National Food Security Policy (2018) aims to secure food availability, accessibility, and stability, targeting a 4 percent annual agricultural growth rate. Provincial and regional policies regarding agriculture and allied subsectors also emphasize productivity enhancements through various technological support and incentives. National Agriculture Biotechnology Policy and National Seed Policy 2025 have been approved, which aim at modernizing the agricultural sector through genetic engineering, promotion of GMO crops, advanced genetic techniques, and public-private partnerships.

10.2.1. Policy Gaps/Challenges

Pakistan, being one of the most populous countries, struggles with food security due to factors like inadequate policy implementation, shrinking farm sizes, low productivity, slow technology adoption, ineffective extension services, significant post-harvest losses, and climate issues.

10.3. Performance Review FY2025-26

The growth of the agriculture sector has been estimated at 2.9 percent, as compared to 1.5 percent during the previous year. Key factors included supportive policies, better

agricultural production, easing inflation, enhanced fertilizer availability and improved agricultural credit. The crops sector grew by 1.4 percent recovering from a contraction of 1.0 percent in FY2024-25, largely due to better wheat and sugarcane output. Important crops grew by 0.6 percent, while growth in other crops fell to 2.4 percent from 19.7 percent. Cotton ginning saw minimal growth of 0.1 percent, rebounding from a 19.0 percent contraction. Livestock growth improved to 3.8 percent, driven by improved commercialization, better disease management, and increased demand in dairy and poultry sectors.

Table 10.1: Growth Rate of Agriculture Sector (%)

Item	Achievement	
	2024-25 (Rev)	2025-26 (P)
Crops	-1.0	1.4
• Major crops	-13.2	0.6
• Other crops	19.7	2.4
• Cotton Ginning	-19.0	0.1
Livestock	2.9	3.8
Fisheries	1.4	1.7
Forestry	2.9	2.0
Agriculture	1.5	2.9

Source: PBS & Planning Commission

The key initiatives introduced by Ministry of National Food Security and Research (MNFS&R) include; digitization of planning processes, improved data governance, and results-based monitoring systems linked to key performance indicators (KPIs) to ensure effective project implementation. Capacity-building for line departments included targeted training and streamlined processes aimed at enhancing efficiency, promotion of transparency through open data initiatives, and adherence to audit standards. The MNFS&R allocated an amount of Rs. 3,133.738 million for its 10 ongoing and 5 new development schemes, and against the release of Rs. 1,482.586 million, Rs. 806.232 million was utilized.

Table 10.2: Federal PSDP Allocation 2025-26

(Rs. Million)

Ministry/Division /Agency	No. of Schemes			Total Cost	Allocation (2025-26)
	Ongoing	New	Total		
MNFS&R	10	5	15	47,561.898	3,153.738
Higher Education Commission	7	-	7	10,938.060	2,177.574
Science & Technological Research Division	1	-	1	1,896.820	380.087
Defense Division	1	-	1	1,879.999	280.000

Source: PSDP, 2025-26

The key achievements in the sector include training for 1,000 agricultural graduates in China under a Prime Minister's initiative, and the Green Pakistan Initiative focusing on 5,000-acre smart farms with advanced technology. A national programme for foot-and-mouth disease (FMD) surveillance and animal traceability, costing Rs. 7.35 billion, was approved for alignment of standards with World Organization for Animal Health. Additionally, a National Dairy Conference held in February 2026 recommended various policy measures to strengthen the dairy sector.

10.3.1. Status Against Targets

Table 10.3 presents a comparative analysis of the area and production of major crops for 2024-25 and 2025-26.

Table 10.3: Area & Production of Major Crops

(Area in '000' hec. & Production in '000' Metric tonnes)

Crops		2024-25	2025-26		
		Achievements	Targets*	Achievements (P)	Change over 2024-25 (%)
Wheat	Area	9,074	9,648	9,478	4.5
	Production	28,396	29,678	29,605	4.3
Rice	Area	3,899	3,039	3,759	-3.6
	Production	9,723	9,170	9,998	2.8
Maize	Area	1,588	1,531	1,587	-0.1
	Production	9,037	9,775	8,794	-2.7
Sugarcane	Area	1,193	1,147	1,222	2.4
	Production	84,238	80,320	89,450	6.2
Cotton	Area	2,043	2,276	2,012	-1.5
	Production (Bales '000')	7,084	10,128	7,052	-0.5

Source: *26th Meeting of Federal Committee on Agriculture (FCA), MNFS&R, PBS

Table 10.4 presents the area and production of minor crops for 2025-26, compared with the 2024-25.

Table 10.4: Area & Production of Minor Crops

(Area in '000' hec. & Production in '000' Metric tonnes)

Crops		2024-25	2025-26		Change over 2024-25 (%)
		Achievements	Targets	Achievements (P)	
Gram	Area	707.00	814.00	782.24	10.6
	Production	171.95	392.70	262.03	52.4
Potato	Area	378.10	349.40	466.56	23.4
	Production	9,880.24	8,916.60	1,2171.00	23.2
Onion	Area	166.28	168.00	163.75	-1.5
	Production	2,747.12	2,815.45	2,701.78	-1.7
Lentil	Area	6.06	12.00	5.77	-4.8

	Production	4.31	7.96	3.87	-10.2
Mung bean	Area	185.61	170.60	211.38	13.9
	Production	131.20	148.97	151.09	15.2
Mash	Area	7.56	10.00	6.53	-13.6
	Production	5.84	8.46	5.63	-3.6
Tomato	Area	47.79	53.20	41.99	-12.1
	Production	630.68	658.90	555.72	-11.9
Chilies	Area	32.15	54.40	33.21	3.3
	Production	86.47	146.12	89.36	3.3

Source: 26th Meeting of FCA, MNFS&R

Table 10.5 compares the area and production of oilseed crops for the years 2025-26 and 2024-25, highlighting achievements relative to targets.

Table 10.5: Area & Production of Oilseed Crops

(Area in '000' hec. & Production in '000' Metric tonnes)

Crops		2024-25	2025-26		Change over 2024-25 (%)
		Achievements	Targets	Achievements (P)	
Canola	Area	68.70	111.69	84.81	23.5
	Production	100.27	217.25	129.61	29.3
Sunflower	Area	60.71	73.83	69.20	13.9
	Production	97.17	127.74	122.64	26.2
Rapeseed / Mustard	Area	427.88	402.81	489.18	14.3
	Production	468.72	541.89	613.84	30.7

Source: 26th Meeting of FCA, MNFS&R,

Table 10.6 represents a comparison of the offtake for key fertilizers during 2024-25 with 2025-26. The decline in the offtake of phosphate fertilizers is attributed to the price increase in the market, which affects balanced use of fertilizer and ultimately the production of crops.

Table 10.6: Fertilizers Offtake

('000' tonnes)

Nutrient / Product	Offtake		Change over 2024-25 (%)
	2024-25	2025-26*	
Nitrogen	3,387	3,880	14.6
Phosphate	919	901	-2.0
Potash	45	56	24.4
Total NPK	4,351	4,837	11.2
Urea	5,890	7,164	21.6
DAP	1,542	1,477	-4.2

Source: National Fertilizer Development Center (NFDC), MNFS&R

*Data up to April is actual, while onward is estimated.

During FY2025-26 (Jul-April) tractor production dropped to 24,209 units, showing a 3.71 percent decline from 25,143 during the same period of 2024-25. Sales also fell to 23,116 tractors, a 6.91 percent decrease from 24,832, influenced by high costs. As per findings of the 7th Agricultural Census (2024-25), the country's farm machinery sector is shifting towards digitization; however, it is facing challenges due to low mechanization and weak farm economics. Key findings include a 20 percent increase in machinery imports, valued at \$1.1 to \$1.3 billion, while local production declined by 24 percent year on year. Despite certain challenges, the federal and provincial governments are implementing interventions to incentivize promotion of farm mechanization.

Table 10.7: Production & Sale of Tractors

Tractors	July to April		Change over 2024-25 (%)
	2024- 2025	2025-2026	
Production	25,143	24,209	-3.71
Sale	24,832	23,116	-6.91

Source: Pakistan Automotive Manufacturers Association (PAMA)

Table 10.8 presents the availability and requirements of improved seeds for major crops for FY2024-25 and 2025-26.

Table 10.8: Availability & Requirement of Improved Seed

(Million Tonnes)

Crop	2024-25		2025-26	
	Availability	Requirement	Availability	Requirement
Wheat	592,212	1,143,857	575,572	1,143,857
Cotton	25,424	39,626	20,871	39,626
Paddy	68,615	59,801	44,612	59,801

Source: Federal Seed Certification & Registration Department (FSC&RD)

Table 10.9 outlines the availability of irrigation water for the Kharif and Rabi seasons in the years 2024–25 and 2025–26.

Table 10.9: Water Availability for Irrigation

(MAF)

Season	2024-25	2025-26
Kharif	60.48	60.59
Rabi	30.59	29.43
Total	91.07	90.02

Source: 26th Meeting of FCA, MNFS&R

Table 10.10 shows the livestock performance for 2024–25 and 2025-26.

Table 10.10: Production of Livestock & Poultry

(‘000’ tonnes)

Item	Unit	2024-25		2025-26	
		Targets	Achievement	Targets	Achievement
Meat	‘000’ Tons	5,967	5,967	6,314	6,314
-Beef		2,548	2,548	2,634	2,634
-Mutton		835	835	854	854
-Poultry		2,583	2,583	2,826	2,826
Milk	Million Liters	72,343	72,343	74,689	74,689
Eggs	Million Nos.	26,696	26,696	28,279	28,279
Hides	Million Nos.	20.727	20.727	21.426	21.426
Skins	Million Nos.	66.703	66.703	68.262	68.262
Wool	000 Tons	50.2	50.2	50.8	50.8

Source: MNFS&R

The agricultural credits are divided into production loans, which fund short-term operational needs like seeds and fertilizers, and development loans aimed at long-term investments in infrastructure and equipment for structural improvements. Table 10.11 compares agricultural credit disbursement for the first nine months of FY2025-26 with the previous year.

Table 10.11: Agricultural Credit Disbursement

(Rs. Billion)

S. No.	Name of Bank/Institution	July 2024 to March 2025			July 2025 to March 2026			YoY Change (%)
		Production	Dev.	Total	Production	Dev.	Total	
I.	Five Major Commercial Banks	1,039.24	24.56	1,063.80	1,027.46	24.70	1,052.16	-1.1
II.	Small & Medium Sized CBs	340.42	54.77	395.19	502.62	117.93	620.55	57.0
III.	Islamic Banks	98.30	65.43	163.73	144.55	36.49	181.04	10.6
Total Commercial Banks		1,477.95	144.76	1,622.72	1,674.63	179.12	1,853.75	14.2
IV.	ZTBL	29.74	22.05	51.79	52.58	17.85	70.43	36.0
V.	PPCBL	4.31	3.59	7.89	2.90	3.22	6.12	-22.5
Total Specialized Banks		34.04	25.63	59.68	55.47	21.07	76.55	28.3
VI.	MFBs	177.56	0.32	177.88	209.47	0.27	209.73	17.9
VII.	MFIs	20.15	0.00	20.15	21.62	0.00	21.62	7.3
Grand Total (I to VII)		1,709.70	170.72	1,880.42	1,961.18	200.46	2,161.64	15.0

Source: State Bank of Pakistan

The SBP is implementing certain initiatives for the promotion of agriculture financing, including the PM’s Youth Business and Agriculture Loan Scheme; Electronic Warehouse Receipt Financing, Adoption of Digital Land Records for Agriculture Financing, Crop Loan Insurance Scheme (CLIS) & Livestock Insurance Scheme for Borrowers; Risk Coverage Scheme for Small Farmers & Underserved Areas; and Zarkheze – Asaan Zarai Qarza.

The SBP has set an institutional agricultural credit target of Rs. 3,062 billion for the fiscal year 2026, marking a 19 percent increase from the previous year's Rs. 2,577 billion.

10.3.2. Food sector imports and exports

During the first nine months of the current fiscal year (2025-26), Pakistan's food import bill increased by 15.22 percent to US\$7.09 billion, mainly due to higher imports of sugar and edible oil. Key import increases included sugar, and palm oil imports also rose significantly, while pulses and soybean oil saw mixed trends. Overall, imports across various food items surged, indicating heightened domestic consumption needs. In contrast, exports of raw food items dropped significantly to US\$3.80 billion, a 33.9 percent decline. The downturn in exports affected nearly all food categories, particularly rice, while meat exports showed slight resilience.

10.4. Programme for 2026-27

Programme for the next year is aligned with URAAN Pakistan and the 13th Five-Year Plan to improve food security by transforming the agriculture sector to achieve sustainable development. An amount of Rs. 3.2 billion has been allocated in PSDP for MNFS&R to implement the interventions proposed.

10.4.1. Outlook 2026-27

The plan aims to improve food security and achieve sustainable economic growth in Pakistan by transforming the agriculture sector, including livestock, poultry, and aquaculture. It focuses on export growth, climate resilience, and inclusive development. The plan also focuses on improving agricultural productivity, sustainable resource management, and promoting high-value export crops. The plan supports digital transformation and enhances food and water security through eco-friendly policies and infrastructure improvements. Reforms will be made to support the production of crops and livestock and reduce the trade deficit in the food sector. Focus will be on need-based research and development; involvement of all stakeholders, especially the private sector; evidence-based planning; increased investment in crops, livestock and aquaculture, along with cluster-based development to boost productivity and exports; and integrating climate change strategies for sustainability, targeting a US\$1 trillion economy by 2035. In PSDP, 2026-27 an amount of Rs. 4.183 billion has been earmarked for MNFS&R to implement 9 ongoing schemes and start 1 new scheme.

10.4.2. Key Targets

Table 10.12: Growth Targets of Agriculture Sector (%)

Item	2026-27 Targets
Crops	3.1
Major crops	2.9
Other crops	3.5
Cotton Ginning	1.5

Item	2026-27 Targets
Livestock	3.9
Fisheries	1.7
Forestry	1.9
Agriculture	3.6

Source: PBS & Planning Commission

Table 10.13: Fertilizer Offtake Projections

(‘000’ tonnes)

Nutrient / Product	2026-27 Projections
Nitrogen	3,774
Phosphate	1,096
Potash	57
Total NPK	4,926
Urea	6,572
DAP	1,837

Source: NFDC, MNFS&R

Table 10.14: Availability & Requirement of Improved Seed (Projections)

(Million Tonnes)

Crop	2026-27 (E)	
	Availability	Requirement
Wheat	0.00*	1,191,528
Cotton	34,537.08**	39,536
Paddy	60,190.69	54,916

Source: FSC&RD, *Wheat seed crop has just been harvested and data for 2026-27 will be available after July. **Cotton seed availability is based on seed procurement data

Table 10.15: Targets for Production of Livestock & Poultry (Projections)

Item	Unit	2026-27 Targets
Meat	‘000’ Tons	6,661
• Beef		2,720
• Mutton		873
• Poultry		3,069
Milk	Million Liters	77,035
Eggs	Million Nos.	29,862
Hides		22.125
Skins		69.821
Wool	‘000’ Tons	51.4

Source: MNFS&R



Energy & Infrastructure

Powering a Sustainable and Connected Pakistan

11. SUSTAINABLE ENERGY

11.1. Introduction

The energy sector drives the economic development, powering industrial growth, infrastructure expansion, transportation, and improving quality of life for millions. The sector aligns closely with URAAN Pakistan, 13th Five-Year Plan and Sustainable Development Goals. The Plan focuses particularly on advancing energy security, affordability, competitiveness, and sustainability, while contributing significantly to national GDP, employment generation, and export competitiveness across generation, transmission, distribution, and fuel supply chains. The government is committed to transform the sector into an open, competitive, and resilient system through diversification, indigenization, infrastructure modernization, and private sector participation.

11.2. Sectoral Policy Framework

11.2.1. Key Policy Instruments

The energy sector is mainly governed by the National Electricity Policy (NEP) 2021, National Electricity Plan (2023-27), Alternative and Renewable Energy (ARE) Policy 2019, Integrated Energy Planning (IEP) framework, Indicative Generation Capacity Expansion Plan (IGCEP), Transmission System Expansion Plan (TSEP) and Competitive Trading Bilateral Contract Market (CTBCM) on the power sector while key policy instruments on petroleum side include the Exploration & Production Policy 2012 (as amended), Refining Policy 2023 (covering green and brownfield refineries), LNG Policy 2011, Tight Gas (Exploration and Production) Policy 2024, along with pricing, environmental and safety regulations.

11.2.3. Policy Reforms

Reforms encompass accelerating privatization of DISCOs, full implementation of CTBCM, refinery upgrades to Euro-V standards, expansion of strategic petroleum reserves to 30–45 days, and strengthening private sector participation and integrated energy planning.

11.2.4. Policy Gaps / Challenges

Despite providing a broad framework for energy development, Pakistan's energy sector policies still face several gaps / challenges.

- Policy consistency and long-term predictability remain weak which creates uncertainty for investors, discouraging long-term capital-intensive projects.
- Fiscal and pricing distortions continue to challenge the sector. Delayed price adjustments, circular debt pressures and inconsistent tariff structures reduce

- the financial viability of upstream and downstream investments, undermining policy incentives.
- Infrastructure and technology gaps remain significant. Aging refineries and grid infrastructure, limited pipeline capacity and underdeveloped storage infrastructure restrict the sector's ability to efficiently handle supply-demand fluctuations and modern fuel specifications.

A. POWER SECTOR

11.3. Review of FY2025-26

Installed power generation capacity at national grid reached 46,275.36 MW, with 1,820.66 MW of new capacity added — predominantly 1,663.44 MW from solar net-metering and 157.22 MW from hydropower. All planned GENCO plants (4,625 MW) were successfully retired and disposed off.

Transmission capacity expanded significantly with additions of 3,750 MVA (500 kV), 4,500 MVA (220 kV), and 1,576.6 MVA (HVDC). The distribution network was strengthened with 1,159 MVA and 931.16 MVA added at 132 kV and 11 kV levels respectively. A total of 930,337 consumers were added in the national grid during 2025-26.

Generation capacity additions were on track with IGCEP, delivering a strong boost to renewable share through net-metering and supporting SDG 7.2.1. Successful retirement of inefficient GENCO plants and substantial transmission/distribution expansions improved grid capacity and electricity access, advancing SDG 7.1.1.

An amount of Rs. 161,634.7 million was allocated in PSDP 2025-26 for power sector projects, including self-finance by Power Sector Corporations and excluding the cost of Independent Power Producers (IPPs). Details are provided in Table 11.1.

Table 11.1: Power Sector PSDP Allocations FY2025- 26

(Rs. Million)

Department	Number of Projects	Allocation 2025-26
Power Division (Generation, Transmission and Distribution Projects)	47	90,225.8
Pakistan Atomic Energy Commission (Power Projects)	1	10.0
Kashmir Affairs and Gilgit Baltistan (Power Projects)	6	4,230.0
WAPDA Hydropower Generation Projects	9	67,168.9
Total	63	161,634.7
<i>Source: PSDP 2025-26</i>		

Power Generation

To advance the integration of renewable energy into Pakistan's overall energy mix, significant capacity enhancements were undertaken in the generation system. At the start of financial year, the total installed power generation capacity stood at 44,454.7 MW (excluding the K-Electric system). During 2025-26, total of 1820.66 MW of new capacity was added to the system, predominantly from renewable energy sources. This includes 1,663.44 MW from net metering and 157.22 MW from hydropower projects enhancing the overall generation capacity to 46,275.36 MW by June 2026.

A detailed breakdown of power generation addition is provided in Table 11.2.

Table 11.2: Installed Capacity 2025-26			
Source/Fuel	Capacity July 2025 (MW)	Addition 2025-26 (MW)	Capacity June 2026 (MW)
Solar	650	0	650
Solar - Net metering	5,492.7	1,663.44	7,156.14
Wind	1,845	0	1845
Hydel	11,707	157.22	11,864.22
Coal (Local)	3,300	0	3,300
Coal (Imported)	4,620	0	4,620
Gas	3,422	0	3,422
RLNG	6,973	0	6,973
Oil	2,515	0	2,515
Bagasse	400	0	400
Nuclear	3,530	0	3,530
Total Capacity	44,454.7	1,820.66	46,275.36
<i>Source: Power Division, DISCOs, ISMO</i>			

11.3.1. Transmission System

The investments in the transmission system resulted in an expansion of the national grid with 3,750 MVA with 167.234 km T/line added at 500kV, 4,500 MVA with 128.1 km added at 220kV voltage levels and 1576.6 MVA with 137 km added at HVDC line. Detailed achievements made during FY2025-26 are given in Table 11.3, below:

Table 11.3: Achievements of Transmission System in FY 2025-26						
Items	Capacity in July 2025			Enhancement up to June 2026		
Transmission Type	500 kV	220 kV	HVDC	500 kV	220 kV	HVDC
Transmission Capacity (MVA)	26,700	39,930	4,800	30,450	44,430	6376.6
Length of transmission line (km)	9,100.16	11,913.32	886	9267.394	12,041.42	1023
No. of Grid Stations	20	49	-	22	54	-
Source: Power Division, NGC						

11.3.2. Distribution System Expansion

To advance universal access to electricity, significant enhancements were made to the power distribution system. A total of 1159 MVA & 931.16 MVA capacity were added at 132 kV & 11 kV levels respectively while 525 km of 132kV transmission lines & 21,22.68 km of 11 kV transmission lines were extended respectively, strengthening the national distribution network. Electrification efforts reached a considerable number of previously unserved villages, contributing to rural energy inclusion. Furthermore, 930,337 consumer connections at national grid were added during financial year 2025-26 directly increasing the proportion of the population with access to electricity. The growth in net metering consumers also marked progress toward decentralized and renewable energy access. A detailed performance review of DISCOs is provided in Table 11.4:

Table 11.4: DISCOs Performance Review in FY2025-26

Name of DISCOs	132 kV MVA Added	132 kV Transmission Line Added (Km)	11 kV MVA Added	11 kV Transmission Line Added (Km)	400 Volt Transmission Line Added (Km)	Consumers Added During 2025-26 (Nos.)	T&D Loss Reduction during 2025-26 %	Village Electrification (Nos.) till FY 2025-26	Net Metering Consumers Added during 2025-26 (Nos.)
IESCO	255	153	69	47	383	96,034	1.02	534	15,293
MEPCO	127	220	74	208	61	16,544	1.77	2,022	23,002
LESCO	121	44	420	432	375	175,926	1.43	146	27,302
GEPCO	342	2	112	346	197	328,879	0.83	8,816	21,469
FESCO	173	49	93	417	158	96,154	0.65	421	8,068
HESCO	67	0	43.6	153.22	29.63	6,366	2.17	23	310
SEPCO	0	0	10.6	49.60	1.04	1,787	0.66	12	98
TESCO	0	55	3.7	5	2	793	8.10	20	65
QESCO	52	0	33.22	164.40	49.51	4784	19.37	240	100
PESCO	52	2	47.25	149	52	38,798	1.26	341	4,240
HAZECCO	0	0	24.79	151.46	83.56	15,372	-	74	333
Total	1,159	525	931.16	21,22.68	1,391.74	930,337		12,649	100,280

Source: PPMC, DISCOs

11.4. Outlook and Programs for 2026-27

11.4.1. PSDP 2026-27

The Power Sector will witness a public investment to the tune of Rs. 151,258.945 million from PSDP 2026-27, which includes government budgeted/self-finance projects of Power Sector Corporations, excluding IPPs (details provided in Table 11.5 below):

Table 11.5: Power Sector PSDP Allocations FY2026-27 (Rs. Million)		
Department	Number of Projects	Allocation 2026-27
Power Division (Generation, Transmission and Distribution Projects)	48	88,000.000
Pakistan Atomic Energy Commission (Power Projects)	1	10.000
Kashmir Affairs and Gilgit Baltistan (Power Projects)	8	13,082.445
WAPDA Hydropower Generation Projects	9	50,166.500
Total		151,258.945
<i>Source: PSDP 2026-27</i>		

These investments will contribute directly towards the achievement of SDG 7.1.1 through distribution and transmission sector projects aimed at increasing access to electricity, and SDG 7.2.1 through power generation projects, enhancing the share of renewable energy in the national energy mix.

11.4.2. Outlook 2026-27

Power Generation

A total of 3,787.24 MW is expected to be added, including a major contribution of 1,476.14 MW from solar net metering and 1960 MW from hydel generation. These additions will raise the cumulative installed generation capacity to 50,062.6 MW by June 2027. At that point, the generation mix is projected to comprise approximately 50.9 percent from renewable sources (including hydel, solar, solar net-metering, wind and bagasse) and 49 percent from thermal sources (including coal, gas, RLNG, oil and nuclear). Source-wise details of the planned additional capacity are provided in Table 11.6, while project-wise details are attached as Annex-11.1.

Table 11.6: Planned Additional Installed Capacity up to June 2027		
Source/Fuel	Addition 2026-27 (MW)	Capacity June 2027 (MW)
Solar	301.9	951.9
Solar Net Metering	1,476.14	8,632.28
Wind	49.2	1,894.2

Hydel	1,960	13,824.22
Coal (Local)	-	3,300
Coal (Imported)	-	4,620
Gas	-	3,422
RLNG	-	6,973
Oil	-	2,515
Bagasse	-	400
Nuclear	-	3530
Total Capacity	3,787.24	50,062.6
<i>Source: Power Division, DISCOs, ISMO</i>		

Transmission System

By the end of June 2027, the transmission sector will be boosted with a cumulative capacity of 2,400 MVA, 32,250 MVA, 45,500 MVA and 6,376.6 MVA capacity on 765kV, 500kV, 220kV and HVDC grids, respectively. The transmission lines on these voltage levels will be extended by 9,418.394 km (500kV), 12,267.82km (220kV) and 1,023 km (± 660 kV). Additionally, 1 new grid station will be established at 765kV, 1 at 500kV and 2 at 220kV. Details are given in Table 11.7:

Table 11.7: Targets for Addition in Transmission Capacity During FY2026-27								
Items	Addition in 2026-27 (MW)				Cumulative Addition up to June 2027			
	500 kV	220 kV	HVDC	765 kV	500 kV	220 kV	HVDC	765 kV
Transmission Capacity (MVA)	2,100	1,070	-	2,400	32,250	45,500	6,376.6	2,400
Length of transmission line (km)	151	226.4	-	-	9,418.39	12,267.82	1,023	-
No. of Grid Stations	1	2	-	1	23	56	-	1
<i>Source: Power Division, NGC</i>								

Distribution System Enhancements

To support progress on SDG Indicator 7.1.1—the share of the population with access to electricity—focused investments in the power distribution sector are planned. During FY2026-27, these initiatives will enable DISCOs to electrify 15,327 villages and add 1,689,849 new consumer connections. As a result, electricity access will be significantly expanded in both urban and rural areas.

In support of these objectives, the distribution network will be strengthened through the extension of 799.5 km of 132 kV transmission lines, while the capacity of 132 kV grids will be enhanced by 2,087 MVA. The number of net metering consumers is also expected to grow by 123,541 contributing to SDG Indicator 7.2.1 by increasing the share of renewable energy in total final energy consumption and supporting grid stability. Detailed performance review in respect of DISCOs is provided in Table 11.8:

Table 11.8: Targets for Addition in Distribution Capacity During FY2026-27

Name of DISCOs	132 kV MVA Addition	132 kV Transmission Line Addition (Km)	11 kV MVA Addition	11 kV Transmission Line Addition (Km)	400 Volt Transmission Line Addition (Km)	Consumers Addition 2026-27 (Nos.)	T&D Loss Reduction 2026-27	Village Electrification (Nos.) during 2026-27	Net Metering Consumers Addition 2026-27 (Nos.)
IESCO	208	35	124	268	305	195,000	0.09	300	102,918
MEPCO	13	2	120	691	143	250,000	0.85	2,798	110,548
LESCO	299	20.50	442	750	362	453,000	0.00	280	133,268
GEPCO	106	63	84	297	195	351,638	0.05	8,876	61,608
FESCO	626	55	230	930	302	296,000	0.39	825	56,853
HESCO	259	302	105	188	29	13,766	1.47	50	2,452
SEPCO	148	60	24.15	238	46	7,253	2.50	-	600
TESCO	13	24	3.20	50	30	1,586	0.00	4	30
QESCO	-	233	78	350	180	22,617	31.74	1,050	475
PESCO	419	5	110	362	122	77,489	1.00	1,104	30,135
HAZEKO	0	0	0.40	10	28	21,500	-	40	3,263
Total	2,087	799.5	1,321.15	4,134	1,742	1,689,849	-	15,327	502,150

Source: Power Division, DISCO

11.4.3. Programme for FY2026-27

Key policies, reforms and programs, inter alia, include the National Electricity Plan (2023–27) which focuses on six key objectives, diversification, resilience, self-sufficiency, affordability, financial viability, and sustainability, supported by twenty priority areas with clear targets to ensure clean, reliable, and affordable energy. Similarly, green energy projects are in line with URAAN Pakistan and the Alternative and Renewable Energy (ARE) Policy, 2019, which has set targets of increasing the share of renewables to 30 percent in the power generation mix by 2030. The new initiatives for Grid stability and reliability include the Deployment of Battery Energy Storage Systems (BESS) and 400 MVAR Reactive Power Compensation Devices STATCOMs in the NGC network to improve grid flexibility and resilience. This aligns with URAAN Pakistan's resilient infrastructure priority as well as NEP 2023–27's which also emphasizes modernizing infrastructure. Similarly, construction of 500 kV Transmission Line from Ghazi Barotha to Faisalabad West initiated by NGC in order to remove the transmission system constraints for reliable dispersal of power (2300 MW) from upcoming

hydropower projects (Tarbela 5th Extension & Dasu HPPs) in the northern part of the NGC network to the load centers in the mid country for optimal dispersal of power.

For Power Distribution Strengthening, a range of modernization efforts are underway in the Distribution Sector, including advanced metering and infrastructure upgrades:

- LESCO: Deployment of 1,600 Asset Performance Monitoring System (APMS) units and 131,901 Advanced Metering Infrastructure (AMI) (Rs. 27,613 million)
- MEPCO: Installation of 13,323 APMS units and 150,000 AMI meters (Rs. 22,229.8 million)
- SEPCO: Implementation of 1,200 APMS units, 50,000 AMR meters, and conversion of four 66 kV grid stations to 132 kV (Rs. 9,014.4 million)

B. FUEL SECTOR

The petroleum sector policy framework aims to strengthen national energy security by attracting local and foreign investment, enhancing indigenous oil & gas exploration and production, promoting refinery modernization, expansion of LNG pipeline infrastructure.

11.5. Review of FY2025-26

Fuel sector demonstrated mixed performance in achieving its production and infrastructure targets. Indigenous crude oil production reached 23.85 million barrels against the target of 25.18 million barrels, achieving 95 percent of the annual target. Natural gas production stood at 1.07 trillion cubic feet (TCF) against a target of 1.16 TCF, reflecting continued depletion of mature gas fields.

Local LPG production performed better than expected, reaching 0.767 million tonnes against the target of 0.567 million tonnes. Indigenous coal production exceeded expectations, achieving 21.147 million tonnes against the target of 20.47 million tonnes, reflecting a 103 percent achievement rate.

Pakistan planned to import 6.5 million tonnes of LNG during FY 2025-26. However, only 5.26 million tonnes are estimated to be procured by June 2026 owing to conflict in middle east. In contrast, LPG imports reached 1.5 million tonnes against the target of 1.05 million tonnes to supplement domestic supply.

Exploration and drilling activity remained below target during the year. A total of 36 wells, including 12 exploratory and 24 development wells, were drilled against the target of 87 wells. Despite lower drilling activity, 17 hydrocarbon discoveries were reported, comprising one oil discovery and 16 gas/condensate discoveries. Additionally, 16 prospecting licenses were granted to E&P companies.

On the infrastructure side, Sui Northern Gas Pipelines Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) collectively added 383,220 new consumers against the

target of 429,220 consumers. Both companies successfully achieved the target of laying 3,707 km of transmission and distribution pipelines.

Petroleum Division implemented one ongoing PSDP-funded project with an allocation of Rs. 245 million, namely the Expansion and Up-gradation of Pakistan Petroleum Corehouse (PETCORE) for sustainable operations to facilitate oil and gas exploration research. The private sector continued to play a major role in sectoral investment. During the year, E&P companies contributed investments amounting to Rs. 446,082 million, while the LPG sector recorded investment of Rs. 100 million.

11.6. Outlook and Programme for FY2026-27

For FY2026–27, Pakistan’s fuel sector strategy is focused on strengthening indigenous energy production, reducing import dependence and enhancing overall energy infrastructure resilience. The sector has set ambitious production targets across key resources, including crude oil (25.38 million barrels), natural gas (1.29 TCF), LPG (0.75 million tonnes) and coal (24.53 million tonnes), while also planning imports of 5.56 million tonnes of LNG and 1.55 million tonnes of LPG to meet the fuel requirement in the country. Alongside supply augmentation, the government is prioritizing distribution network expansion through SNGPL and SSGCL, targeting 609,740 new gas connections and 2,560 km of additional pipeline infrastructure (Details at Annex 11.2).

Strategic initiatives such as the TAPI Gas Pipeline Project are also being advanced to enhance long-term energy security and storage capacity. Furthermore, following PSDP-funded project has been proposed for FY2026-27 to improve geological data, stimulate exploration activity and unlock untapped hydrocarbon potential in frontier regions, thereby supporting a more secure and self-reliant energy future:

- Geochemical Prospecting and Environmental Impact Assessment of Oil Seeps of Pakistan amounting to Rs. 68.094 million; and
- Unlocking of Hydrocarbon Potential in Pakistan’s Frontier Basins: Integrated Petroleum System Study of Pishin Basin, Balochistan amounting to Rs. 40.486 million.

Integrated Energy Planning (IEP) for Sustainable Development

The initiative of Integrated Energy Planning (IEP) was coined to address the fragmented and siloed planning practices prevalent among energy sector organizations. An Energy Planning and Resource Centre (EPRC) was established under initiative which, *inter alia*, led to the development of an Integrated Energy Model through extensive stakeholder consultations and data-driven collaboration with the Power, Petroleum, Climate Change, and Water Resources Divisions to provide a foundation for data-driven and evidence-based planning. The primary objective of developing the model was to utilize advanced analytical tools capable of generating multiple scenarios and conducting sensitivity analyses to support informed and evidence-based policy decisions.

Review of FY2025-26

- An integrated energy model, namely the “Pak-IEM 2.0 Model,” has been developed with the support of GIZ. The model uses advanced analytical tools capable of generating multiple scenarios and conducting sensitivity analyses to support informed, evidence-based policymaking and strategic decision-making.
- The results and key findings of the model were presented to energy sector stakeholders during a national-level Integrated Energy Planning (IEP) Conference held in February 2026.
- To ensure the continuity, institutionalization, and effective utilization of the “Pak-IEM 2.0 Model,” the EPRC has also organized capacity-building workshops aimed at providing hands-on training to officials from key organizations involved in energy sector planning and policymaking.

11.7. Outlook and Programme for FY2026-27

To ensure the sustainability and continuity of integrated energy planning efforts and capacities built, the Pak-IEM 2.0 Model, along with the technical expertise developed within the Planning Commission shall be transferred to the Ministry of Energy /Pakistan Power Monitoring Company for its effective, long-term, and sustainable utilization.

Power Generation 2025-26 (Plants commissioned from July 2025 to June 2026)

Sr#	Name of Project	Location	Agency	Fuel	Capacity (MW)	COD
1	Gorkin Matiltan	KPK	GoKP	Hydro	84	Jun-26
2	Nardagian	AJK	AJK-HEB	Hydro	3.22	Feb-26
3	Mangla Refurbishment	Mangla	WAPDA	Hydro	70	Feb-26
4	Net Metering		DISCOs	Solar	1663.44	Jun-26
				Total	1,820.66	

Power Generation 2026-27 (Plants to be commissioned from July 2026 to June 2027)

Sr#	Name of Project	Location	Agency	Fuel	Capacity (MW)	COD
1	Tarbela_Ext_5 (U#1)	KPK	WAPDA	Hydro	510	Sep-26
2	Tarbela_Ext_5 (U#2)	KPK	WAPDA	Hydro	510	Nov-26
3	Tarbela_Ext_5 (U#3)	KPK	WAPDA	Hydro	510	Dec-26
4	Dasu (U#1)	KPK	WAPDA	Hydro	360	May-27
5	Mangla Refurbishment (U#9&10)	AJK	WAPDA	Hydro	70	Jun-27
6	PV Market	-	Market	PV	301.9	Jul-26
7	Wind Market	-	Market	Wind	49.2	Jul-26
8	Net-Metering		DISCOs	Solar	1476.14	Jun-26
				Total	3787.24	

Oil and Gas Targets

S. No	Items	Units	Targets 2025-26	Expected achievement up to 30-06-2026	Percent Achievements	Targets 2026-27
1.	Production					
i.	Crude Oil	Million Barrels	25.18	23.85	95	25.38
ii.	Gas	Trillion CFT	1.16	1.07	93	1.29
iii.	LPG	Million Tonnes	0.567	0.767		0.75
iv.	Imports LPG	Million Tonnes	1.05	1.5		1.55
v.	LNG Import	Million Tonnes	6.5	5.26		5.56
vi.	Indigenous Coal	Million Tonnes	20.47	21.147	103	24.53
2.	No of wells drilled	Nos.	87	36		-
i.	Exploratory	Nos.	43	12		-
ii.	Development	Nos.	44	24		-
3.	Total wells		87	36		
	Oil discoveries	Nos.	-	1		-
	Gas / Condensate discoveries	Nos.	-	16		-
	Total Discoveries	Nos.	-	17		-
	Prospecting Licensing granted to E&P Companies	Nos.		16		

Gas Consumer Addition and Pipeline Construction

S. No	Items	Units	Targets 2025-26	Expected Achievement by June 2026	Percent % Achievements	Targets 2025-27
A.	Gas Consumers Added					
1.	SNGPL					
i.	Domestic	Nos.	300,000	300,000	100	600,000
ii.	Commercial	Nos.	2,800	2,800	100	2,800
iii.	Industrial	Nos.	40	40	100	40
	Sub Total	Nos.	302,840	302,840		602,840
2.	SSGCL					
i.	Domestic	Nos.	63,240	40,230	64	105
ii.	Commercial.	Nos.	63,000	40,000	64	105

iii.	Industrial	Nos.	140	150	107	130
	Sub Total	Nos.	126,380	80,380		3450
	Total (SNGPL + SSGCL)	Nos.	429,220	383,220		609,740
B.	Transmission & Distribution Extension					
1.	SNGPL					
i.	Transmission & Distribution	Km	3,680	3,680	100	2,550
2.	SSGCL					
i.	Transmission & Distribution	Km	27	27	100	9.5
	Total (SNGPL + SSGCL)	Km	3,707	3,707		

PSDP Planned Activities for 2026-27

(Rs. Million)

Sr.No.	Name of Project	PSDP 2026-27 Allocation
1.	Geochemical Prospecting and Environmental Impact Assessment of Oil Seeps of Pakistan	68.094
2.	Unlocking of Hydrocarbon Potential in Pakistan's Frontier Basins: Integrated Petroleum System Study of Pishin Basin, Balochistan	40.486
	Total Amount	108.58

12. WATER RESOURCES DEVELOPMENT

12.1. Introduction

The Water Resources Sector is central to Pakistan's food security, socio-economic resilience and sustainable development. It is a key enabler for agriculture and industrial sector development, with nearly 95 percent of the country's available water devoted to irrigated agriculture, which contribute approximately 23.5 percent of GDP. More than half of the population is directly connected to irrigated agriculture and livestock, which together employ over 33.1 percent of the labour force and contribute 80 percent to exports.

Indus Basin Irrigation System (IBIS), is the fourth largest contiguous irrigation system in the world containing the primary, secondary and tertiary water distribution infrastructure in Pakistan. It comprises of 03 major reservoirs with a combined live storage capacity of 13.44 MAF, 19 barrages, 12 inter river link canals, 2 syphons and 44 canal commands. The main canals and distributaries network consist of 64,000 km length, whereas watercourses comprise another 1,621,000 km. Over all water availability from surface sources, groundwater and rainfall is 138.4 MAF, 50 MAF and 6.5 MAF respectively.

Aligned with URAAN Pakistan and 13th Five Year Plan, the Water Resource Sector drives economic development through enhanced agriculture productivity, promotes environmental sustainability through efficient water use and ecosystem protection, supports energy security, strengthens agro-based exports.

12.2. Sectoral Policy Framework

12.2.1. National Water Policy 2018

Water Resources Development Sector is governed by National Water Policy-2018. Based on Integrated Water Resources Management (IWRM), the policy provides a broad framework for water security. Its effective institutional arrangement with clear mandate, a legal framework, well-defined responsibilities, accountability and operational autonomy for competent professionals. It establishes National Water Council (NWC) chaired by the Prime Minister of Pakistan and representation from all federal and provincial stakeholders, Steering Committee on water to assist the NWC, Provincial Water Authorities including Ground Water Authority.

12.2.2. Regulatory Frameworks

A. Water Apportionment Accord 1991

In order to ensure interprovincial harmony, Water Apportionment Accord was signed in 1991 with the consensus of federal government and provincial governments. The accord provides water sharing formula for Indus Basin Irrigation System.

B. Rainwater Harvesting Provisions for the Building Code of Pakistan 2023

Government of Pakistan has approved Rainwater Harvesting provisions for the Building Code of Pakistan in 2025 which provides mandatory guidelines for rainwater collection, storage, filtration, and reuse for both potable and non-potable use. These provisions will be applied to all residential, commercial, and industrial buildings.

12.2.3. Institutional Arrangement

A comprehensive institutional arrangement is in place for water sector planning management, regulation and development. Key institutions include Ministry of Water Resources, Water Resource Section-MoPDSI, WAPDA, IRSA, Federal Flood Commission, PCRWR, and Provincial Irrigation Departments.

12.2.4. Policy Gaps / Reforms Needed

The water sector continues to navigate through the significant challenges, including water scarcity and declining per capita water availability due to population growth, contamination of surface and groundwater, depletion of groundwater aquifer, increasing vulnerability to climate-related risks and transboundary hydro-political challenges. Water Resources Sector is also dealing with implementation challenges including (a) limited financial resources due to shrinking Public Sector Development Programme, (b) lack of basin level planning at large and small river basin considering demands of agriculture, industries, hydropower generation, domestic purposes and to ensure environmental protection of IBIS, (c) poor inter-sectoral coordination due to fragmented institutional roles across federal, provincial, and local levels, (d) absence of groundwater regulation causing groundwater depletion due to unregulated, massive groundwater extraction for agriculture, industries and domestic purposes (e) limited climate change Integration with Water policies increases risk of floods and draughts.

12.3. Review of FY2025-26

Water Sector Development Programme for FY2025-26 was comprising of 34 projects with total estimated approved cost Rs. 1,848,091.375 million. The total PSDP allocation for 2025-26 was Rs. 101.90 billion. Later on, due to adjustment in PSDP 2025-26, Water Sector Allocation was rationalized to Rs. 97.354 billion. The estimated expenditure till June 2026 was Rs. 84.863 billion. Sub-sector-wise budget FY2025-26 is as under:

Table 12.1: Sector wise Allocations

(Rs. Billion)

S. No.	Projects	2025-26	
		Original	Revised
i.	Large Dams (Basha & Mohmand Dam)	67.104	58.995
ii.	Medium/small Dams	11.260	11.260
iii.	Canals and Irrigation Infrastructure Improvement	18.140	18.140
iv.	Flood Protection	0.400	0.400
v.	Studies & PPDU	0.450	0.350
	Total	97.354	89.145

12.3.1. Status Against Targets

- Out of 34 water sector projects amounting Rs. 1,848.091 billion, 02 projects worth Rs. 9.884 billion are expected to be completed/closed by June 2026 including Remodelling of Warsak Canal System and Detailed Engg: Design of Kurram Tangi Project Stage-II.
- Allocation has been reduced from Rs. 97.354 to Rs. 89.145 billion. Utilization till June 2026 is Rs. 84.863 billion
- **Diamer Basha Dam and Mohmand Dam:** Key objectives of these two projects are to enhance water storage capacity of the country by addition of 6.4 MAF and 0.676 MAF and hydropower generation of 4500MW and 800MW respectively. Though allocation was reduced from Rs. 67.104 to Rs. 58.995 billion, yet construction work on both mega projects is in progress. Physical and Financial Progress of Diamer Basha Dam is 21.00 percent and 44.23 percent respectively. Physical and Financial Progress of Mohmand Dam HPP is 51.20 percent and 65.81 percent respectively; however, revised PC-I of Mohmand HPP is under approval process.
- **Nai Gaj Dam Project:** This project aims to develop water storage of 0.160 MA, generate 4.2 MW electricity and develop the command area of about 28,800 acres in the district Dadu, Sindh. Project costing Rs. 47 billion remained under implementation with allocation of funds amounting Rs. 500 million. Physical and Financial Progress of Nai Gaj Dam project is 48.30 percent and 50.48 percent respectively.
- **Naulong Multipurpose Dam:** Project aims to store 0.199 MAF water, generate 4.4 MW and develop 47,000 CCA in the district of Jhal Magsi of Balochistan Province. Second revised PC-I amounting to Rs. 120,768.220 million has been prepared by WAPDA.

- **Chashma Right Bank Canal (Lift Cum Gravity Canal) Project:** To irrigate 286,100 acres of land in KP, the CRBC-L-G Canal was initiated at a total cost of Rs. 189,606.4 million with allocation of Rs. 100 million for FY2025-26.
- **Water Requirement for K-IV Project Improvement of Kalri Baghar Feeder and Keenjhar Lake – Plain Cement Concrete (PCC) Lining of Kalri Baghar Feeder Upper Phase-I:** To ensure the availability of water for the Greater Bulk Water Supply Project (K-IV) to Karachi City, the implementation of a project costing Rs. 39,942.6 million (with 50 percent PSDP Share of Rs. 19,971.3 million) remained satisfactory. An amount of Rs. 10.00 billion was allocated for FY2025-26.
- **Remodelling of Pat Feeder Canal System in Balochistan:** The project costing Rs. 61,793.4 million, aims to provide water to the province as per WAA 1991. Key objectives include enhancement of discharge capacity of canal upto 8,560 cusecs, command area development of 616,659 acres. An allocation of Rs. 1,875 million was made for FY2025-26.

12.3.2. Kachhi Canal Project

- **Kachhi Canal Project (Remaining Works, Phase-)** at the district Dera Bugti in Balochistan is near to completion, after which, the irrigated command area of the canal will increase from 72,000 acres to 1,02,000 acres. An amount of Rs. 100 million is allocated for the project for FY2025-26.
- **Kachhi Canal Project- Restoration of Flood Damages 2022 (RD 0+000 to RD 1005+000)** is aimed at restoration of irrigation supply to Dera Bugti which was affected due to the damages caused to the canal by 2022 floods. In FY2025-26, an amount of Rs. 698.1 million was allocated for the project. Project's Physical Progress is 59.98 percent and Financial Progress is 31.58 percent.

12.3.3. Installation of Telemetry System for real Time Discharge Monitoring at 27 key Sites on Indus Basin Irrigation System (IBIS) Revised PC-I:

The project is based on the state-of-the-art design of real time flow measurement system and installation, testing and commissioning on 27 key locations/barrages (including off-taking canals) of Indus Basin Irrigation System. Project remained one of the core projects. Project attained adequate progress with total physical progress 59.28 percent and financial progress 71.10 percent.

12.3.4. Phase-I of the Updated National Flood Protection Plan-IV (NFPP-IV) (2023-33) is the Flood Protection Sector Project-III (FPSP-III) was included in PSDP 2025-26 with total allocation of Rs. 200 million.

12.4. Programme For FY2026-27

12.4.1. Outlook 2026-27

The water sector outlook for FY2026-27 focuses on achieving water security through sustainable Integrated Water Resources Management (IWRM) and Charter of Water. The strategy is aligned with the National Water Policy (2018), URAAN Pakistan, 13th Five-Year Plan and SDGs. Key priorities include expansion of water storage infrastructure; modernization of irrigation systems; strengthening flood protection and disaster management; sustainable groundwater management; and digital transformation of water monitoring systems.

The plan FY2026–27 will also focus on achieving measurable improvements against key national indicators including increasing farmgate water availability (from 63.5 to 84.2 MAF), enhancing storage capacity (from 13.5 to 23.5 MAF), improving water-use efficiency (from 40 percent to 70 percent), expanding flood protection coverage, enabling real-time monitoring of major canals, and stabilizing groundwater extraction in critical areas. Climate resilience will be a central theme, with investments directed towards flood mitigation, watershed management, and nature-based solutions; besides, groundwater governance through regulatory reforms and monitoring systems.

12.4.2. Key Targets of FY2026-27

Type	Item Name	Key Objectives/ Considerations	Current Status	Target 2026-27	Responsibility
Policies	Strategic Review of National Water Policy	Alignment of National Water Policy with: URAAN Pakistan 13th Five Year Plan, 4RF. Rainwater Harvesting Provisions in Pakistan Building Code. Integration of research institutes with industry and public sector. Incorporation of emerging concepts for climate resilience and sustainable water	Consultation for review and revision of National Water Policy has been started	Revised National Water Policy 2026-2040	MoWR, Provincial Irrigation Department, P&D Boards, Facilitation by development partners

Type	Item Name	Key Objectives/ Considerations	Current Status	Target 2026-27	Responsibility
		development i.e. Nature Based Solution, concept of water sensitive cities and circular cities in big cities. Inclusion of financial models for implementation of Policy, for example, Climate Financing, Public Private Partnership, Blended Financial Framework. To make National Water Policy gender inclusive and ensure accessibility to adequate potable water for women, children and marginalized communities.			
Projects	Water Sector Infrastructure Development Projects	To contribute targets of URAAN Pakistan Water Availability at Farmgate will enhance from 63.5 MAF to 84.2 MAF Water Storage Capacity will enhance from 13.5 MAF to 23.5 MAF Water Use Efficiency will enhance from 40% to 70%	34 projects are under implementation	Expeditious implementation of water sector Projects, Completion of 08 projects including Kachi Canal RW and Medium/ Small Dams in Balochistan	MoWR WAPDA Provincial Irrigation Depts.
	Diamer Basha Dam Project	Enhance water storage capacity of the country by addition of 6.4 MAF and hydropower	Physical Progress: 21.00% Financial Progress 44.23%.	20% increase in Physical and Financial Progress	MoWR WAPDA

Type	Item Name	Key Objectives/ Considerations	Current Status	Target 2026-27	Responsibility
		generation of 4500MW.			
	Mohmand Dam Hydropower Project	Enhance water storage capacity of the country by addition of 0.676 MAF and hydropower generation of 800MW	Physical Progress: 51.20% Financial Progress: 65.81%	20% increase in Physical and Financial Progress	MoWR WAPDA
	Nai Gaj Dam Project	Water Storage Capacity: 0.160 MAF, Hydropower generation: 4.2 MW Command Area Development: 28,800 acres in the district Dadu Sindh.	Physical Progress: 48.30% Financial Progress: 50.48%.	20% increase in Physical and Financial Progress of project	MoWR WAPDA
	Naulong Multi-purpose Dam Project	Hydropower Generation: 4.4 MW Live Storage: 0.199 MAF CCA: 47,000 Acres	PRF Agreement has been signed b/w ADB and EAD signed. Review of FS is under process	10% increase in Physical and Financial Progress of project	MoWR WAPDA
	Water Requirement for K-IV Project Improvement of Kalri Baghar Feeder and Keenjhar Lake – Plain Cement Concrete (PCC) Lining of Kalri Baghar Feeder Upper Phase-I	Lining of Canal to save 5000 cusec water to ensure the availability of water for the Greater Bulk Water Supply Project (K-IV) to Karachi City,	Physical Progress: 75% Financial Progress: 68% (100% PSDP share has been released in 2025-26)	20 % increase in Physical and Financial Progress of project	MoWR Irrigation Department Govt. of Sindh

	Remodeling of Pat Feeder Canal System in Balochistan	Enhancement of discharge capacity of canal upto: 8,560 Cusecs, Command Area: Development of 616,659 Acres	Physical Progress: 5.5% Financial Progress: 16.18	20 % increase in Physical and Financial Progress of project	MoWR Irrigation Dept. Govt of Balochistan
	Construction of Chashma Right Bank Canal (Lift-Cum-Gravity) Project	Command Area Development of 295,774 Acres through supply of 2,557 cusec water	Contract agreement with Individual Consultants / IPoE for design Review signed on 2.01.2026.	10 % increase in Physical and Financial Progress of project	MoWR WAPDA
	Installation of Telemetry System for Real Time Discharge Monitoring at 27 key sites on Indus Basin Irrigation System (IBIS)	The project is based on the state-of-the-art design of real time flow measurement system and installation, testing and commissioning on 27 key locations/barrages (including off-taking canals) of Indus Basin Irrigation System.	Physical progress: 59.28% Financial progress 71.10%	25 % increase in Physical and Financial Progress of project	MoWR IRSA WAPDA
Programs	National Flood Protection Plan -IV	Flood protection of climate vulnerable area of the country	Phase-I of NFPP-IV": Umbrella PC-I of Flood Protection Sector Project-III amounting Rs. 194.625 billion has been approved. One sub-project has also been approved.	Exploring foreign funding through EAD.	MoWR Federal Flood Commission WAPDA Provincial Irrigation Depts

12.5. Financial Outlay FY2026-27

An amount of Rs. 74.920 billion has been allocated to the water resources sector for PSDP 2026-27. Out of the total water sector's allocation, Rs. 36.920 billion is allocated for Large Dams (Di Amer Basha, Mangla Raising and Mohmand Dam), Rs. 12.148 billion for Medium/Small Dam Projects, Rs. 10.000 billion for Greater Karachi Bulk Water Supply, Rs. 5.640 billion for Canals and Irrigation Infrastructure Improvement, Rs. 5.055 billion for Installation of Telemetry System at 27 Sites of Indus Basin, Rs. 4.500 billion for Flood Protection Projects, Rs. 657 million for feasibility studies and misc. projects.

Table 12.2: Sector wise Allocations

(Rs. Billion)

S.No.	Projects	Allocation
1.	Large Dams (Basha, Mangla Raising and Mohmand)	36.920
2.	Medium/Small Dams	12.148
3.	Canals and Irrigation Infrastructure Improvement & Water Supply	15.640
4.	Installation of Telemetry System at 27 Sites of Indus Basin	5.055
5.	Flood Protection Projects	4.500
6.	Feasibility Studies & Misc. Projects	0.657
	Total Water Sector Allocation for FY 2026-27	74.920

12.5.1. Other/New Projects

Following projects are under scrutiny for approval process.

- **Kachhi Canal Phase-II RD 1322+000 to RD 1512+000:** Project amounting Rs.69,991.55 million aims to supply water for drinking and cultivation of CCA of 267,000 acres of land in Districts Dera Bugti and Naseerabad Balochistan.
- **Burj Aziz Dam Project:** Project amounting Rs. 68,945.930 million aims to supply 21 MGD water to Quetta City, Balochistan.
- **Chiniot Dam Project:** Project amounting Rs. 298,781.843 million aims to store 1.0 MAF flood water and supply 4 m³/Sec of water for Faisalabad city.
- **Rehabilitation and Improvement of Left Bank Outfall Drainage (LBOD) System:** Project amounting Rs. 194,856.738 million aims to rehabilitate existing drainage system and construct new drainage system for the left-over areas resulting in reduced salinity and waterlogging in the area.
- **Improvement of High Frequency Radios Network of Water Resources Management Directorate (WRMD):** Project amounting Rs. 443.610 million aims to enhance the trustworthiness of the hourly data, hence strengthening the comprehension of the Upper Indus Basin (UIB), flow forecasting and timely issuance of flood warnings.

13. SUSTAINABLE TRANSPORT AND COMMUNICATION INFRASTRUCTURE

13.1. Introduction

Transport infrastructure promotes economic growth, regional connectivity, urban and rural development, tourism, efficient logistics, supply chains, and resilience against natural disasters. Development of transport infrastructure for regional connectivity remains a key priority of the Government. Transport-related infrastructure development can contribute to economic growth in multiple ways. It helps to generate employment opportunities, increases industrial productivity, improves the cost-effectiveness of businesses, and provides access to various public services for citizens engaged in socio-economic activities.

The Government of Pakistan has been investing in this sector with the aim of developing a modern and well-integrated transportation and communication system. The share of the transport sector under the Federal development Portfolio / PSDP is around 31 percent based on the CFY (2025-26) stats. To capitalize on Pakistan's strategic geographical location, regional connectivity projects are being pursued under the China-Pakistan Economic Corridor (CPEC) framework as well as through various multilateral and bilateral initiatives.

13.2. Sectoral Policy Framework

13.2.1 Key Policy Instruments

The sector is governed by the National Transport Policy 2018, which provides policy initiatives, steps and strategy for the development of transport Sector till 2030. The NTP 2018 was developed under Vision 2025. Subsequently URAAN Pakistan framework and 13th Five Year Plan (2024-29) sets targets for the development of the sector as well.

13.2.2. Policy Alignment

Transport Sector mainly comprises of four sub sectors including road, railways, maritime and aviation infrastructure. Sub - Sectoral programmes are fully aligned with URAAN Pakistan and the 13th Five-Year Plan. The projects implemented in the FY2025-26 are prioritized based on their alignment with the Policy and URAAN Pakistan framework and priority areas identified. The implementation matrix – targets set for the plan period as per the 13th Five Year Plan are as under:

Priority Areas	Targets For 13 th FYP period	Key Interventions
Railways	Completion by 2029-30	• Upgradation of ML-1 (Karachi – Rohri Section), • Const. of Thar Coal Rail Link • Rehab. of ML-3 and Const. of ML-4
Road	Completion by 2029-2030	• Sukkur Hyderabad Motorway (M-6) • Concs. of M-9/10 (Karachi Hyderabad) Motorway • Completion of M-8 missing links (Hoshab to Awaran and Awaran to Naal) • Dualization of N-25 Karachi – Quetta – Chamman (Pakistan Expressway) • KPEC (Peshawar Torkham Motorway)
Maritime / Ports	Completion by 2029-30	• Modernization and Upgradation of Gaddani Ship Breaking • East Bay Expressway Phase II • Land Acquisition for Industrial Zone in Gwadar • F/S for new shipyard near Gwadar
Air Transport & Airports	Completion by 2029	• Flight procedures updation for Northern area airports • Expansion of Terminal building of Lahore Airport • Reconstruction of Main Runway at Karachi Airport • Installation of E-gates at major Airports • Upgradation of Skardu Airport (5years) • Feasibility for new airport at DI Khan

13.2.3. Policy Gaps / Reforms Needed

Key challenges include development of Integrated Transport Master plan and efficient deployment of financial resources within each Sub Sector. Further Covid-19, floods, earthquakes and water terrorism have hit the transport Infrastructure in last 3-4 years by damaging the road and rail infrastructure. More recently, the war situation in Middle east and rising prices of the fuels is also impacting the pace of the key Transport projects.

Another major challenge is the disbalance, lack of coordination and Competitiveness in modes of transport as no single Ministry of Transport. To fill the gap, M/o PD&SI is making efforts for development of the integrated master plan for the sector by coordinating with all the line ministries / departments. The efforts for easing out the funding gap through PSDP and shifting the mode of financing to PPP is the need of the time and efforts are being made with the help of IFIs to secure PPP financing for major projects.

13.3. Review of FY2025-26

The Sustainable Development Goal (SDG) 9 aims at building resilient infrastructure, promoting sustainable industrialization, and fostering innovation. To achieve these objectives, the Federal Government, under the Public Sector Development Programme (PSDP) 2025–26, has allocated an outlay of Rs. 325.6 billion for the Federal Programme under the Transport and Communications (T&C) sector. However, a cut of Rs. 172.84 billion on PSDP 2025-26 (revised down to Rs. 837 billion) was made in connection with austerity measures to absorb impact of prevailing economic/ energy shocks. Accordingly, the sector allocation was also reduced to Rs. 270.6 billion. The Sub sector-wise distribution of funds within the subsectors is as follows.

13.3.1 Railway Sector (Railways Division / PR)

Against an allocation of Rs. 22.4 billion for 33 Railway schemes, an expenditure of Rs. 18.5 billion was incurred during 2025-26, reflecting a utilization of 82.5 percent.

13.3.2 Maritime / Ports & Shipping Sector (Maritime Affairs Division)

Against an allocation of Rs. 3.5 billion for 06 schemes under the Transportation & Communication sector of the Ministry of Maritime Affairs, an expenditure of Rs. 1.7 billion is projected by 2025-26, reflecting a utilization of approximately 48.5 percent.

13.3.3. Defense Production Sector (Defence Production Division)

Against an allocation of Rs. 1.8 billion for 02 schemes, an expenditure of Rs. 0.8 billion is expected to be incurred on the infrastructure upgradation projects of Karachi Shipyard & Engineering Works (KS&EW).

13.3.4 Aviation Sector (Ex-Aviation Division / Now under Defence Division)

Against an allocation of Rs. 4.0 billion for 01 scheme, an expenditure of Rs. 4.0 billion is expected on the project for the completion of New Gwadar International Airport (Pakistani side components).

13.3.5 Road Sector

Federal Road Sector (under Ministry of Communications)

National Highway Authority (NHA) – Against an allocation of Rs. 226.9 billion for 71 schemes, an expenditure of Rs. 184.9 billion has been incurred for the completion of ongoing works on various National and Regional Road projects under the Federal Government. During the year, funds were primarily utilized to expedite slow- moving and ongoing projects, with particular focus on Gwadar connectivity and regional road links, as well as projects nearing completion. As well as most importantly the project of N-25 (Pakistan Expressway) was approved and initiated with an allocation of Rs. 100 billion. The highest priority project of M-6 (Sukkur Hyderabad) Motorway was also approved on Hybrid financing (loan and PPP) at the cost of Rs. 363.7 billion and funding for two sections has been secured from IsDB.

Provincial Road Infrastructure Provinces and Special Areas

An allocation of Rs. 65.8 billion were made for completion of 55 ongoing works under various provincial road projects, either fully or co-financed by the Federal Government. In order to support the provinces and promote equitable development in South Punjab, South Balochistan, and the northern areas, several projects with Federal funding were initiated and subsequently revised during FY2025-26.

During the Plan Period (2025-26), in Transport Sector, the M/o PD&SI published a very comprehensive detailed report on the “Blue Economy” and “Multimodal Connectivity with trade Corridors”. Both reports were prepared following extensive stakeholder consultations and indigenous analytical efforts undertaken by the Infrastructure Wing of the Ministry of Planning Development & Special Initiatives (MoPD&SI). The reports provide a practical roadmap for harnessing the economic potential of Pakistan’s maritime resources and strategic regional location.

Following infrastructure projects constitute priority initiatives of the Federal Government, and progress on these projects is reviewed regularly by a Steering Committee chaired by the Prime Minister of Pakistan. These projects remained under focus during the Period 2025-26:

- Sukkur-Hyderabad Motorway, M-6
- Dualization of N-25 Karachi to Chamman
- Hoshab-Awaran and Awaran Naal - M-8
- KKH (Realignment of sections due to submersion under Diamer-Bhasha Dam)
- Lowari Tunnel Electrification and Mechanical Works
- Thar Coal Rail Connectivity
- Sambrial Kharian Motorway Link
- Upgradation of ML-1 (Karachi Rohri Section)
- Upgradation of ML-3 (Rohri Taftan Section)

13.4. Programme for FY2026-27

13.4.1. Outlook 2026-27

To meet with the targets set under the Policy and URAAN Pakistan framework, the Federal Government through PSDP has made an allocation of Rs. 364.60 billion for the development programme of the transport infrastructure sector to fund the Priority initiatives and major Infrastructure projects.

(Rs. Billion)

Sub Sector /Division / Authority	No. of Projects (2025-26)	Allocation (2025-26) I/c F. Aid	No. of projects (2026-27)	Proposed Allocation (2026-27)*
Air transport				
Defence Division/ Aviation	1	4.00	1	3.55
Road Transport				
Communications Division (other than NHA i/c CTTI & NH&MP & NTRC)	3	0.12	2	0.21
National Highway Authority	71	226.98	69	224.50
Provinces and Special Areas	55	65.83	73	93.00
Defence Production				
Defence Production Division	2	1.78	2	1.00
Sea Transport				
Maritime Affairs Division	6	3.46	4	1.70
Rail transport				
Railways Division	33	22.41	33	40.65
Total		325.00		364.60

**As per NEC working paper dated 10-06-2026*

13.4.2. Key Task / initiatives / assignment for FY2026-27

The following major activities will be carried out, which include:

- Revamping and reforming the Pakistan Railways
- Implementation of recommendations contained in the recently issued Blue Economy Report by MoPD&SI.
- Resolution of Issues for fast-track implementation of the PPP / BoT projects of NHA.
- Projects for Reko Diq Connectivity with Ports of Pakistan and implementation of the thar coal rail link project will be expedited.
- Initiation of the KKH Thakot–Raikot Project under CPEC financing arrangements.
- Completion of the Rathoa Haryam Bridge Project in AJK.
- Fast track processing and implementation of the PM priority Projects.

14. SUSTAINABLE URBAN DEVELOPMENT AND HOUSING

14.1 Introduction

The sustainable urban development and housing sector is a cornerstone of national development framework. It encompasses land-use planning, affordable housing, urban infrastructure (water supply, sanitation, solid waste management), and institutional capacity building for development authorities and local governments. The sector directly supports the construction along with allied industries, which contributes approximately 2.8-3.0 percent to GDP and employs over 8 million people (direct and indirect). Urbanization is a defining trend in Pakistan. The country has one of the highest urbanization rates in South Asia; nearly half the population is projected to live in urban areas by 2035. Urban centers already generate around 55 percent of national GDP.

Aligned with URAAN Pakistan and 13th Five Year Plan, the sector promotes affordable housing, climate-resilient planning and green infrastructure, energy-efficient buildings, and the use of digital tools for master planning and GIS-based land management. It ensures balanced regional development, reduces urban sprawl, and aligns spatial planning with economic corridors such as CPEC.

14.2 Sectoral Policy Framework

14.2.1 Key Policy Instruments

The sector is governed by the National Housing Policy 2025, provides regulatory incentives for banks, including subsidized financing windows, risk-sharing mechanisms, mortgage refinance schemes, and targets for low- and middle-income housing loans, thereby improving access to affordable housing finance and complementing the National Housing Policy's focus on rental models, PPPs, and innovative financing. Additional instruments include provincial housing and urban development policies, building codes, zoning regulations, and environmental impact assessments. Institutional arrangements involve M/o PD&SI, M/o Housing and Works, M/o Climate Change, provincial Physical Planning & Housing/Urban Development Departments, Urban Units, and Development Authorities (LDA, CDA, KDA). PSDP and provincial ADP allocations fund programmes, while the Pakistan Urban and Regional Planning & Policy Centre supports research and innovation.

A high-level committee constituted on the Prime Minister's directive has recommended 12 priority actions to regulate the conversion of agricultural land to housing societies. These include protecting high-value agricultural and peri-urban lands; introducing transfer of development rights; preparing statutory land-use maps and master plans, promoting vertical and mixed-use redevelopment, land pooling, transit-oriented development, urban transport plans, strengthened rural land-use planning, and the

establishment of provincial urban units for coordinated and sustainable urban growth. The National Asset Monetization Plan (NAMP) further advances commercialization of underutilized government assets through PPPs, long-term leases, and transparent auctions in coordination with P3A and provinces.

14.2.2 Policy Alignment

Sectoral programmes are fully aligned with URAAN Pakistan and 13th Five-Year Plan. Affordable housing, supported by the State Bank of Pakistan's Housing Finance Policy (which provides subsidized financing windows, risk-sharing mechanisms, and mortgage refinance schemes for low- and middle-income groups), directly supports the Equity pillar by improving access to finance and reducing the housing deficit. Climate-resilient planning and green infrastructure align with the Environment pillar; energy-efficient building standards contribute to the Energy pillar; digital planning tools and GIS-based master planning advance E-Pakistan; and corridor-aligned spatial planning supports the Exports and Infrastructure goals. Annual Plan 2025-26 and PSDP targets remain fully synchronized with 13th FYP objectives for managed urbanization, accelerated housing supply, and regional equalization.

14.2.3 Policy Gaps / Reforms Needed

Key challenges include outdated master plans in major cities, weak enforcement of land-use regulations, persistently limited access to housing finance (mortgage-to-GDP ratio below 0.5 percent), fragmented coordination among federal, provincial, and local tiers, and insufficient integration of climate adaptation measures into planning processes. Rapid and largely unplanned growth has created a housing deficit exceeding 10 million units, with an annual requirement of 700,000 new units; besides, proliferation of informal settlements, environmental degradation, inadequate urban services, and spatial inequalities further add to the challenges.

14.3 Review of FY2025-26

The Public Sector Development Programme (PSDP) allocation was Rs. 61 billion for implementing sectoral programs and projects. In addition, provincial governments made substantial contributions, with Punjab allocating Rs. 165 billion, Khyber Pakhtunkhwa Rs. 23 billion, Sindh Rs. 117 billion and Balochistan Rs. 31 billion. These allocations were directed toward critical areas such as housing development, urban infrastructure enhancement, water supply systems, sanitation networks, and the construction of government office accommodations. It is estimated that over 73 percent of allocated federal PSDP funds equivalent to Rs. 45 billion were utilized by the end of the fiscal year, indicating strong performance and commitment towards addressing housing and infrastructure gaps.

The funds were utilized for a diverse range of initiatives aimed at improving urban livability and addressing housing shortages across the country. Major allocations were directed to ministries such as Interior, Housing & Works, Aviation Division, Cabinet Division, Defence Division, Establishment Division, Finance Division, Foreign Affairs

Division, Kashmir Affairs & Gilgit Baltistan Division, Law & Justice Division, Maritime Affairs Division, Narcotics Control Division, Planning Development & Special Initiatives Division (PD&SI), Religious Affairs & Interfaith Harmony Division, and Revenue Division.

To achieve sectoral targets, key sectoral projects were advanced/completed during FY2025-26 including:

- Greater Karachi Water Supply Scheme (K-IV Phase-I, 260 MGD)
- Karachi Water & Sewerage Services Improvement Project (KWSSIP) Phase-II
- Gravity Flow Water Supply Scheme, District Mansehra (SFD Assisted)
- Extension of Gravity Water Supply Scheme from Lawaghar and Chan Ghuz Dams
- Sewerage and Sanitary System for Gilgit City
- Greater Water Supply Hunza
- Water Supply and Sewerage Scheme Mirpur City and Hamlets
- Construction of Eastern and Expansion of Southern Sewerage Treatment Plants (Hyderabad Package)
- Expansion of Filter Plant and Water Supply Networks for Hyderabad City
- Construction of Three Sewage Treatment Plants and Related Sewerage System, Rawal Lake, Islamabad
- National Programme for Post-Flood Reconstruction: Climate Resilience Enhancement and Livelihood Diversification in Balochistan
- Flood Response Emergency Housing Project, Sindh (DREAMSI)
- Punjab Rural Sustainable Water Supply and Sanitation Project (PRSWSSP)
- Extension of Water Supply Resources in WASA Faisalabad
- Projects for WASA Lahore
- Construction of Wastewater Treatment Plant at Babu Sabu, Lahore
- Water Supply and Sanitation Schemes (Mansehra, Gilgit City, Havelian, Abbottabad, Multan, Hunza, Gwadar)
- Development of Ziarat town
- Rehabilitation of Old Town of Gwadar
- Pakistan Audit & Account Academy (PAAA) Islamabad
- Civil Armed Forces projects (barracks/offices) at various locations
- ASF and Intelligence Bureau offices nationwide
- Construction of New Balochistan Assembly at Quetta,
- AJK Legislative Assembly Complex
- Construction of Federal Election Academy (ECP) Sector H-11/4 Islamabad
- Punjab Inclusive Cities Programme (PICP)
- Special Development Initiative for Backward/Poor Districts (Rs.40 billion)
- Construction of Model Prison H-16 Islamabad
- Construction of additional family suites for Parliament members.

Strong advancement is visible in urban infrastructure, institutional capacity building, and climate-resilient projects, placing the sector on track for SDG 6, 9, and 11 contributions and long-term URAAN Environment & Equity goals.

14.4 Programme for FY2026-27

14.4.1 Outlook 2026-27

The sector's priorities for FY2026-27 focus on accelerating affordable and climate-resilient housing, modernizing urban planning through digital tools, and strengthening institutional coordination. Building on the policy instruments, the outlook emphasizes full implementation of the National Housing Policy 2025, with a focus on rental housing models, land pooling, and PPPs to bridge the supply gap.

Expected developments include scaling up affordable housing schemes in collaboration with provinces, with emphasis on secondary cities to manage urbanization pressure. Strategic direction links directly to URAAN Pakistan, where green building standards will support Environment and Energy pillars; GIS-enabled master planning and e-governance platforms will advance E-Pakistan; and equitable access to serviced land will promote Equity. Key initiatives include expansion of water supply and sanitation coverage in underserved areas, and capacity building of executing agencies. Private-sector engagement will be incentivized via streamlined regulatory approvals and viability gap funding.

14.4.2 Key Targets

Key targets for FY2026-27, aligned with URAAN Pakistan and 13th Five Year Plan sectoral goals and are outlined below:

Table 14.1: Key Targets for 2026-27

	Item Name	Key Objectives	Targets 2026-27	Responsibility
Policies	National Housing Policy 2025 Implementation	PPPs, rental models, land pooling, innovative financing	Full rollout + monitoring framework established	M/o Housing and Works + Provinces
Policies	Agricultural Land Conversion Regulatory Framework	Protect food security, promote vertical housing	Committee recommendations fully implemented	M/o IPC + Provincial Govts.
Policies	GIS-based Digital Master Plans	Mandatory planning for cities >0.5M population	10 major cities completed	Provincial Government

	Item Name	Key Objectives	Targets 2026-27	Responsibility
Projects	Urban Water Supply & Sanitation Expansion Projects	Increase coverage in underserved areas	+5% water supply, +4% sanitation coverage	Respective Ministries + Provincial Depts.
Projects	Key Institutional Infrastructure Projects	Complete government buildings & facilities	Audit House Lahore, Federal Audit Complex, Balochistan Assembly, AJK Assembly completed	Respective Ministries + Provincial Depts.
Initiative/ programme	National Asset Monetization Plan (Urban Assets)	Monetize underutilized assets via PPPs	5 major urban assets successfully monetized	Respective Ministries + Provincial Depts+ P3A
Initiative/ programme	Climate-Resilient Urban Guidelines & Capacity Building	Green infrastructure & Urban Unit strengthening	Guidelines approved	Respective Ministries + Provincial Depts.
Initiative/ programme	Affordable & Climate-Resilient Housing Units	Reduce housing deficit	150,000 units (federal + provincial)	M/o Housing and Works + Provincial Govts., P3A

15. CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC)

15.1. Introduction

The China–Pakistan Economic Corridor (CPEC), launched in 2013, has emerged as a flagship initiative of strategic significance, regional connectivity, fostering economic growth and socio-economic development while reinforcing the enduring partnership between Pakistan and China. Over the past decade, CPEC has transitioned from a vision of connectivity into a comprehensive development framework, delivering tangible progress across key sectors and contributing to Pakistan’s economic transformation.

15.2. Performance Review of FY2025-26

15.2.1. Long-Term Plan

On the Long-Term Plan, the 14th JCC formally agreed to review the CPEC Long-Term Plan (2017–30) in light of the MoU on alignment of the CPEC five corridors with URAAN Pakistan and the action plan to foster an even closer China-Pakistan community with a shared future in the new era (2025–2029), signed in September 2025. The 14th JCC further directed adoption of the action plan as the guiding document for CPEC 2.0, and an action matrix has been prepared and shared with line ministries and divisions. Inter-agency consultations on the revised LTP are under way.

15.2.2. Socio-Economic Development

About 15 out of 17 approved projects successfully completed, while two remaining projects are at advanced stages of execution and expected to be finalized. Furthermore, seven new development initiatives were proposed under the third batch and submitted to the China International Development Cooperation Agency for consideration and approval. These projects include provision of modern agricultural machinery and equipment for agro-mechanization, supply of fiberglass fishing boats to coastal communities, construction of a fish landing jetty at Gwadar to strengthen the fisheries value chain, establishment of integrated cold-chain systems for horticulture and perishable products, and other livelihood-oriented interventions aimed at enhancing local productivity, food security, employment generation, and export potential in underserved regions.

15.2.3. Energy Sector

During the year, efficiency improvement measures were undertaken in the power sector to enhance operational performance, improve grid stability, and optimize utilization of existing generation and transmission infrastructure. Stakeholder consultations were also conducted to address issues related to bulk electricity supply for Special Economic Zones (SEZs), aimed at facilitating industrialization and investment under CPEC 2.0. A major achievement of the sector remained the continued utilization

of indigenous Thar coal resources, which contributed towards reducing dependence on imported fuels, strengthening energy security, conserving foreign exchange reserves, and ensuring reliable base-load electricity supply for industrial and domestic consumers.

15.2.4. Transport Infrastructure and Gwadar

The upgradation of the Main Line-1 (ML-1) railway project, spanning approximately 1,872 KM from Karachi to Peshawar, remained a strategic priority under bilateral cooperation. During the reporting period, third-party financing (ADB and AIIB) discussions advanced for the Karachi–Rohri section, while detailed financing and implementation proposals were developed for the remaining sections up to Peshawar in close coordination with the Chinese side. Once completed, ML-1 is expected to substantially enhance Pakistan Railways’ operational efficiency by increasing train speeds from 65–105 km/h to nearly 160 km/h, improving freight handling capacity, reducing transit times, and strengthening north-south economic connectivity across the country.

Significant headway was also achieved on the Karakoram Highway (KKH-Phase-II) Realignment Project under the G2G cooperation framework. Both sides operationalized a phased implementation strategy and reached broad consensus on an 85:15 ration financing arrangement.

In Gwadar, the operationalization and consolidation of strategic infrastructure projects continued to gain momentum. The East Bay Expressway, a 19-kilometer six-lane corridor connecting Gwadar Port with the Makran Coastal Highway, continued to improve port accessibility, reduce cargo transit time, and enhance logistics efficiency for commercial and port-related traffic. Further progress was also achieved on Phase-II initiatives aimed at connecting Gwadar Port with the New Gwadar International Airport, including discussions on grant financing modalities and finalization of the draft Framework Agreement to strengthen integrated sea–air connectivity among Gwadar Port, Gwadar Free Zones, and the airport.

Gwadar Port and the Free Zones further progressed toward operational maturity through improved infrastructure provision, enhanced utilities connectivity, investor-friendly fiscal incentives, and continued policy facilitation measures by the Government of Pakistan. Increased focus was placed on attracting industrial relocation, export-oriented manufacturing, warehousing, fisheries processing, and logistics-related investments in Gwadar Free Zone. Parallel progress was also achieved on multiple road infrastructure projects, including strategic expressways and motorways, through the mechanisms of the Joint Working Group (JWG) on Transport Infrastructure and the Joint Technical Working Group (JTWG), reinforcing Pakistan’s long-term objective of developing an integrated multimodal transport and logistics network under CPEC.

Mining cooperation also emerged as a major new pillar of CPEC 2.0, reflecting the shared commitment of Pakistan and China to unlock Pakistan's vast untapped mineral potential through enhanced bilateral collaboration, technology transfer, industrial cooperation, and investment partnerships. During the reporting period, both sides agreed to undertake a joint feasibility study for the proposed Mining Corridor connecting Nokundi with Gwadar Port. The proposed initiative is expected to substantially reduce transportation costs, improve supply-chain efficiency, and facilitate large-scale movement of copper, gold, rare earth elements, chromite, and other strategic minerals. The corridor would also complement ongoing developments in the Reko Diq and other mining regions, while laying the foundation for transforming Balochistan into a major mining, processing, and export-oriented economic hub.

15.2.5. Industrial Cooperation

The year 2025-2026 witnessed significant progress in industrial cooperation under CPEC, with continuous development of Special Economic Zones (SEZs), expeditious provision of basic utilities especially electricity. The 8th JWG Meeting on Industrial Cooperation was successfully held on August 8, 2025, which reviewed and affirmed progress in this sector. Phase I of Rashakai SEZ has been successfully operationalized, while development works at Allama Iqbal Industrial City (AIIIC) and Bostan SEZ are advancing steadily, with approximately 30 industrial plots allotted to domestic and international investors at AIIIC and 17 enterprises registered at Bostan SEZ. Dhabeji SEZ continued to make progress on key enabling infrastructure including natural gas, electricity, and water supply. In the mining sector, a sub-Mining Working Group was established under the JWG on Industrial Cooperation, with the Siah Diq Copper Mine identified as an early harvest project, and China Minmetals Corporation initiated work on a feasibility study for a non-ferrous metals industrial park in Pakistan.

15.2.6. Information Technology

Pakistan China IT cooperation witnessed significant institutional progress. A defining milestone was the signing of two Memoranda of Understanding on 4th September 2025; (i) jointly building the China-SCO (Pakistan) Artificial Intelligence Application Cooperation Center, and (ii) enhancing AI cooperation between the Ministry of Planning Development & Special Initiatives and China's National Development and Reform Commission. Technical Working Groups were established comprising representatives from the CPEC Secretariat and relevant ministries, with the National Centre of Artificial Intelligence (NCAI) assuming a leading implementation role. The ICT Cooperation Action Plan (2026-2030) was also finalized, establishing 6 Sub-Working Groups, 62 KPIs, and a US\$ 320 million investment framework with a 65:35 contribution ratio between China and Pakistan, while preparatory work was undertaken across digital infrastructure, cybersecurity, 5G readiness, and digital skills development.

15.2.7. Science & Technology

Pakistan-China STI cooperation witnessed significant progress across multiple dimensions. Two sub-centers under the Joint Laboratories framework became

operational, four joint research projects were approved under the open fund mechanism, and the China–Pakistan Joint Research Center on Earth Sciences conducted eight international seminars while establishing a hazard monitoring network at eight sites in northern Pakistan. In joint research, 101 proposals were placed under review and 707 met eligibility criteria across priority areas including climate change, agriculture, health, and artificial intelligence. Capacity building milestones included the development of 32 STEM modules, establishment of 31 STEM laboratories, and training of 200 teachers. The Talented Young Scientists Programme (TYSP) facilitated 402 Pakistani scientists for engagements in China, with 123 additional cases under process, while the first joint marine research cruise was successfully completed.

15.3. Outlook and Programs for FY2026-27

15.3.1. Long-Term Plan

Long Term Plan will be revised with incorporating new contours of CPEC 2.0 framework including five corridors (Growth, Innovation, Green, Livelihood and Openness/ Regional Connectivity). Cooperation areas under GDI and GCI in synergy with CPEC 2.0 will be presented for inclusion in the updated LTP and the CPEC 2.0 work plan, with focus on joint research, digital and space cooperation, and educational and vocational exchanges. Finally, both sides will work to strengthen the JWG mechanism by agreeing on a calendar of JWG meetings for 2026/2027, finalizing a standardized outcome-reporting template for submission to respective Conveners and the CPEC Secretariats.

15.3.2. Socio-Economic Development

Pakistani side will pursue an outcome-oriented agenda for the upcoming 4th SED JWG, the deliberations will focus on an implementation schedule with milestone dates for the lady health worker, houses and primary schools' projects. The agenda will also formally introduce cooperation under the Global Development Initiative (GDI), Global Civilization Initiative (GCI), and the South-South Cooperation Fund with UNDP, with both sides expected to present GDI/GCI-linked project proposals for the next SED batch.

15.3.3. Energy

Energy efficiency and conservation initiatives will be pursued to improve system performance, reduce losses, support demand-side management, and promote sustainable energy use across the power sector. The “Study for Identification and Ranking of Potential Sites for Pumped Storage Hydropower Projects (Water Batteries)” will be undertaken. This initiative will support energy storage, grid balancing, renewable energy integration, and long-term reliability of the power system. Stakeholder consultations will continue to resolve issues related to the provision of bulk electricity supply to Special Economic Zones, thereby supporting industrial development, investment facilitation, and socio-economic growth.

15.3.4. Industrial Cooperation

Industrial cooperation is expected to witness further momentum, particularly in the marketing and operationalization of the four priority SEZs; Rashakai, Allama Iqbal Industrial City, Dhabeji, and Bostan. Proactive efforts would be undertaken to engage domestic and international investors through roadshows, investor conferences, and bilateral outreach.

Key initiatives planned for the year include development of the dedicated Chinese industrial cluster at AIIC; joint feasibility consultations for Karachi Industrial Park (KIP) on Pakistan Steel Mills land spanning approximately 6,400 acres and of the Islamabad Model SEZ whereas advancement of Moqpondass SEZ in Gilgit-Baltistan will be stepped up, for which an MoU was signed with a Chinese company in September 2025 and a comprehensive feasibility study initiated. The commercial sales launch of Dhabeji SEZ is also expected in next year, which is anticipated to further accelerate investment mobilization.

15.3.5. Information Technology

Building on this strong institutional foundation, efforts will focus on rollout of digital infrastructure, launch of AI and innovation initiatives, operationalization of cybersecurity systems, regulatory finalization, 5G spectrum progress, and large-scale digital skills programs, aimed at delivering tangible outcomes in artificial intelligence and digital transformation. It is expected that year 2026–2027 will witness significant cooperation across a range of important areas, including:

- ICT Infrastructure Development — initiation of Phase-I fiber expansion targeting underserved regions and CPEC corridors, groundbreaking of national Tier-3 data center infrastructure, contributing toward long-term targets of 5,000+ km fiber deployment, and 60 percent migration of government workloads to cloud platforms.
- Cybersecurity — operationalization of sectoral Security Operations Centers (SOCs) in finance and telecommunications, contributing toward a 40 percent reduction in incident response time, Level-4 compliance maturity, and training of 500+ cybersecurity professionals.
- Policy and Regulation — drafting and consultation of national AI and data governance regulations, development of regulatory sandboxes, and alignment with long-term targets of enacting at least 5 major policies and launching 3 regulatory sandbox cohorts.
- Radio Spectrum Regulation — release of the Spectrum Roadmap 2030, completion of spectrum refarming, and preparatory steps for 5G auction, contributing toward release of 300 MHz spectrum and 30 percent population coverage for 5G.
- Human Resource Development — launch of the National Digital Skills Curriculum and enrollment of initial specialized cohorts, setting the stage for training of 100,000+ professionals, 35 percent female participation, and issuance of 50,000+ certifications.

- Technology Business Forum — facilitation of bilateral industry engagement, investment matchmaking, and joint ventures between Pakistani and Chinese technology enterprises to accelerate commercialization and private-sector participation.

15.3.6. Science and Technology

Building on this strong foundation, focus will be on operationalizing joint laboratories, scaling bilateral research collaboration, strengthening human resource development through STEM programs, and deepening cooperation in emerging domains such as artificial intelligence, marine sciences, and digital infrastructure anchored within the overarching framework of the Action Plan to Foster an Even Closer China–Pakistan Community with a Shared Future (2025–2029). To enhance cooperation in the field of Science & Technology, the following initiatives will be focused in Year 2026–2027:

- Operationalization of Joint Laboratories and Research Centers including sub-centers at UET Lahore, NED Karachi, and BUITEMS Quetta under the BRI Joint Lab on Smart Disaster Prevention, and advancement of civil works at the China–Pakistan Joint Research Center (CPJRC) on Earth Sciences at Quaid-e-Azam University, Islamabad, with installation of a Refined Early Warning and Forecast System for Mountain Disasters targeted by June 2027.
- Development of China–Pakistan Knowledge Corridor to strengthen academic and scientific linkages, facilitate joint research programs, and promote knowledge transfer between Chinese and Pakistani institutions through structured bilateral platforms.
- Expansion of Joint Research Collaboration funding of 10–15 joint research projects under the PSF–NSFC mechanism and bilateral Joint Research Programme in priority areas including green technologies, artificial intelligence, agriculture, health, and climate change.
- Capacity Building and Training for STEM Education to launch of a phased STEM teacher training framework, expansion of science education infrastructure to 50 schools nationwide, and establishment of a Center of Excellence for Engineering Capacity Building in partnership with Chinese institutions.
- Establishment of Mechanism/Expert Panel for Mutual Recognition and Accreditation of Professional Engineering Education for advancing the Mutual Recognition Agreement (MRA) for engineering qualifications, including development of digital platforms for registration and certification, and coordination with the Pakistan Engineering Council (PEC) and counterpart Chinese regulatory bodies.
- Scientific Mobility, Talent Exchange, and Scholarships for continued expansion of the Talented Young Scientists Programme (TYSP), which has facilitated over 402 Pakistani scientists in China, along with advancement of a proposed programme for 3,000 STEM scholarships in Chinese universities.
- Marine and Earth Sciences Cooperation for conducting joint research cruises in Pakistani waters, advancing the Ground Station for Marine Remote Sensing

(estimated cost: Rs. 4.1 billion), and enhancing capabilities in oceanographic research and environmental monitoring.

15.3.7. Infrastructure and Gwadar

KKH Realignment (Thakot–Raikot): With the phased Implementation Plan agreed by both sides and financing structured on an 85:15 basis between China and Pakistan, the priority in FY2026-27 will be the finalization of the Financing Agreement and initiation of procurement and physical works. Phase-IIA covering the relocation of KKH from Thor Nullah to Raikot (102 km) is expected to move toward groundbreaking, while Phase-IIB, comprising up-gradation of 139 km of existing KKH from Thakot to Dasu and Sazin to Thor Nullah, will advance under the G2G Framework Agreement.

Main Line-1 (ML-1): ML-1 upgradation will remain the strategic priority for railway modernization under CPEC 2.0 in FY2026-27. Third-party financing arrangements for the Karachi–Rohri section are under consideration by the Ministry of Railways. Simultaneously, Chinese financing for the Rohri onwards sections will be actively pursued, with a view to presenting a comprehensive financing plan at the Joint Working Group on Transport Infrastructure.

Mining and Mineral Corridor: The Mining and Mineral Corridor, to be established between Gwadar and Nokundi via Turbat, Buleda, Chedgi, and Mashkel is also a strategic project to benefit from the mineral wealth of Baluchistan and advance national development. For FY2026-27, Joint Feasibility Study of the corridor is under consideration with the Chinese side.

Joint Feasibility Studies: A Joint Technical Working Group (JTWG) has been constituted for the joint feasibility studies of the following four projects:

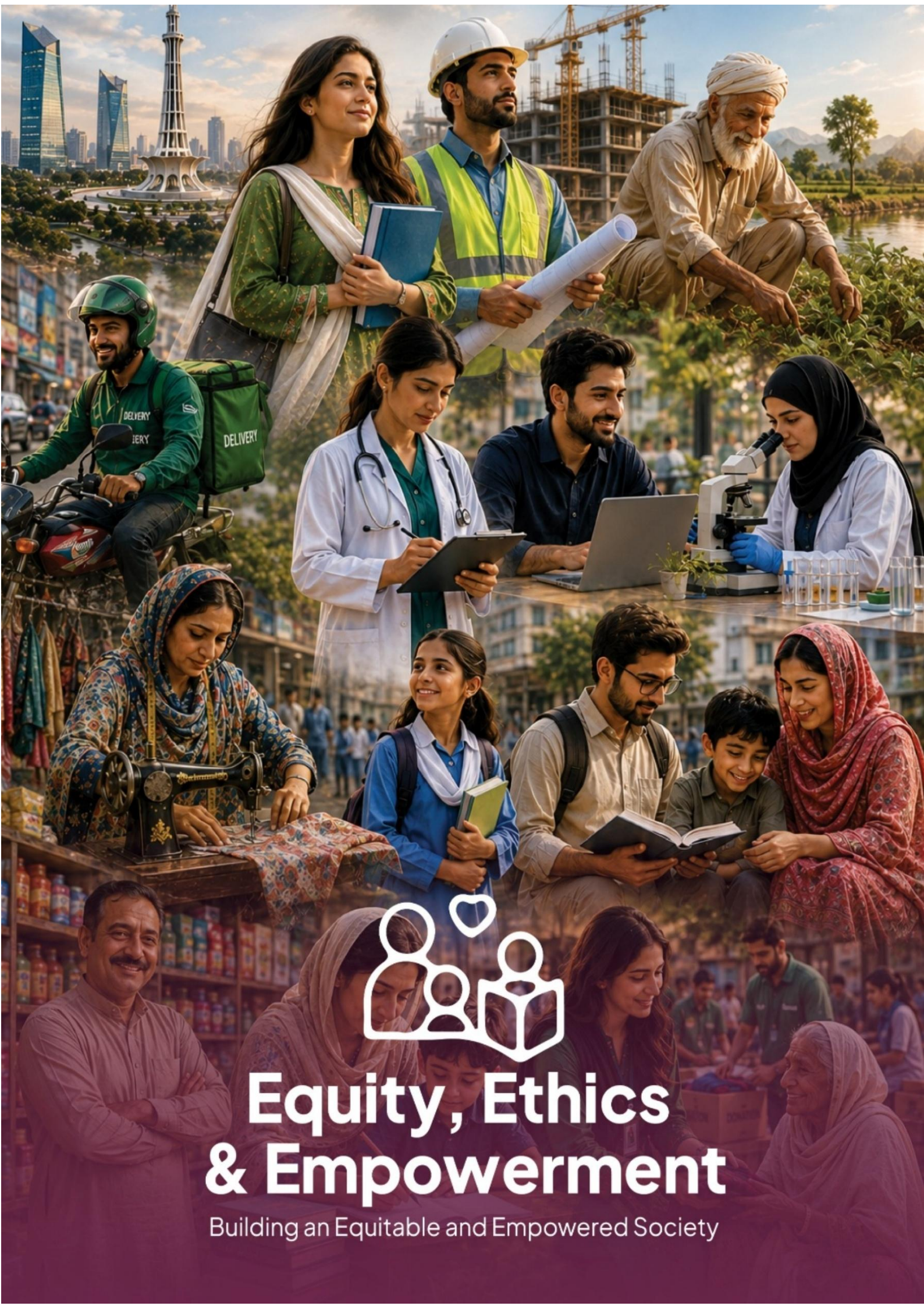
- D.I. Khan–Zhob section of (N-50) Road
- Mirpur–Mangla–Muzaffarabad Expressway
- M-10 Motorway
- Babusar Tunnel

In FY2026-27 it is expected to conduct joint feasibility studies with the Chinese side.

Eastbay Expressway: The Eastbay Expressway Phase-II will be a flagship initiative in FY2026-27, with early finalization of the Framework Agreement with the Chinese side being the immediate priority to enable project commencement. Once underway, Phase-II will strengthen connectivity between the New Gwadar International Airport, Gwadar Port, and the Makran Coastal Highway, enabling seamless sea–air logistics integration that is central to Gwadar's long-term commercial vision. In parallel, the Gwadar Safe City Project, and the 300 MW Gwadar Coal Power Plant are expected to achieve significant milestones during the year, collectively reinforcing Gwadar's infrastructure, security, and energy foundations and consolidating its position as an integrated sea–air trade and logistics gateway for the region.

Gwadar Port and Free Zone: In FY2026-27, Gwadar Port and Free Zones will be at the forefront of CPEC 2.0's operationalization agenda, with the emphasis firmly on commercialization, relocation of Chinese enterprises, investor attraction, and throughput generation. Building on the infrastructure foundation already in place grid electricity, desalination-based water supply, and functional road connectivity the Government's focus will be on translating this readiness into tangible economic activity. COPHC will continue to manage port and Free Zone operations, supported by the Government's fiscal incentives package encompassing tax exemptions under the Concession Agreement, withdrawal of minimum turnover tax, income tax exemptions, and facilitation for retention of 50 percent export proceeds in foreign currency. The overarching goal is the emergence of Gwadar Port as a premier maritime trade hub, enhancing transshipment activity, and integrating with regional shipping routes to capture trade flows between South Asia, Central Asia, the Middle East, and beyond.

New Gwadar International Airport (NGIA): The New Gwadar International Airport, handed over to the Pakistan Airports Authority following its inauguration in October 2024, will be a key focus of operationalization efforts in FY2026-27. The priority will be the commencement of domestic and international routes, deepening integration with port logistics, and implementation of the capacity building and training programme for airport management being extended by the Chinese side. These efforts will progressively position the airport as an active enabler of air cargo movement and multimodal connectivity for Gwadar.



Equity, Ethics & Empowerment

Building an Equitable and Empowered Society

16. PUNJAB

16.1 Introduction

The Annual Development Plan (ADP) of Punjab serves as a key instrument for translating development priorities into measurable outcomes. Within the framework of URAAN Pakistan, Punjab's development approach emphasizes inclusive growth, productivity enhancement, and sustainable service delivery. The proposed ADP 2026-27 reflects a continued shift towards human capital development, social protection, and productivity-led growth. The total development outlay is projected at Rs. 749 billion.

Social sectors remain the largest priority area, reinforcing investments in education, health, local government services, and social protection systems. Production sectors, including agriculture and industry, are strengthened to support export competitiveness and value addition, directly contributing to the "Exports" pillar of the URAAN Pakistan. Infrastructure allocations, though relatively rationalized compared to revised estimates, continue to support connectivity, urban development, and service delivery efficiency. The growing allocation for miscellaneous sectors shown as others in Table 16.1 reflects increased focus on environmental sustainability, climate resilience, governance modernization, and special development initiatives, directly aligned with the "Environment" and "E-Pakistan" pillars.

Table 16.1: Sectoral Allocation (2025-26)

Sector	Revised 2025-26 (Rs. Bn)
Social Sectors	464.6
Infrastructure Development	514.9
Production Sectors	148.5
Services Sectors	110.9
Others	65.4
Governance	84.8
Total	1,389.1

Punjab's development agenda remains aligned with the Sustainable Development Goals (SDGs). Though, gaps persist in gender, environmental sustainability, and service quality, which are being addressed through targeted ADP 2026-27 interventions.

16.2 Sectoral Policy Framework

The development strategy of Punjab is guided by a comprehensive policy architecture anchored in national priorities and provincial reform agendas, with strong convergence toward URAAN Pakistan and the 13th Five-Year Plan. The framework emphasizes inclusive growth, productivity enhancement, human capital development, and climate-resilient infrastructure through a combination of flagship programs, institutional reforms, and large-scale public investments.

16.2.1. Policy Instruments

In the education sector, key instruments include merit-based access, expansion and nutrition-linked schooling. The CM Punjab Laptop Programme (approx. Rs. 27 billion) and the Honhaar Scholarship Programme (approx. Rs. 15 billion annually) together form a major education support package aimed at strengthening digital inclusion and equitable access to higher education, respectively. In addition, the School Meal Programme (Rs. 7 billion) enhances retention and nutrition outcomes for primary school children in underserved districts.

The health sector policy framework is driven by a dual strategy of tertiary care expansion and primary healthcare strengthening. Major investments include the Nawaz Sharif Institute of Cancer Treatment and Research (Rs. 74.9 billion), Nawaz Sharif Institute of Cardiology, Sargodha (Rs. 8.6 billion) and Maryam Nawaz Health Clinics (Rs. 9.3 billion). These interventions collectively represent a multi-year health investment portfolio exceeding Rs. 90 billion, aimed at improving accessibility, specialization, and service quality.

In the agriculture sector, policy instruments focus on productivity enhancement, mechanization, and climate-smart farming. Key initiatives include the Green Tractor Programme (Rs. 5.5 billion), Kissan Card (Rs. 9.9 billion), Hi-Power Tractor Programme (Rs. 9.5 billion), and solarization of agricultural tubewells (Rs. 8.8 billion). Together, these programs represent a coordinated shift toward input affordability, energy efficiency, and farmer financial inclusion.

Urban and housing policy is driven by large-scale interventions such as the Apni Chhat Apna Ghar Programme (Rs. 150 billion) and municipal services up-gradation in rural areas under the CM Punjab Development Programme (Rs. 61.7 billion). These initiatives focus on affordable housing, service delivery expansion, and urban infrastructure modernization.

Cross-cutting governance and security instruments include the Smart Safe Cities Programme (Rs. 21.6 billion), reflecting integration of digital surveillance, law enforcement efficiency, and data-driven public safety systems.

16.2.2 Policy Alignment with URAAN Pakistan and 13th Five-Year Plan

Punjab's ADP 2026-27 demonstrates strong structural alignment with the framework of URAAN Pakistan, ensuring that fiscal priorities are translated into outcome-oriented development.

- **Equity & Empowerment:** The significant share of investment is directed toward social sectors, with emphasis on education scholarships, health coverage expansion, housing support, and social protection initiatives such as the Himmat Card and Social Security Ration Card. These interventions directly strengthen inclusive access to public services and income support systems.
- **Exports:** Agricultural transformation programs, livestock productivity enhancement, and industrial facilitation schemes are designed to improve value addition and export competitiveness. Mechanization programs, farm financing tools, and irrigation efficiency initiatives support productivity growth in tradable sectors.
- **E-Pakistan:** Digital governance is expanding through initiatives such as Smart Safe Cities, digital application systems for education and housing programs, and technology-enabled service delivery platforms. These reforms enhance transparency, efficiency, and citizen engagement.
- **Environment:** Climate resilience is addressed through forestry expansion, smog mitigation initiatives, clean energy interventions including solarization of households and tubewells, and water resource management programs. These interventions support sustainable development and environmental risk reduction.
- **Energy & Infrastructure:** Infrastructure remains a key enabler, supporting connectivity, logistics efficiency, and urban expansion despite rationalized allocations. It drives, albeit with a lag, inclusive growth by enhancing productivity and income generation. Meanwhile, clean energy transition is advancing through multiple solarization initiatives including the installation of over 70,000 solar systems under the CM Punjab Free Solar Panel Scheme for households.

The ADP is also broadly aligned with the 13th Five-Year Plan, particularly in its focus on human capital development, agricultural modernization, industrial competitiveness, digital transformation, and sustainable urbanization.

16.2.3 Policy Gaps / Reforms Needed

Despite notable progress, several challenges continue to constrain optimal outcomes. These include fragmentation of sectoral interventions, particularly in urban development, social protection, limited implementation capacity at district level and inadequate result-based monitoring systems. There is a need to enhance inter-departmental coordination, move from input-oriented to outcome-focused performance management, and maintain medium-term fiscal sustainability by carefully balancing equity and efficiency. The formulation of the Punjab Growth Strategy, aligned

with URAAN Pakistan is expected to address numerous institutional and coordination gaps.

16.3 Review of FY2025-26

FY2025-26 marked a significant expansion phase in Punjab's development portfolio, characterized by increased fiscal space, rapid scaling of flagship social sector initiatives, and a strong emphasis on citizen-centric service delivery. The revised ADP increased from Rs. 1,240 to Rs. 1,389.1 billion, reflecting enhanced prioritization of ongoing commitments and fast-track implementation of high-impact programs reflecting a transition from planning-intensive to implementation-intensive development, with visible progress across multiple sectors.

16.3.1 Brief on Previous Year's Performance (FY2025-26)

During FY2025-26, Punjab's development agenda focused on expanding access to education, healthcare, housing, agricultural support, and urban services through large-scale flagship initiatives. Strong performance was recorded in social sector and agricultural mechanization, contributing to human capital development and productivity goals. Education and health flagship programmes demonstrated high uptake and expanded service coverage. Housing and urban development initiatives received substantial public response. Infrastructure and transport schemes progressed according to implementation cycles. Governance and digital transformation advanced through surveillance systems and e-governance initiatives. Variations in the pace of implementation were mainly due to project scale and procurement timelines rather than structural deviations from targets. Overall, Punjab's development programme remained well aligned with the URAAN framework, particularly in the areas of Equity & Empowerment, Exports, and E-Pakistan, thereby providing a solid foundation for accelerated outcomes in FY2026-27.

Overall, FY2025-26 reflects a year of strong implementation momentum, particularly in high-priority citizen-facing programs, with a clear shift toward large-scale delivery systems and expanded coverage. Another milestone in ADP execution was achieved through improved financial management, including reduction in throw-forward and better prioritization of resources. As a result, ADP execution improved during FY2025-26, with enhanced funding of new schemes creating fiscal space and reducing backlog, while 1,315 ongoing schemes were completed.

16.3.2 Status Against Targets (FY2025-26)

The assessment of progress against the Annual Plan 2025-26, URAAN Pakistan framework and the 13th Five-Year Plan indicates a broadly positive trajectory. Overall, development interventions remained aligned with planned objectives, with several flagship programmes advancing at decent pace and contributing to improved service delivery and productivity outcomes.

16.3.3 Education and Human Capital Development

Progress in the education sector remained consistent with planned targets, particularly in higher education support and student facilitation programmes. The CM Punjab Laptop Programme and Honhaar Scholarship Programme recorded strong participation, with over 141,000 applications for laptops and 96,000 applications for scholarships, reflecting effective outreach and transparency in merit-based systems. The Chief Minister's Laptop Programme demonstrated the Government's strong commitment to gender equality, with around 60 percent of beneficiaries being female students. The School Meal Programme was expanded to additional districts, supporting improved student retention and nutrition outcomes. Overall, the sector continues to advance toward enhanced access, equity, and human capital development.

16.3.4 Health Sector

The health sector demonstrated significant advancement across both infrastructure development and service delivery. Major tertiary care facilities, including the Nawaz Sharif Institute of Cardiology, Sargodha, reached completion, while the Nawaz Sharif Institute of Cancer Treatment and Research, Lahore is progressing toward operationalization. At the primary level, 982 Maryam Nawaz Health Clinics were made functional under an outsourced model, substantially expanding outreach and accessibility. The sector is progressing toward universal access objectives, with increasing focus on quality assurance and service standardization.

16.3.5 Agriculture and Production Sectors

The agriculture sector showed strong progress regarding targets of productivity and modernization. Mechanization initiatives, progressed effectively, with over 8,700 tractors delivered under the Hi Power Tractor Programme. The solarization of agricultural tubewells achieved more than 7,000 installations, contributing to energy efficiency and reduction in cost of production. Financial inclusion measures, such as the Kissan Card, supported timely access to agricultural inputs. These interventions collectively strengthened farm productivity and resilience, consistent with national food security and export-oriented growth objectives.

16.3.6 Housing and Urban Development

Urban development programmes exhibited high demand and steady implementation progress. The Apni Chhat Apna Ghar Programme received substantial public response, with over 800,000 applications and approximately 74,000 housing units under construction. Municipal infrastructure initiatives under various development programmes are progressing across districts, with implementation advancing in phases due to the scale and complexity of service delivery interventions, including utilities integration and site development.

16.3.7 Infrastructure and Transport

Infrastructure and transport sector interventions progressed in line with implementation cycles. The induction and operationalization of eco-friendly buses marked a significant milestone in urban mobility improvement. Road construction and urban infrastructure schemes are advancing at different stages of completion, reflecting

standard project development processes, including procurement, land acquisition, and contractor mobilization. The sector continues to support connectivity and economic activity across regions.

16.3.8 Governance and Digital Transformation

Governance reforms continued to advance through the phased implementation of Smart Safe Cities and digital systems. Installation of surveillance infrastructure and expansion of fiber optic connectivity are ongoing across multiple districts, enhancing law enforcement capabilities and enabling data-driven governance. These initiatives contribute to improved public safety, transparency, and institutional efficiency.

16.3.9 Environment

The environment sector recorded notable progress during FY2025-26 through systematic interventions. Environmental management was improved through air quality monitoring systems, anti-smog measures, and the Environment Protection Force, along with green credits and plastic management initiatives to support cleaner urban environments.

16.3.10 Skill Development

The Skill Development initiatives expanded technical and vocational training under TEVTA, PVTC, and PSDF, supported by upgraded institutions and enhanced training capacity across Punjab. Employment-focused programmes, including digital skills, Business Process Outsourcing (BPO) training, and overseas placement initiatives, were also strengthened.

16.4. Programme For FY2026-27

The proposed development plan builds on last year's progress, with a stronger focus on completing ongoing schemes, expanding key initiatives, and ensuring a more integrated approach to development.

16.4.1 Outlook FY2026-27

The FY2026-27 development programme reflects a consolidation phase of Punjab's development framework, with a total ADP size of Rs. 749 billion. The composition of the portfolio indicates a policy aiming at social sector strengthening, production-led growth, while maintaining fiscal balance across infrastructure and governance needs. The overall development strategy emphasizes human capital development, productivity enhancement, climate resilience, digital governance, and infrastructure optimization in line with URAAN Pakistan framework and the 13th Five-Year Plan.

Social sectors remain the top priority reflecting continued emphasis on education, health, and social protection. Production sectors also has significant share to support agriculture transformation, industrial growth, and export competitiveness. In infrastructure sector focus is on completion of ongoing schemes rather than expansion of new large-scale infrastructure footprints. This rebalancing demonstrates a strategic shift from expansion-led investment toward consolidation, efficiency, and outcome-oriented delivery, particularly in high-impact citizen-centric programs.

16.4.2 Key Targets of FY2026-27

The following table presents the key policy initiatives, ongoing projects, and programs prioritized for FY2026-27.

Table 16.3: Key Targets of FY2026-27

Type	Item Name	Key Objectives	Current Status	Targets 2026–27	Responsibility
Policies	Education Sector Expansion & Inclusion Framework	Improve access, equity, and digital inclusion	Ongoing / Planned	Distribution of 70,000 laptops and 80,000 scholarships	School & Higher Education
	Health Service Delivery Strengthening Framework	Improve healthcare access and quality	Ongoing / Planned	Operationalization of tertiary hospitals and strengthening of 982 PHC facilities	Health Departments
	Agriculture Modernization & Climate Resilience Policy	Enhance productivity and climate resilience	Ongoing / Planned	Coverage of 900,000 farmers under support programmes	Agriculture Department
	Industrial & SME Development Framework	Promote industrialization and entrepreneurship	Ongoing / Planned	Expansion of SME financing and industrial facilitation systems	Industries Department
	Urban Development & Municipal Services Policy	Improve urban service delivery and infrastructure	Ongoing / Planned	Expansion of municipal services and infrastructure coverage across districts	LG&CD
Projects	Nawaz Sharif Institute of Cancer Treatment & Research (Lahore)	Advanced healthcare services	Ongoing / Planned	Full operationalization	Specialized Healthcare
	CM Punjab Development Programme	Urban infrastructure improvement	Ongoing / Planned	Completion of 80 municipal schemes	LG&CD

Type	Item Name	Key Objectives	Current Status	Targets 2026–27	Responsibility
	Apni Chhat Apna Ghar Programme	Affordable housing	Ongoing / Planned	Construction/financing of 100,000 housing units	Housing / LG&CD
	Smart Safe Cities Expansion Programme	Strengthen public safety systems	Ongoing / Planned	Expansion to 15 districts	Home / IT Board
	Saaf Pani Programme	Clean drinking water provision	Ongoing / Planned	Installation of 100 water systems	LG&CD / PHED
	Road Infrastructure Development (Provincial Roads)	Improve connectivity and logistics	Ongoing / Planned	Completion of key road corridors and rehabilitation projects	C&W Department
	Energy – Solarization Initiatives	Promote clean energy adoption	Ongoing / Planned	Installation of 100,000 solar units (households & tubewells)	Energy Department
Programmes	Honhaar Scholarship Programme	Student financial support	Ongoing / Planned	Award of 80,000 scholarships	Higher Education
	Laptop Programme (Phase-II)	Digital inclusion	Ongoing / Planned	Distribution of 70,000 laptops	Higher Education
	Kissan Card & Credit Support	Agricultural financial inclusion	Ongoing / Planned	Coverage of 900,000 farmers	Agriculture
	Tractor & Mechanization Programs	Enhance farm productivity	Ongoing / Planned	Distribution of 10,000 tractors	Agriculture
	Livestock Productivity Programme	Improve livestock output	Ongoing / Planned	Expansion of breed improvement and farmer outreach	Livestock
	SME Support – Asaan Karobar Finance & Card	Promote small businesses	Ongoing / Planned	Support to 50,000 SMEs/entrepreneurs	Industries Department

Type	Item Name	Key Objectives	Current Status	Targets 2026–27	Responsibility
	Transport – Eco-Friendly Bus Operations	Improve urban mobility	Ongoing / Planned	Expansion of bus fleet and routes in major cities	Transport Department
	Social Protection (Himmat Card / Ration Support)	Support vulnerable groups	Ongoing / Planned	Expansion of beneficiary coverage	Social Welfare / Labour
	Forestry & Climate Resilience Initiative	Environmental sustainability	Ongoing / Planned	Plantation on 10,000 acres	Forestry & Environment
	Smog Mitigation (Air Safe Initiative)	Improve air quality	Ongoing / Planned	Expansion of AQ monitoring and enforcement systems	Environment Department
	Governance & Digital Services	Improve public service delivery	Ongoing / Planned	Expansion of e-governance and digital platforms	P&DB / PITB

17. SINDH

17.1. Introduction

The Government of Sindh's development agenda is aligned with the broad thematic priorities outlined in URAAN Pakistan, 13th Five Year Plan and Sustainable Development Goals (SDGs). In parallel, a Budget Strategy Paper (BSP) 2026–2029 is also being prepared which provides a detailed assessment of the current year's Annual Development Programme (ADP) 2025–26, along with clearly defined targets, strategies, and an action plan for the forthcoming ADP 2026–27.

The Government of Sindh's development agenda is structured around two broad strategic streams. In the first stream, the focus is on strengthening social and physical infrastructure to enhance productivity, generate employment opportunities, and reduce poverty. Key priority areas under this stream include flood protection infrastructure, improved irrigation systems and water-use efficiency, enhanced agricultural productivity, industrial expansion and diversification, strengthened regional connectivity, development of livable and productive urban centers, advancement of education from foundational learning to 21st-century skills, and universal access to quality healthcare. The second stream emphasizes comprehensive social development and improvement in quality of life at both individual and societal levels. This includes initiatives aimed at strengthening governance and institutional reforms, addressing climate change through mitigation and adaptation measures, promoting population welfare, expanding social protection, advancing gender equality through women's empowerment and mainstreaming, and promoting sports, culture, tourism, and minority rights.

17.2. Policy Alignment

In line with URAAN Pakistan and the 13th Five Year Plan, the Government of Sindh (GoS) identified five key socio-economic development objectives that underpin its strategic planning framework, namely: Human Development, Natural Resource Management, Infrastructure Development, Social Development and Inclusive & Sustainable Growth. These development objectives have further been translated into detailed sectoral plans delineating specific goals, strategies, measurable targets, and actionable frameworks for implementation across major departments and sectors. These objectives also form the basis of the Budget Strategy Paper (BSP) 2026–2029, ensuring strategic and fiscal alignment. Following the launch of URAAN Pakistan, these objectives have been realigned under the 5Es-Based National Economic Transformation Plan (NETP), which outlines following five key thematic areas:

Based on the mapping of the 5Es framework against the Provincial ADP, the total development outlay for FY2025–26 and the forecast for ADP 2026–27 at the provincial level is summarized below:

(Rs. Billion)

No	Name of Sector / Department	Budget Estimate ADP 2025-26	Revised Budget Estimates 2025-26
I	Exports	12.58	15.10
II	E-Pakistan	14.61	17.54
III	Environment & Climate Change	45.91	55.10
IV	Energy & Infrastructure	325.73	368.88
V	Equity, Ethics & Empowerment	121.17	146.40
A	Total Provincial ADP	520.00	475.04
B	Districts ADP	55.00	44.00
C	Foreign Project Assistance (FPA)	366.75	369.86
D	Federal PSDP Grant	76.58	60.60
	Grand Total (A+B+C+D)	1,018.33	949.50

Note: The proposed financial projections are derived from the draft Budget Strategy Paper (2026-29), which is under the process of approval. Rs. 160.64 billion (Ongoing=Rs.76.17 B, New=Rs.63.87 B & Missing schemes=Rs.20.60 B)

17.2.1. Policy Framework

Sindh's Growth Strategy aims to unlock inclusive and sustainable development by leveraging its demographic dividend, resource endowments, and strategic urban nodes. This strategy aligns with the 5Es National Framework and Pakistan's macroeconomic goals to stimulate GDP growth, enhance export competitiveness, and ensure regional equity. To further augment Sindh's economic growth and its contribution to the national GDP, the following strategic priorities are outlined:

- **Human Capital Development:** Prioritize quality education, technical training, and skills development to build a productive and competitive workforce aligned with emerging market demands.
- **Healthy and Nutrition Security:** Strengthen both preventive and curative healthcare systems, while promoting nutrition security and addressing Water, Sanitation, and Hygiene (WASH) challenges to reduce mortality and morbidity.
- **Enabling and Inclusive Business Environment:** Improve the ease of doing business by streamlining regulatory frameworks to attract domestic and foreign investment, while ensuring inclusivity across sectors.
- **Digital Economy and Industrial Growth:** Promote the expansion of e-commerce, digital innovation, and industrial development to enhance productivity, competitiveness, and job creation.

- **Rule of Law and Public Safety:** Strengthen law and order to ensure a secure and stable environment conducive to economic activity and sustainable development.
- **Employment-Led Poverty Reduction:** Accelerate job creation through targeted interventions across sectors, with a focus on inclusive growth and poverty alleviation.
- **Agricultural Productivity and Climate Resilience:** Enhance agricultural output through modernization, value addition, and climate-resilient practices to safeguard livelihoods and food security.
- **Water Resource Management and Irrigation Efficiency:** Promote water conservation, integrated water resource management, and modernization of irrigation systems to ensure sustainable utilization.
- **Sustainable Urban Development:** Advance planned and resilient urban development, with particular focus on Karachi and other major centers, to ensure balanced regional growth and improved service delivery.

Building on the outlined strategic priorities, Sindh aims to strengthen its role as a key driver of Pakistan’s economic growth while ensuring inclusive, balanced, and sustainable development across the province. Leveraging its strategic location, diversified economic base, and dynamic urban centers particularly Karachi the Government will focus on enhancing productivity through investments in human capital, infrastructure, and private sector development. Emphasis will be placed on climate resilience, efficient resource utilization, and improved governance to address emerging challenges, including urbanization and fiscal constraints. Through prudent fiscal management and targeted, outcome-oriented investments, Sindh seeks to promote equitable growth, reduce regional disparities, and advance long-term economic resilience in alignment with national priorities and the Sustainable Development Goals.

17.3. Review of FY2025-26

17.3.1. Sindh SDGs 2025-26

The Sindh SDGs Plus Programme showed strong progress in FY2025–26, with full integration of the SDG Checklist into PCFMS for PC-I screening, localization of 49 indicators, and training of over 100 officials. Key initiatives included development of the Investment Pitchbook, progress on the Climate Finance Unit with a carbon credit pipeline, strengthened gender mainstreaming, and successful reskilling scholarships with high female participation.

17.3.2. ADP 2025-26

For the fiscal year 2025–26, the total development outlay was originally estimated at Rs. 1,018.33 billion. This include Rs. 520.00 billion for the Provincial ADP, Rs. 55 billion for the District ADP, Rs. 366.745 billion through Foreign Project Assistance (FPA), and Rs. 76.58 billion under the Federal PSDP for provincial execution. In line with

government priorities, the budget focused on completing ongoing schemes and addressing the 2022 flood impact. Priority was given to rehabilitating community infrastructure specifically roads, health and education facilities, housing, and water sanitation—as well as irrigation and agriculture sectors. Funding was specifically prioritized for schemes with over 70 percent expenditure or a remaining "throw-forward" of less than Rs. 50 million. Due to slower-than-expected implementation, low utilization rates and present geopolitical tensions in the Gulf region and global supply-chain disruptions, the total development budget has been revised downward to Rs. 949.50 billion. The revised breakdown includes Rs. 475.04 billion for the Provincial ADP, Rs. 44.00 billion for the District ADP, Rs. 369.86 billion for FPA, and Rs. 60.60 billion for the Federal PSDP Grant. Notably, 1,381 schemes have received full funding and are expected to be completed within the current fiscal year.

During the Financial Year 2025–26, two (02) development projects with a total estimated cost of Rs. 127.98 billion (FPA share Rs.113.45 billion, GoS share Rs.14.53 billion) were initiated with the financial assistance of development partners. These projects have been duly approved and are currently under implementation by the respective administrative departments. At present, twenty-five (27) foreign-funded projects, with a cumulative value of Rs. 1,942.76 billion (FPA share 1,717.37 billion GoS share 225.39 billion) under implementation in Sindh. Further, four (04) projects amounting to US\$. 715 million are in pipeline for approval at various stages.

17.4. Sectoral Progress for FY2025–26

Development spending for the outgoing financial year has been strategically aligned to address priority sectors and strengthen service delivery. The following areas were identified as key focus areas aligned with URAAN Pakistan:

- **Agriculture:** Enhancement of agricultural productivity through farm mechanization, adoption of modern water-saving techniques, and development of agricultural value chains. As part of these efforts, 151 watercourses have been lined to reduce water losses, and 128 solar-powered water pumps/tubewells have been installed at subsidized rates to ensure reliable and affordable irrigation. To support livestock farmers, 65 mobile service units have been set up under the Sindh Livestock & Aquaculture Development Project, along with four divisional-level Mobile Animal Health Emergency Services, bringing timely veterinary care directly to farmers' doorsteps.
- **Information Technology:** Under E-Pakistan, Sindh successfully enhanced its e-Portal, launching departmental websites to improve public access and transparency. A comprehensive online education platform was introduced, offering digital learning with modern features. Additionally, IT initiatives expanded People's Information Technology Programme (PITP) training to 13,428 participants, equipping youth with skills and supporting job placement opportunities across the province.

- **Irrigation and Flood Protection:** Improvement of irrigation and drainage systems, strengthening of flood protection infrastructure, and promotion of water conservation technologies. Lining 946.5 Miles of irrigation channels to eliminate conveyance losses, Improve efficiency. Rehabilitation and Modernization of Guddu and Sukkur Barrages, construction of 199 small retention and recharge dams in the Thar and Kohistan.
- **Energy:** Utilization of indigenous coal resources, particularly Thar Coal, promotion of renewable energy generation, and extension of rural electrification to unserved villages. Through green energy initiatives, 100,000 solar home kits have been distributed, and key public facilities including 656 schools, 225 health centers, and 15 water pumping stations have been solarized to ensure reliable, sustainable energy access
- **Transport and Connectivity:** Rehabilitation and construction of road networks, development of mass transit systems, and improvement of public transport facilities to enhance regional connectivity and mobility. A total of 2,263 km of roads were rehabilitated under ADP, 773 km through emergency support, and 823 km under SFERP, alongside distribution of 1,500 electric bikes free of cost to support women's mobility in Sindh.
- **Water Supply and Sanitation:** Extension of water supply networks and sanitation coverage, with an emphasis on ensuring access to clean drinking water and safe sanitation services. (Provision of Water Supply and Drainage System to 1,140 households under Sindh Flood Emergency Rehabilitation Project)
- **Urban Development:** Upgradation of urban infrastructure including the Karachi Infrastructure Rehabilitation Project involves the rehabilitation of 139 internal roads within TMCs and 26 major connecting roads, along with improvements in water supply, sewerage, drainage, and street lighting systems. Around 50 percent of the project has been completed in FY2025–26, with the remaining work scheduled for completion in the next financial year
- **Foreign Project Assistance:** Mobilization of external resources to support socio-economic development initiatives, with a focus on irrigation, road infrastructure, and housing projects. (Provision of beneficiary-driven, multi-hazard resilient reconstruction of 524,519 core housing units, community infrastructure, and livelihood recovery for people affected by the 2022 floods and Reconstruction of multi-hazard resilient 91,414 houses through a beneficiary-driven approach and community-led construction of resilient infrastructure, including WASH/toilet facilities for flood-damaged houses under Sindh Flood Emergency Housing Reconstruction Project)
- **Public Private Partnerships (PPPs):** Sindh is accelerating infrastructure development through Public Private Partnerships, attracting private investment to bridge financing gaps in key sectors. Major milestones include completion of

the 39 km Shahrah-e-Bhutto Expressway and the 61 km Nabisar–Vajihar water supply pipeline, improving connectivity and water access.

- **Education:** Rehabilitation and strengthening of educational infrastructure to promote elementary and secondary education, along with the development of a robust and inclusive higher education system. Key achieves in 2025-26 are rehabilitation of 156 primary & secondary schools, upgradation of 2,000 primary schools, provision of missing facilities provided to 643 schools, 2,630 secondary school teachers trained, provision of laboratory equipment to 660 schools in Sindh to achieve a universal education.
- **Health:** Expansion of medical services across all tiers of healthcare institutions has been undertaken to improve accessibility, alongside the upgradation of medical education and training facilities. This includes the construction of five medical colleges, expansion of two Tehsil Headquarter (THQ) hospitals, upgradation of two District Headquarter (DHQ) hospitals, strengthening of five THQ hospitals, upgradation of one Rural Health Centre (RHC) to THQ level, and upgradation of seven Basic Health Units (BHUs) to RHC level.

17.4.1. Post Flood Rehabilitations

The 2022 floods severely impacted 70 percent of Sindh, causing widespread devastation. Over 2.1 million houses were either damaged or destroyed, leaving approximately 12 million people homeless and vulnerable. Around 20,000 school buildings were either partially or completely destroyed, disrupting the education sector. Furthermore, over 8,400 km of roads were washed away, resulting in significant disruption to transportation and access to essential services. The agriculture sector, which is a vital source of livelihood for the majority of the population, also suffered substantial losses as reported in Post Disaster Needs Assessment (PDNA).

The GoS, in collaboration with development partners including WB and the ADB, has planned and is executing projects valued at approximately US\$ 2 billion for post-flood recovery, rehabilitation, and reconstruction efforts. The projects include Integrated Health and Population (targeting the first 1000 days), Strengthening the Social Protection Delivery Systems (SSPDS), Sindh Water & Agriculture Transformation (SWAT) (including agriculture subsidy), Sindh Flood Emergency Rehabilitation Project (SFERP) for Irrigation System and Livelihood Regeneration (cash-for-work programme), rehabilitation of roads, -restoration of water supply & drainage systems, emergency rescue services strengthening & expansion, Sindh Secondary Education Improvement Project (focuses on rehabilitation of schools) and Emergency Food Assistance project for reconstruction of flood affected 724 km roads.

One flagship project that was strategically and holistically undertaken by the Government of Sindh for the flood affectees and marginalized communities in rural Sindh is the Sindh Peoples Housing for Flood Affectees (SPHF) for which a total funding of US\$1.7 billion has already been committed by the international development

partners. This project was initiated with the support of the WB (US\$ 500 million and additional US\$ 450 million) and was later joined by ADB, IsDB and EIB. This is a concentrated effort at building 2.1 million resilient houses for the flood affectees and has been lauded across governments.

Along the same lines, the Government of Sindh now aims to make focused and intensified efforts in development of the water sector particularly with respect to provision of clean drinking water, sanitation and effluent treatment. The SPHF was initially tasked with the WASH component of the communities where the houses were to be constructed. However, this task has now been augmented to include STARS-WASH to the SPHF with a funding of US\$ 600.0 million. This will cover the rural WASH component. For the water sector of the intermediary cities/divisional headquarters, the Government of Sindh is collaborating with ADB – a funding of US\$ 1.0 billion has been committed by the latter in this regard.

17.5. Outlook FY2026–27

17.5.1. Sindh SDGs 2026–27

For FY2026–27, focus will be on climate resilience, regional equity, and inclusive growth through SDG integration in planning, strengthened data systems, operationalization of climate finance, promotion of PPPs, gender-responsive budgeting, and continued capacity building.

17.5.1. Annual Development Programme (ADP)

The GoS remains fully committed to addressing the development needs of the province and is actively pursuing comprehensive strategies across socio-economic sectors to invest in human capital and promote balanced, inclusive growth. The focus of the ADP 2026–27 will continue to center on the following:

- **Industries, SME & Commerce:** Support for industrial growth, SME development, export promotion, and investment facilitation to enhance economic diversification, job creation, and competitiveness of Sindh’s industrial base.
- **Agriculture, Livestock & Fisheries:** Promotion of modern agriculture practices, water-efficient farming, livestock productivity, and fisheries development to ensure food security, increase rural incomes, and enhance export potential.
- **Information Technology & Digital Governance:** Promotion of e-governance, digital infrastructure, and IT-enabled services to improve public service delivery, transparency, efficiency, and innovation in government operations.
- **Environment & Climate Change:** Implementation of climate resilience initiatives like ecosystem protection measures to mitigate environmental risks and adapt to climate change impacts.

- **Carbon & Environment:** Promote carbon sink expansion and carbon credit generation through public sector initiatives and public-private partnerships (PPP).
- **Energy & Power:** Focus on expanding reliable and affordable energy supply through power generation and renewable energy initiatives to reduce shortages, and ensure sustainable electricity access across Sindh.
- **Transport & Connectivity:** Development of road networks, expressways, mass transit systems, and EV-based public transport to improve regional mobility, reduce travel time, and strengthen economic linkages between urban and rural areas.
- **Irrigation & Water Resources:** Efficient management of irrigation systems, canal rehabilitation, and water distribution improvements to ensure sustainable agricultural productivity and equitable water access across regions.
- **Water Supply, Sanitation & Drainage:** Improvement of clean drinking water systems, sewerage networks, and drainage infrastructure in urban and rural areas to enhance public health and environmental sustainability.
- **Flood-Damaged Restoration** – Consolidate and complete restoration of flood-damaged infrastructure, prioritizing Education and Health sectors based on in-house assessment.
- **Social Protection & Poverty Reduction:** Implementation of targeted welfare programs and poverty reduction strategies to support vulnerable populations, improve livelihoods, and reduce socio-economic disparities.
- **Education & Skills Development:** Enhancement of educational infrastructure, establishment of new institutions, and improvement in technical and vocational training to increase literacy, skill development, and employability aligned with market needs.
- **Health:** Strengthening healthcare delivery through **construction and upgradation** of hospitals, medical colleges, THQs, DHQs, RHCs, and BHUs, alongside improving service quality, accessibility, and medical education and training systems.

17.5.2. Budget Estimates for ADP 2026-27

According to the proposed BSP 2026–29, the total development outlay for the financial year 2026–27 has been projected at Rs. 770 billion. The proposed development outlay for 2026–27 comprises the following components:

- Rs. 514.00 (450 + 64) billion for the Provincial ADP,
- Rs. 256.00 billion through FPA, and

18. KHYBER PAKHTUNKHWA

18.1. Review of FY2025-26

The provincial ADP was originally pitched at a size of Rs. 547.337 billion (including Rs. 278.0 billion from provincial own resources), segregated into settled districts budget as Rs. 408.106 billion; Merged Districts ADP as Rs. 46.438 billion, and Accelerated Implementation Programme (AIP) in the merged districts as Rs. 92.792 billion; to finance a total number of 2,184 projects including 528 New Projects. Foreign assistance was anticipated as Rs. 177.738 billion.

To meet the critical demands of the Merged Districts, ensuring equity for the people, AIP had been formulated at a size of Rs. 50.00 billion for financing 275 projects, including 210 Ongoing Projects (current cost of Rs. 326,775.72 million and CFY allocation of Rs. 32,998.17 million) while 65 New projects were included bearing cost of Rs. 71,646.28 million and allocation of Rs. 17,001.83 million. 70 key projects with a cost of Rs. 32,741.916 million were provided allocation of Rs. 8,853.59 million to achieve completion target by the close of the financial year.

On a similar account the MDs ADP included 284 projects with a cost of Rs. 174,953 million and allocation of Rs. 33,000 million; including 161 ongoing projects (Cost = Rs.97,051.32 million and Allocation Rs. 17,081.029 million) while 123 New projects of cost Rs. 78,075.68 million were also included with an allocation of Rs. 15,918.971 million. For timely completion an amount of Rs. 9159.308 million were allocated against the total cost of Rs. 23,767.817 million to 144 remaining projects for better services in the merged districts.

Continuous monitoring and evaluation as well as review of physical and financial progress during the course of the year, has made way in achieving a target of completing 194 projects, absorbing allocation of Rs. 75,435.154 million (against original allocation of Rs. 59,947.31 million), besides approval of 456 projects out of 854 un-approved projects at the start of the financial year (including 377 from the PDWP and 77 by the DDWP). The throw-forward liability remains Rs. 1,847,828.46 million estimated within a span of 3 to 4 years completion time as per existing trend of annual ADP allocation.

18.2. Performance

Priority was accorded to education, health, social support and transport besides allocation of Rs. 35 billion for Sehat Card Plus Programme and Rs. 12.1 billion was budgeted for food security, Rs. 11.9 billion for purchase of medicines, Rs. 7 billion for free textbooks in schools, Rs. 4 billion for transport under the BRT, and Rs. 2.5 billion

reserved for relief and emergency programme and Rs.89.6 billion was allocated for development initiatives in merged districts.

Key Goals Achieved under Good Governance and Public Service Delivery in Khyber Pakhtunkhwa:

- Launch of Cashless Payment Initiative in Khyber Pakhtunkhwa; followed by approval of the Khyber Pakhtunkhwa Digital Payment Act 2025 by the Cabinet, thereby ensuring Digitization of over 100 public services. Besides, the launch of e-Summaries and e-Office, has facilitated approval of over 1,500 summaries and disposal of over 600 files; as a major breakthrough in efficiency.
- 150 primary health centers and rural health centers converted into round-the-clock child-birth centers, catalyzed by recruitment of 700 doctors on contract for the target BHUs and RHCs. Additionally, recruitment of 2,400 medical officers has been initiated. To engage the private sector in improving health service delivery, groundwork for outsourcing of 72 health facilities by August has been completed.
- 2,600 acres of land reclaimed through various initiatives (plus additional 12,480 acres covered under KP Irrigated Agriculture Improvement Project) including installation of 10 tube wells, solarization of 238 tube wells, 367 climate-smart efficient mechanized farming practices. 6,385 acres covered under comprehensive oilseeds development programme of sunflower (5,000 acres target achieved), canola and sesame plus award of subsidy at the rate of Rs.5,000 per acre. Saffron cultivation covered 568 acres, while 65,000 units of wild olive grafting achieved besides another 2,900 acres coverage in the merged districts and placing a target of another 150,000 wild olives for conversion into European varieties through grafting. Upgradation of 700 water courses with the participation of the local population is another key initiative.
- Solarization of schools achieved a target of 8,000 schools (including 551 schools in merged districts) and 1206 mosques and religious education centres (madaris)
- 93 government degree colleges completed (including new colleges 23 new colleges for both boys and girls), besides completion of 28 additional blocks in existing colleges to meet the students demand, and provision of missing facilities in 39 more colleges.
- 824 water supply schemes completed with solarization of 51 completed, while 14 sanitation schemes achieved completion besides restoration of 164 floods damaged water supply schemes and operationalization of another 100 non-functional schemes.
- 209 hectares government-led and another 500 hectares community-based plantation initiatives added in the forest wealth besides 300 units of non-timber

forests products including pine nuts (Chilgoza harvesting kits distribution for quality assurance)

- In the livestock sector, a target of 63,948 units of insemination achieved, semi-environmentally controlled 25 poultry units established, 65 fodder banks established. In addition, 5,151 stray canines neutered and vaccinated to combat the threat of rabies.
- In the merged districts, 11 (20 cattle heads) dairy farms established and 2 (15,000 birds) poultry farms established.
- Solid waste collection outsourced under Galyat Development Authority
- Initiation of land use and master plans for Kalam, Kaghan, Kumrat, and Galyat
- Distribution of interest-free loans of 150 million rupees for community-based housing
- 700 kilometers of roads achieved through ADP financing besides rehabilitation of 250 kilometers and construction of 12 new bridges in various parts of the province
- In the tourism sector, camping pods established in 8 sites.
- 79 new maps have been received with the assistance of Geological Survey of Pakistan for exploration of potential minerals sites in the province.

18.3. Programme for FY2026-27

Broad strategy opted by the Government of Khyber Pakhtunkhwa and the intended outcomes for the next FY2026-27 is as follows:

- Strategic direction through alignment of the ADP and Current Budget with the government's broader vision, goals and priorities
- Ensuring policy coherence by promoting convergence of efforts
- Strengthening political ownership and buy-in by building greater alignment, ownership, and support around priority areas
- Guiding resource allocation by ensuring prioritization and integration of cross-sectoral interventions of current and development budget coupled with policy measures multiplying the impact of public sector investments.

The budget is structured around nine themes: (1) youth empowerment via skills, sports, mental health, and entrepreneurship; (2) good governance, service delivery, and social protection with institutional reforms; (3) safe, peaceful communities; (4) reducing regional disparities through equitable development; (5) water conservation and reservoir storage; (6) economic growth via tourism, agriculture, SMEs, and energy access; (7) climate resilience, green growth, and disaster response; (8) clean drinking water and sanitation for all; (9) digital transformation for tech-enabled services and

data-driven governance. Together, these aim to drive inclusive, sustainable development across the province.

Khyber Pakhtunkhwa intends to come up with an ADP of Rs. 455,000 million for the FY2026-27; including Rs. 150,279 million projection of foreign assistance. This will include portfolios for the Merged Districts ADP as Rs. 29,000 million and Accelerated Implementation Programme (AIP) in the merged districts of Rs. 52,323 million (including Federal PSDP allocation of Rs. 27,000 million).

18.4. Outlook FY2026-27

The Government of Khyber Pakhtunkhwa has prioritized the next year development programme for youth and marginalized segments of the province. For the 2026-27 fiscal year, Khyber Pakhtunkhwa's (KP) macro-fiscal framework under the Medium-Term Development Framework (MTDF) prioritizes fiscal consolidation through enhanced revenue mobilization, rationalization of current expenditure, and sustainable debt management. Key focus areas include strengthening own-source revenue (tax/non-tax), boosting investments in health, education, and infrastructure, and improving service delivery in merged districts. The core Priorities for KP Macro-Fiscal Framework (2026-27) include fiscal discipline & sustainability; revenue mobilization; increasing provincial tax and non-tax revenue (e.g., mining, hydel profits) to reduce reliance on federal transfers besides expenditure rationalization through control on non-developmental expenditures and to create fiscal space for development projects, ensuring a sustainable debt-to-GDP ratio. Provincial government plans to maintain its fiscal surplus management, maintain a surplus budget to manage economic pressures and meet development needs, similar to the strategy in FY2025-26.

18.4.1. Development & Investment Priorities:

- Social Sector Development: Focus on health, education, and social protection programs.
- Infrastructure & Connectivity: Prioritize projects that enhance regional connectivity and industrial growth.
- Merged Districts Development: Dedicated, efficient allocation of funds for the development of formerly FATA regions.

18.4.2. Structural Reforms & Governance:

- Output-Based Budgeting: Implement performance-based budgeting to link spending with tangible results, as per the Public Finance Management Act, 2019.
- Climate Resilience: Integrate climate-resilient planning into development projects.
- Evidence-Based Planning: Utilize data-driven, performance-monitoring reports to guide future budgetary decisions.
- Economic Growth Drivers:
- Sectoral Focus: Support agriculture, mining, and small-scale industries to boost regional GDP.

- **Employment & Technology:** Invest in IT and youth development programs to drive economic growth.

These priorities align with the broader goals of achieving sustainable, inclusive growth while navigating fiscal constraints. The integrated Budget Strategy Paper (IBSP) for FY2025–28 sets the strategic direction for managing public finances in Khyber Pakhtunkhwa.

18.4.3. Key Initiatives in ADP 2026-27

As part of the overarching goal of good governance roadmap (GGRM) of the Government of Khyber Pakhtunkhwa, the provincial government is considering the following priorities in the Annual Development Programme 2026-27:

18.4.4. Key Policy Parameters in Development Planning

Health Sector includes establishment of medical complexes in Kohat and Malakand, Breast Cancer screening centers in 5 divisional headquarters, up-gradation of BHUs, RHCs and Category-D Hospitals, revamping of old BHUs and RHCs and provision of missing facilities in health outlets across the province. Establishment of Oncology Center, Burns Center and Kidneys Center in Mardan and Clinical Tower in Swabi. Provision of free medicines to cancer patients is also considered.

Elementary & secondary education sector has been re-invigorated through inclusion of extra-curricular activities including at least four provincial scale sports competitions each year, besides ensuring 100 per cent availability of essential infrastructure in all schools across the province. Target of 90 per cent teachers' attendance has been fixed along with directions for major reforms in the examination system. Higher Education will also focus on sports facilities as integral part of education to nurture mental health and promote youth integration.

In agriculture sector, provision of agricultural machinery to farmers, construction of 22 small dams for increasing command area, provision of interest-free loans to agricultural graduates, and scholarships for students. A dates processing unit in D.I. Khan and expansion of farm services centers is also part of the programme.

Establishment of *Jawan Marakiz* (Youth Centers) in various districts, construction of sports facilities in tehsils, and sports complexes in South Waziristan Upper, Mohmand, Chitral and Battagram. Establishment of sports facilities for special children in major sports complexes is also considered in the priority list. Upgradation of existing sports facilities and establishment of new sports complexes to facilitate youth in healthy activities through development investments is another step in the right direction.

Social welfare sector to focus on development of socio-economic registry for mapping the status of all households in Khyber Pakhtunkhwa to facilitate decision making in all future welfare initiatives. Launching of insurance scheme for 3600 children (1/3 per

year) including health benefits in higher education institutions including monthly stipends, besides development of 124 industrial training centers with market linkage development.

Establishment of Rescue 1122 services in remaining districts of Khyber Pakhtunkhwa, increase rescue points in densely populated urban areas to enhance coverage and mobile command and control center.

Water table recharge through rainwater and flood water harvesting techniques in major cities.

Sale of electricity to industries through direct supply model on pilot basis is being considered. Industries sector to cater for launching “*Asaan Karobar*” initiative through a portal offering services and resolve business issues online, upgrading TEVTA labs with modern equipment and industrial tools to enhance practical knowledge.

Minerals sector to conduct studies for reserve estimations of various minerals deposits across the province and promote exploration activities. Priority is being given to expansion of mines rescue services to combat accidents especially in coal mines.

Distribution of cattle among 1,000 farmers for promoting dairy business and products, improving diseases surveillance, and establishing 19 epidemiological nodes across the province besides upgrading 10 divisional and one tehsil level meat shop per district to improve hygiene standards (200 shops target). 5 Mobile food testing laboratories will be established under an integrated food safety programme besides establishment of an end-to-end digital licensing system for tracking food business to maintain high standards in public hygiene.

Board of Revenue has been assigned the task of deployment and commissioning of a web based CLRMIS to ensure computerization of all land record services in rural areas of the province besides availability of scanning and digital archiving of districts records in settled districts. This will be followed by mobile service units facilitating elderly and sick people and veiling women at their doorsteps as a major step in service delivery. A GIS based inventory of state land and public property in all districts will be followed subsequently.

19. BALOCHISTAN

19.1 Introduction

During the financial year 2025-26, the Government of Balochistan successfully completed 17 major projects worth Rs. 114,704 million. These projects focused on digitizing land records, improving security, modernizing markets, and building industrial infrastructure. All these efforts are part of URAAN Pakistan framework, particularly the pillars of Equity and E-governance.

19. 2. Sectoral Policy Framework

Government of Balochistan pursues the development agenda under various policies that guide governance reforms. These include the Balochistan Civil Servants Act, the Local Government Act 2010, the Right to Information Act, and recent reforms in the Anti-Corruption Establishment. The Board of Revenue has introduced a digital land record system (LRMIS) in 32 districts, and a satellite-based cadastral system is now mapping land digitally to reduce disputes.

The key initiatives are aligned with URAAN Pakistan which include e-governance, equity and energy & infrastructure. Major interventions are digitization of land records, safe city projects, online services, skills training for women and youth, enterprise development programs, minority welfare projects, off-grid solar solutions and transport network improvements.

19.2.3 Policy Gaps

Digital literacy, synchronization of federal and provincial data systems are still major challenges. The Right to Information Act is not fully enforced. Local governments need more financial and administrative powers. To fix these gaps, it is being planned to: (i) create a provincial data protection law, (ii) provide mandatory e-governance training to all civil servants, (iii) strengthen courts and prosecution offices, and (iv) devolve more powers to local governments as required by the Constitution.

19.3. Progress Review FY2025-26

The government completed 17 special projects worth Rs. 114,704 million. Major successes included: satellite-based land settlement system (Rs. 6,000 million), fortification of police stations and posts (Rs. 2,000 million), and the Peace and Social Cohesion Programme (Rs. 2,000 million). Markets for fruits, vegetables, grains, and livestock were modernized with Rs. 6,000 million. Command area development received Rs.3,075 million. Large infrastructure projects such as Mashkel Dam (Rs.41,000 million), Industrial Estate Naukandi, Fertilizer City, Meat Packaging Plants, and the People's Train Service were initiated. In the social sector, two additional rooms were built in 3,000 schools, the routine immunization programme was expanded, and

enterprise development programs were launched in two clusters. On the financial side, the Provincial ADP had a total allocation of Rs. 249,450 million, with releases of Rs. 231,419 million, achieving 92.8 percent utilization.

19. 3.2 Progress Against Set Targets

The following strategic project started in FY2025-26 to improve the governance indicators:

Table 19.1: Strategic Projects

(Rs. Million)

S.No	Project Name	Cost
1	Command Area Development in Balochistan (Sp)	3,075.00
2	Fruit and Vegetable Markets, Grain Markets, Bus Terminals, And Livestock Markets in Balochistan (Sp)	6,000.00
3	Satellite Based Cadastral System for Land Settlement (Sp)	6000.00
4	Feasibility Study for Utilization of Low Btu Gas for Power / Fertilizer Sector (Sp)	500.00
5	Routine Immunization Special Focus (Sp)	1,000.00
6	Fortification of Thanas and Posts (Sp)	2,000.00
7	Industrial Estate Naukandi (Sp)	400.00
8	Fertilizer City (Sp)	500.00
9	Peace and Social Cohesion Programme (Sp)	2,000.00
10	Meat Packaging Plants at Chagai, Gwadar, Turbat, Chaman (Sp)	450.00
11	Mashkel Dam at Washuk (Sp)	41,000.31
12	Pre-Fabs Accommodations (Sp)	4,000.00
13	Peoples Train Service (Sp)	3,000.00
14	Construction of Two Rooms At 3000 Schools (Sp)	6,000.00
15	Housing Estate Naukandi (Sp)	200.00
16	Enterprise Development Programme-Cluster-Ii (Awaran, Gwadar, Kech)	7,642.17
17	Enterprise Development Programme-Cluster-I (Kharan, Washuk, Panjgur)	7,637.213

19.4. Programme For FY2026-27

19.4.1 Outlook for FY2026-27

Balochistan PSDP consists of Rs. 250 billion and 24 projects including dams, roads, solar energy, border facilities, and nutrition programs—have been submitted for Federal PSDP FY2026-27.

Revised Priorities: (i) Digital Transformation – accelerated for border security; (ii) Rule of Law – strengthened with new focus on counter-terrorism; (iii) Equity and Inclusion – expanded for displaced populations; (iv) Climate-Resilient Infrastructure – fast-tracked off-grid solar to 50 villages. All targets remain under continuous review, with savings from austerity redirected to fuel subsidies, border security, and public relief.

19.4.2 Key Targets for FY2026-27

For the financial year 2026-27, the Government of Balochistan has set clear and measurable targets across policies, projects, and programs. These targets are designed to strengthen governance, improve service delivery, and ensure transparency at every level.

19.4.3 Policies

The first major policy target is the creation of a Provincial Data Protection Framework. Currently, there is no law regulating how citizen data is collected, stored, or used by government departments. The second policy target is the implementation of the Local Government Empowerment Policy. While the Local Government Act exists in writing, financial and administrative powers have not been fully devolved to local bodies. In 2026-27, this policy will be implemented in 10 districts, giving elected local representatives real authority over budgets and development work.

The third policy target is the introduction of a mandatory E-Governance Training Programme for all civil servants. Many government officers still lack basic digital skills, which slows down the shift to online services. Under this target, 5,000 civil servants will be trained in digital tools, online record-keeping, and e-office systems.

19.4.4 Projects

The most important project target is the completion of the Satellite Based Cadastral System. This project involves digital mapping of all land records to eliminate fake documents, reduce disputes, and make land transactions transparent. Currently, the project is 50 percent complete. The target is to reach 100 percent completion by June 2027, covering all districts of Balochistan.

The Safe City Project is another key target. This project involves installing surveillance cameras, control rooms, and emergency response systems in Quetta and three other major cities. Currently, the project is 25 percent complete. The target is to reach 75 percent completion by June 2027, making these cities safer for citizens and businesses.

The Fast-Track Courts project aims to speed up the disposal of court cases. Long delays in the justice system discourage investment and deny citizens their rights. Two fast-track courts have already been established and two more will be established in the remaining districts during the year by December 2026, bringing the total to four fully functional fast-track courts.

The Enterprise Development Programme targets employment generation for youth and women. Under this project, business clusters are created where young people receive training, mentorship, and startup funding. Currently, 2,500 beneficiaries have been supported. The target is to reach 10,000 beneficiaries by June 2027, creating sustainable livelihoods across the province.

19.4.5 Programmes

The Peace and Social Cohesion Programme focuses on training community members in conflict resolution. This is especially important in districts where tribal disputes and security issues have hindered development. Currently, 5,000 people have been trained. The target is to train an additional 15,000 people by June 2027, promoting harmony and reducing violence.

The Minority Welfare Programme is a new initiative aimed at providing financial and social support to minority communities. This includes education stipends, housing assistance, and small business grants. No work has started yet. The target is to reach 5,000 beneficiaries by June 2027, ensuring that no community is left behind in Balochistan's development journey.

Type	Item Name	Key Objectives	Targets 2026-27	Responsibility
Policies	Provincial Data Protection Framework	Regulate collection and use of citizen data	Draft and approve by December 2026	S&IT Department
	Local Government Empowerment Policy	Give financial and administrative powers to local bodies	Implement in 10 districts by June 2027	LG&RD Department
	E-Governance Training Mandate	Make digital skills compulsory for civil servants	Train 5,000 officers by June 2027	S&GAD
Projects	Satellite Based Cadastral System	Complete digital land record mapping	100 percent by June 2027	Board of Revenue
	Safe City Project (Quetta and three other cities)	Improve surveillance and public safety	75 percent by June 2027	Home Department
	Fast-Track Courts Establishment	Speed up disposal of court cases	4 out of 4 by December 2026	Law Department
	Enterprise Development Programme	Create employment for youth and women	10,000 beneficiaries by June 2027	Industries Department

Type	Item Name	Key Objectives	Targets 2026-27	Responsibility
Programmes	Peace & Social Cohesion	Train communities in conflict resolution	15,000 trained by June 2027	Home Department
	Minority Welfare Programme	Provide financial and social support	5,000 beneficiaries by June 2027	Minority Affairs

The Government of Balochistan is fully committed to working with the federal government to achieve the national development agenda. The proposed plan for FY2026-27 will improve governance scores, increase the province's contribution to national GDP, attract private investment, and improve the lives of the people of Balochistan through transparent, efficient, and inclusive development. Better governance means faster services, less corruption, and more opportunities for every citizen.

20. AZAD JAMMU AND KASHMIR

20.1 Introduction

Azad Jammu & Kashmir (AJ&K)'s economy is characterized by its strategic geographic location, abundant hydropower potential (estimated at over 15,000 MW), expanding tourism sector, and literacy rate exceeding 77.5 percent, providing a strong base for human capital development. However, given the limited industrial base and fiscal constraints, public sector investment through the Annual Development Programme (ADP) remains the primary driver of economic growth.

Building on the enhanced ADP envelope in FY2025–26 (Rs. 49.00 billion), the Plan prioritizes investments in road infrastructure, energy generation, tourism, social services, and digital transformation. Particular emphasis is placed on improving regional connectivity (over 300 km main roads and more than 600 km link roads), accelerating hydropower projects, and strengthening governance through e-initiatives.

By integrating regional priorities with national economic strategies and the Sustainable Development Goals (SDGs), the Annual Plan 2026–27 aims to enhance economic resilience, promote inclusive growth, and position AJ&K as a dynamic contributor to Pakistan's development trajectory.

20.2 SECTORAL POLICY FRAMEWORK

20.2.1 Key Policy Instruments

AJ&K's development planning is guided by a coherent mix of national and regional policy frameworks. These include URAAN Pakistan, the 13th Five-Year Plan, and the Sustainable Development Goals (SDGs), which collectively define the strategic direction for socio-economic development. Sector-specific policies including the AJ&K Child Protection Policy (2010), AJ&K Labour Policy (2016), AJ&K Tourism Policy (2018), AJ&K Power Policy (Adopted National Power Policy 2015), AJ&K Climate Change Policy (2017), AJ&K Women Empowerment Policy (2012), AJ&K Social Protection Policy (2022), AJ&K Education Policy (2021-30), AJ&K Digital Policy, AJ&K Health Policy (2022) further guide targeted interventions across key development sectors. The Annual Development Programme (ADP) serves as the principal instrument for translating policy priorities into sectoral investments across infrastructure, energy, tourism, health, education, and rural development.

The 13th Five-Year Plan (2024–29) sets measurable Key Performance Indicators (KPIs), including increasing cultivated land (14.7 percent to 16 percent) and forest area (11.6 percent to 13 percent), improving literacy (77 percent to 85 percent), and raising primary enrolment for boys (88 percent to 95 percent) and girls (77 percent to 85

percent). It also targets reducing unemployment (10.7 percent to 8 percent) and population growth (1.61 percent to 1.5 percent). Health improvements include reducing infant mortality (51 to 45/1000 live births/year) and achieving 100 percent immunization. Infrastructure goals focus on better road density (0.78 to 0.85), water supply coverage (rural 65 percent to 75 percent, urban 52 percent to 70 percent), and full electricity access (98 percent to 100 percent). Energy targets include increasing power generation and per capita availability.

20.2.2 Policy Alignment

The Annual Plan 2026–27 demonstrates strong alignment with the URAAN Pakistan framework including Exports, E-Pakistan, Equity & Empowerment, Environment & Food Security, Energy & Infrastructure.

This alignment ensures coherence between State initiatives and national priorities, enabling AJ&K to contribute effectively to Pakistan’s economic transformation.

20.2.3 Policy Gaps / Reforms Needed

Despite notable progress, key structural and institutional challenges persist:

- Continued reliance on federal transfers, limiting fiscal autonomy
- Delays in completion of legacy projects, particularly post-earthquake reconstruction
- Weak private sector participation and limited investment inflows
- Institutional capacity constraints and inter-departmental coordination gaps
- High vulnerability to climate change and natural disasters

Addressing these challenges requires targeted reforms in project prioritization, strengthening public–private partnerships (PPPs), enhancing domestic resource mobilization, and improving institutional efficiency. Establishing a robust monitoring and evaluation framework will be critical to ensuring accountability and performance tracking across development cycles.

20.3 Review of Previous Year

20.3.1 Performance Brief

The Total volume of AJK Development portfolio was Rs.49 billion for the fiscal year 2025-26 as detailed below:

Table 20.1: Development Portfolio

ADP 2025-26		(Rs. Billion)
		Allocation 2025-26
i.	Federal Share	31.00
ii.	AJ&K Own Resources	17.00
iii.	Foreign Aid Component:	1.00
Sub-Total		49.00

The ADP 2025–26 focused on infrastructure development, energy generation, tourism promotion, and social sector improvement. Significant progress has been made in road infrastructure, with construction and rehabilitation of over 300 km of main roads along with extensive link roads, improving connectivity and supporting economic activity. The energy sector also showed advancement through ongoing hydropower projects, strengthening AJ&K's contribution to clean energy. Social sectors, particularly health and education, focused on infrastructure upgrades and improved service access. While infrastructure and energy projects progressed well, social sector initiatives faced delays due to funding constraints, procurement bottlenecks, and human resource shortages. External challenges such as cost escalations, difficult terrain, and a limited working season also affected timelines. Overall, progress remained satisfactory but highlighted the need for improved efficiency, stronger financial management, and better coordination.

20.3.2 Status against Targets

Performance during the FY2025-26 remained varied across sectors due to financial, institutional, and operational constraints.

20.3.2.1 Infrastructure & Connectivity

During FY2025-26, 24 km of major roads were constructed against a target of 31.10 km, while 95 km of link roads were completed against 115.90 km. Rehabilitation works included 50 km of main roads (target 59.30 km) and 30 km of link roads (target 41.59 km). In addition, 300 meters of RCC bridges (target 330 meters) and 75 meters of Bailey/steel bridges (target 97 meters) were completed. These interventions significantly improved regional connectivity, trade movement, tourism access, and service delivery.

20.3.2.2 Energy Sector

AJ&K has substantial hydropower potential, estimated at 15,000 MW, with 9,397.69 MW identified. Projects of 3204.60 MW have been completed while 4685.98 MW projects are under implementation stages. Distribution performance remained below targets, with 16,520 service connections against 30,000, 88.32 km transmission lines against 144 km, and 522 service poles against 817. While grid expansion has begun, further investment is required to enhance reliability and coverage.

20.3.2.3 Tourism Sector

Tourism sector demonstrated strong growth momentum during the year. Tourist influx increased to 3.21 million in 2024–25, generating Rs. 23.892 billion in revenue. In 2025–26 (up to January), tourism generated revenue of Rs. 11.153 billion with an influx of 2.23 million visitors. This growth reflects the positive impact of infrastructure development and planning initiatives. However, the absence of a comprehensive regulatory framework and limited private sector investment continues to restrict full sectoral potential.

20.3.2.4 Social Sectors (Health & Education)

In health, major achievements included completion of THQ Hospital Chakkar (50-bedded), General Hospital Rawalakot (200-bedded), upgradation of DHQ Hospital Mirpur (250-bedded), and construction of staff hostels in DHQ Haveli. Key indicators include 87 percent immunization coverage (target 90 percent), 35 percent CPR (target 40 percent), and 85 percent access to health facilities (target 90 percent). In education, 7 schools and 18 colleges were upgraded/rehabilitated, while 26 school buildings (target 36) and 10 college buildings (target 11) were completed. Service quality and staffing gaps remain key challenges.

20.3.2.5 Rural Development & Water Supply

Rural development schemes improved local infrastructure and water access. Currently, 67 percent of rural and 52 percent of urban populations have access to piped water supply. During FY2025–26, 120 filtration plants were installed, and 150 PCC street/link road schemes were completed against a target of 4,000. Despite progress, disparities between rural and urban areas persist.

20.3.2.6 Digital Transformation & Governance

E-governance initiatives expanded through E-Office systems, IT infrastructure development, and digitization of records. Land records were computerized in 14 tehsils (target 17), while state subject and domicile digitalization and lower judiciary automation were initiated. Two IT Excellence Centers were established against a target of five, though scaling remains limited.

20.3.2.7 Entrepreneurship and Economic Empowerment

Microfinance initiatives supported inclusive growth, with 5,909 individuals receiving interest-free loans through Akhuwat and 2,805 additional loans are planned. These programs particularly support youth-led entrepreneurship and aim to reduce economic disparities.

20.5 PROGRAMME FOR FY2026–27

20.5.1 Outlook 2026–27

The Total financial requirement of AJK Development portfolio for the next fiscal year 2026-27 has been proposed as detailed below:

Table 20.2: Total Financial Requirement of AJK Development Portfolio

(Rs. Billion)

Component		Proposed Budget 2026-27
i.	Block Allocation (Local)	33.00
ii.	PSDP Allocation	45.05
Total:		78.05

This increased allocation reflects the government's commitment to accelerating development and addressing implementation gaps observed in FY2025–26. Accordingly, the Annual Plan 2026–27 focuses on consolidating past gains while improving service delivery, institutional capacity, and sectoral performance.

Infrastructure development will remain a cornerstone of the Plan, with continued investment in road networks to improve connectivity, facilitate trade, and promote tourism. This strategic priority is operationalized through the Road Infrastructure Programme, targeting construction and rehabilitation of over 300 km of roads under the Communication & Works Department.

In the energy sector, emphasis will be placed on expanding renewable energy capacity and strengthening distribution systems. Key interventions include Hydropower Projects (Naushera, Khursheedabad, and Phullawai) aimed at increasing megawatt capacity, along with the establishment of Grid Stations at Sehensa and Samahni to improve electricity reliability under the Energy Department.

Tourism sector development is being positioned as a major driver of economic growth. The Tourism Master Planning & Development Programme aims to promote eco-tourism, cultural heritage, and adventure tourism, while enhancing infrastructure and increasing tourist inflows through improved regulatory frameworks and private sector participation.

Agriculture and rural development are also central focus of the Plan. Initiatives such as Soil Conservation and Productivity Enhancement, Agro-Ecological Based Agriculture Development, Production of Quality Fruit Plants, and the Establishment of Tissue Culture Labs are designed to improve agricultural productivity, expand cultivated areas, and promote modern farming techniques under the Agriculture Department. Complementing these efforts, the Rural Development Programme will focus on improving local infrastructure and water supply coverage.

Digital transformation will be accelerated through the establishment of IT Excellence Centers in Muzaffarabad and Poonch, promotion of freelancing, and expansion of IT infrastructure. The scaling up of E-Governance and E-Office systems will enhance transparency, efficiency, and public service delivery under the IT Department.

In the social sectors, targeted programmes such as the Health Sector Upgradation Projects and Education Infrastructure Development Programme will focus on improving access, infrastructure, and service quality. These initiatives aim to upgrade hospitals, provide missing facilities in schools, and strengthen human development outcomes. Entrepreneurship and economic empowerment will be promoted through the Microfinance Programme (Akhuwat Support), which aims to expand interest-free loan coverage, particularly for youth and women, fostering inclusive growth.

Environmental sustainability and climate resilience remain integral to the development strategy, with continued emphasis on resource conservation, watershed management, and disaster risk reduction.

Overall, the FY2026–27 development strategy is aligned with clearly defined project and programme-level targets, ensuring that financial allocations are effectively translated into measurable outcomes across sectors. The approach emphasizes balanced, inclusive, and sustainable growth through efficient resource utilization and strengthened institutional performance.

20.5.2 Sector wise Key Targets of FY2026–27

S.#	Sector/Sub-Sector	Major Indicators/ Activities	Targets 2026-27
1.	Crops & Horticulture	Production of certified Fruit Plants	100,000
		Production of certified Fruit Plants	100,000
		Purchase of Propagation Material/Mother plants/bulbs (Tulip/cut-flower/flowers)	18,078
		Purchase of Potato Seed	1,600
		Training of Farmers and Activists	04
		Budding / Grafting on wild Olive Plants	50,000
		Purchase of Dairy Cattle on Cost-Share Basis.	Purchase of 500 Elite Cows
		Purchase of FMD Vaccine	Vaccination of 100,000 Animals against Foot & Mouth Disease.
		Provision of 200,000 Poultry Birds to Targeted / Selected Women	Distribution of 70,000 Poultry Birds @ 10 Birds / Beneficiary to destitute families.
2.	Irrigation & Small Dams	Rehabilitation of Khari Irrigation channel 26 Km Total length. Lining of (08) Distributaries on upper Jehlum Canal. Construction of Irrigation site office at Geegan Moosa Distt Mirpur.	Rehabilitation of Kharri Irrigation Channel 17 Km. Lining of (06) Distributaries on upper Jehlum Canal. Construction of Irrigation site office at Geegan Moosa Distt. Mirpur.
3.	Extension Services Management Academy (ESMA)	Training of Officers, Field Staff and Farmers & Visits	808

S.#	Sector/Sub-Sector	Major Indicators/ Activities	Targets 2026-27
		Establishment of Fruit Orchards, Vegetable Farms, Fodder Plants, Walk in Tunnel and Low Tunnel.	60
		Construction and Augmentation of Storage Capacity of Base Godown, Islamabad.	01 No.
		Establishment of Static Food Testing Lab.	01 No.
4.	Electricity Department	Service Connections (Nos)	25,000
		Transmission Line (Km)	198
		Services Poles (Nos)	1,450
		Transformer (Nos)	450
		Grid Stations (Nos)	3
5.	Physical Planning & Housing	Govt. Office/Institutions	85,000 sft
		Residences	45,000 sft
		Urban Water Supply	5%
		Urban Sanitation	3%
		Solid waste Management at 10 District HQs of AJ&K	09 District HQs
		PCC Streets link roads/Village paths & Link Roads	4,000 Nos.
		Construction of Bridges	14 Nos
6.	Communications & Works	Construction of Major Roads (Km)	95
		Construction of Link Roads (Km)	105
		Up-gradation, Improvement and Reconditioning Work Major Roads (Km)	65
		Up-gradation, Improvement and Reconditioning Work Link Roads (Km)	55
		Construction of RCC Bridges (Meter)	220
		Construction of Bailey/Steel Bridge (Meter)	50
7.	Information Technology	Computerization of Land Record	Completion of digitization for 3 Tehsils.
		E-Office Implementation	E-Office deployment in all attached departments
		Digitalization of State Subjects & Domiciles	Completion of software up-gradation in 33 AC offices

S.#	Sector/Sub-Sector	Major Indicators/ Activities	Targets 2026-27
		Establishment of IT Excellence Centers	Establishment of 8 Nos. of IT Excellence Centers
		State Data Center	Establishing a Tier-III State Data Center in Muzaffarabad.
8.	Information & Media Development	Short Documentaries/Video Packages	16
		Social Media Info-graphics	1,500
		Production of News Bulletin	360
		Monitoring of Digital Media Platforms	150
9.	Health	Increase in number of beds in hospital of AJ&K (3000)	5,000
		Provision of Missing Facilities Electro Medical Equipment in Health Facilities of AJ&K	Provision of equipment in RHCs and BHUs Hospitals of AJ&K
		Provision of Life Saving Services in Major Hospitals of AJ&K and Consumable for RBTC Mzd) for FY2025-26	Provision of Life Saving Services in Major Hospitals of AJ&K and Consumable for RBTC Mzd) for FY 2026-27
		Establishment of Operation Theatres and Nursery Units in THQ Hospitals of AJ&K	Establishment of Operation Theatres and Nursery Units in 20 THQ Hospitals of AJ&K
		Immunization Coverage	95%
		CPR	62%
		Population with access to public health Facilities	100%
10.	Higher Education	Construction of Buildings (Colleges)	1
		Transport (Buses) (Colleges)	46
		Transport (Buses) (Universities)	4
11.	Elementary & Secondary Education	Construction of Building (Primary Education)	110
		Construction of Buildings (Middle Education)	16
		Establishment of ECE Rooms (Middle Education)	100
		Provision of Furniture	300

S.#	Sector/Sub-Sector	Major Indicators/ Activities	Targets 2026-27
		Construction of Buildings (High Education)	05
		Repair & Renovation of existing school buildings (High Education)	50
		Construction of boundary wall with Girls High & Higher Secondary Schools (High Education)	60
		Construction of Buildings (Higher Secondary Education)	05
		Provision of Furniture (Higher Secondary Education)	30
		Missing facilities (Toilet Blocks) (Higher Secondary Education)	100
12.	Social Welfare	Educational stipends	1,535
		Protection of children from abuse, violence, neglect, exploitation and harmful practices	126
		Establishment of Child Protection Unit Mirpur & Kotli	2
13.	Women Development	Residential, legal, medical and psycho-support services to women victims of violence seven districts	420
		Accommodation of working women in Five Districts	100
		Pink Bus Service	05
		IEC Material/Media Campaigns	100%
		Trainings/ Workshops/ Seminars/ Exhibitions	75
		Strengthening of Shaheed Benazir Bhutto women Development Centers	02
		Sustainability of 03 Shelter Home	03

20.5.2 Key Targets of FY2026–27

Type	Intervention	Key Objectives	Current Status	Targets 2026–27	Responsibility
Project	Soil Conservation and Productivity Enhancement	Enhance agricultural productivity and farmer support	Not Started	Completion/continuation with improved input delivery and extension coverage	Agriculture Dept
Project	Agro-Ecological Based Fruit, Vegetable & Agriculture Development	Strengthening crop yield and irrigation efficiency	Not Started	Increase cultivated area and input utilization	Agriculture Dept
Project	Production of Quality Fruit Plant	Promotion of modern farming techniques	Not Started	Adoption of improved seeds & mechanization	Agriculture Dept
Project	Establishment of Tissue Culture Lab	Support to horticulture and high-value crops	Not Started	Expansion of orchard area and value chain development	Agriculture Dept
Project	Hydropower Projects (Naushera, Khursheedabad, Phullawai)	Increase renewable energy generation capacity	Not Started	MW addition through ongoing project completion	Energy Dept
Project	Grid Stations (Sehensha, Samahni)	Improve electricity distribution and reliability	Not Started	Operationalization of grid stations	Energy Dept
Project	Road Infrastructure Programme	Improve connectivity and tourism access	Not Started	Construction/rehabilitation of ~300+ km roads	C&W Dept
Programme	Tourism Master Planning & Development	Promote eco, cultural and adventure tourism	Not Started	Increased tourist inflow and site development	Tourism Dept
Programme	Health Sector Upgradation Project	Improve healthcare infrastructure and service delivery	Not Started	Upgradation of hospitals and establishment of facilities	Health Dept
Programme	Education Infrastructure Development	Improve access and quality of education	Not Started	Provision of missing facilities in schools	Education Dept
Programme	Rural Development Programme	Enhance rural infrastructure and water supply	Not Started	Improved connectivity and water access	LG&RD Dept
Programme	IT Excellence Centers (Muzaffarabad & Poonch)	Promote digital economy and skill development	Not Started	Operational IT hubs and trained youth	IT Dept

Type	Intervention	Key Objectives	Current Status	Targets 2026–27	Responsibility
Programme	E-Governance / E-Office	Improve public service delivery	Not Started	Digitization of major government services	IT Dept
Programme	Microfinance (AKHUWAT Support)	Promote entrepreneurship and financial inclusion	Not Started	Expanded loan coverage for youth & women	Social Welfare Dept

21. GILGIT-BALTISTAN

21.1. Introduction

Gilgit-Baltistan (GB) occupies a strategically vital position as the gateway to CPEC and the water bank of Pakistan, endowed with rich natural resources, diverse ecosystems, and significant tourism potential. Covering 72,496 sq. km with a population of approximately 1.72 million (Census 2023) and a growth rate of 2.28%, the region faces unique development challenges — only 2% of total land area is habitable, settlements are scattered across deep mountain valleys, and the terrain is harsh and climate-vulnerable.

GB's development agenda is anchored in ten priority sectors: Transport & Communications, Clean Energy & Power, Health, Water & Sanitation, Tourism, Disaster Management, Education, Social Welfare/Poverty Alleviation, Fuel, and Information Technology. The total development outlay for 2025-26 stood at Rs. 37,000 million — Rs. 22,000 million under the Annual Development Programme (ADP) and Rs. 15,000 million under the Federal PSDP for Special Areas. With 60% of the population comprising young people, human capital development remains a central priority.

21.2. Sectoral Policy Framework

#	Policy Dimension	Content
1	Key Policy Instruments	GB Annual Development Programme (ADP) as primary financing mechanism; National Action Plan on Population (CCI-approved); GB Population Policy 2026-35 (draft prepared, pending Cabinet approval); National TVET Policy (NAVTTTC); HEC standards for BS 4-year programs; GB SDGs Framework (SDGs Task Force chaired by Speaker GB Assembly; SDGs Steering Committee chaired by Additional Chief Secretary; GB SDGs Support Unit); National Gender Policy Framework; GB Women Development Policy (draft); Youth Policy of GB; CM's Self-Employment Interest-Free Youth Loan Scheme; GB Control of Narcotics Substance Act 2025 (GBCNSA, approved by GB Assembly, pending Gazette publication); GB Health Procurement Manual (under preparation); Road and Bridge O&M Policy (approval stage); Asset Management System for roads (implementation stage); MVRTMS digital payment system (Excise & Taxation).
2	Policy Alignment	All sectoral programs align with URAAN Pakistan and the 13th Five-Year Plan. Education aligns with Equity and Empowerment through expansion of girls' colleges, TVET, and inclusive

		education. Energy programs support the Environment and Energy pillars. Health investments support SDG 3 and SDG 9. Population programs align with the demographic dividend objectives of the 13th Five-Year Plan. Women Development and Youth Affairs align with Empowerment and Equity. SDGs have been mainstreamed into GB's planning through a bottom-up SDG Prioritization Framework; baseline values for 67 SDG indicators established with ten-year trend analysis.
3	Policy Gaps / Reforms Needed	Key constraints include: higher throw-forward; weak industry linkages in TVET; fragmented governance in higher and special education; inadequate digital integration; family planning sustainability weakened by project-based rather than system-based interventions; weak enforcement of human rights laws; internet connectivity disruptions at Youth Resource Centers; limited WDC outreach in remote districts. Required reforms: transition to CBT in TVET; establishment of Higher Education Academy; Digital Education Policy; strengthening of Public-Private Partnerships; shift to sustainable system-based family planning delivery.

21.3. Review of FY 2025-26

21.3.1 Performance Review

FY2025-26 witnessed significant progress in energy generation, skill development, health infrastructure, and family planning service delivery. The energy sector successfully completed 13 hydropower generation projects with a cumulative capacity of 18.550 MW and system improvement projects benefiting approximately 250,000 consumers. The health department achieved 100 percent utilization of its allocated development budget. Family planning achieved 100 percent of CPR targets and 100 percent of Mobile Service Unit camp targets. However, procurement bottlenecks, land acquisition issues, funding constraints and delays in civil works slowed down the progress of some schemes.

21.3.2 Status Against Targets

Education — Higher, Technical & Special Education (HT&SE)

The sector's total allocation was Rs. 5,944.031 million, whereas, total expenditure remained Rs. 1,722.409 million, resulting in throw-forward of Rs. 4,221.622 million. Progress was notable in basic school infrastructure (70-90 percent completion), girls' colleges, and TVET centers in Diamer, Ghizer, and Ghanche. Technical Education and Skill Development (TESD) exceeded training targets, training 1,048 youth against a target of 1,000. NAVTTC programs achieved 99 percent of targets. Special Education recorded low financial utilization (Rs. 25.464 million out of Rs. 374.500 million).

Energy

Major Indicators / Activities	Targets 2025-26	Achievements	Targets 2026-27
Hydel Power Stations (ADP)	13 HPPs — 18.550 MW cumulative	13 HPPs completed at Rs. 6,606.566 million; 18.550 MW capacity	25 hydel schemes; 40 MW cumulative capacity
Smart Energy Meters / System Improvement	35,000 consumers; 200 km T-lines; 500 km D-lines	250,000 consumers to benefit; multiple schemes completed	15+ system improvement schemes; 7 ABC cable/meter schemes
Federal PSDP — 16 MW HPP Nalter-III	Commissioning	TG Sets transported; installation to commence; operational June 2026	Tower installation commenced (Regional Grid)
Regional Grid Stations GB Ph-I	Land acquisition and fencing	Completed; tower material inspection in China ongoing	E&M equipment installation commenced
26 MW HPP Shagarthang Skardu	Approach road completion	Completed	Tunnel work initiated
100 MW Solar Project	—	—	Federal project to reduce energy shortages

Health

The health department achieved 100 percent utilization of the allocated development budget and 35 schemes were completed during FY2025-26. Key outcomes included centralized procurement of high-tech diagnostic equipment (MRI/CT scans) for three regional hubs; initiation of 4 new schemes in high-altitude districts; and provincial rate contract for essential medical machinery.

Communications & Works

Delays were attributed to fund release issues, land acquisition problems, PC-I revisions, harsh weather, limited working season, and ongoing sewerage projects damaging existing roads.

Sector	Target 2025-26	Achievement
Road Construction / Metaling	58 km	18 km
Road Rehabilitation	150 km	8 km

Sector	Target 2025-26	Achievement
RCC Bridges	8 Nos.	2 (execution phase)
Routine Road Maintenance	15 km	6 km
Urban Drainage & Street Improvement	25 schemes	13 schemes
Road Safety Furniture	3 km	0.5 km
Maintenance Equipment Procurement	10 items	0

Excise & Taxation

Digital payment system via MVRTMS is operational; NCP vehicle indexation software developed and operational; APIs developed for integration with NACTA and other government agencies; 2 warehouses (Skardu, Diamer) 100 percent completed; 2 police stations (Skardu, Diamer) 100 percent completed.

Human Rights Department

A seminar on the National Action Plan for Human Rights was conducted with stakeholders from government, civil society, academia, and the legal community. Awareness campaigns were conducted through workshops, media engagement, and community outreach targeting marginalized groups. Coordination meetings were held with the National Commission for Human Rights and provincial departments to improve data sharing and monitoring of violations.

Women Development Department

Approximately 2,500 women trained under ADP schemes. Women Development Centers (WDCs) remained functional. Skill programs achieved 80 percent of targets. Awareness campaigns exceeded targets. Economic empowerment outcomes remained moderate due to limited access to finance. Vocational training targets of 2,700 trainees in 5 trades across GB were fully met.

Population Welfare

51 Mobile Service Unit camps were held across GB, providing family planning services to 1,200 clients at their doorstep. Service delivery network expanded to 110 Family Welfare Centers, 6 Reproductive Health Service Centers, and 10 Mobile Service Units across all districts.

Youth Affairs

IT training in collaboration with GBRSP and Binary Hub: 1,080 youth trained (628 male, 452 female). Internship programs: 169 participants (86 male, 83 female). Youth Resource Center (YRC) functional but internet facility disconnected by SCO. Establishment of Policy Implementation Unit and Youth Development Endowment Fund not achieved. CM's Self-Employment Interest-Free Youth Loan Scheme disbursement for 2025.

21.4. Programmes for FY2026-27

21.4.1 Outlook FY2026-27

Education

For school education, the focus in FY2026-27 will be on infrastructure completion, digital integration, and capacity building — targeting 15 primary school constructions, upgrading 22 schools to high level, establishing 137 additional classrooms, 44 IT labs, and providing WASH facilities in 161 schools. For higher education, strategy focuses on consolidation of ongoing projects given high throw-forward liabilities, with priority accorded to BS infrastructure, girls' colleges, digital transformation, and establishment of the Academy of Higher Education for Research and Training. New degree colleges are planned at Pari Bangla, Phander, and Gonar Farm. TESD will expand TVET centers, introduce emerging trades (AI, freelancing, renewable energy), and transition to competency-based training (CBT). Special Education will expand services, introduce assistive technologies, and strengthen early intervention and vocational training for persons with disabilities. Total proposed HT&SE portfolio for 2026-27 amounts to Rs. 3,299.479 million.

Energy

25 hydel generation schemes targeting 40 MW cumulative capacity will be completed. More than 15 system improvement schemes will strengthen the transmission and distribution network. 7 schemes related to ABC cables and smart energy meters will be completed to minimize electricity pilferage. Under Federal PSDP: commencement of tower installation and E&M equipment installation for Regional Grid Stations; initiation of tunnel work for 26 MW HPP Shagarthang Skardu; and a 100 MW federal solar project to reduce energy shortages and support sustainable development.

Health

15 prioritized ADP schemes will be commenced. Procurement efficiency will be improved by reducing the tender-to-award cycle by 20 percent. Budget utilization target is 95 percent of allocated funds with 100 percent installation and commissioning of procured equipment. Key policy initiatives include finalization of the GB Health Procurement Manual, launch of a Contractor Performance Framework, and development of standardized Template PC-1s for 10, 30, and 50-bed facilities. New construction targets include trauma centers at DHQ Chilas, DHQ Gahkuch, and DHQ Khaplu; upgrading of District Hospital Chilas from 100 to 200 beds; upgrading of DHQ Ghakuch from 30 to 50 beds; and establishment of 13 C-Class Dispensaries, 6 BHUs, and 3 ten-bedded hospitals.

Communications & Works

Key targets include: 20 km road construction/metalling; 50 km road rehabilitation; 2 RCC bridges in execution phase; 135 km routine road maintenance (including roads damaged by sewerage project); rehabilitation of urban roads damaged by sewerage works; 30 drainage improvement schemes; and procurement of 10 maintenance

machines. Implementation of the Road and Bridge O&M Policy and development of a digital road/bridge inventory under the Asset Management System are priority policy actions.

Excise & Taxation

Issuance of challan receipts via SMS/Email; launch of public portal with vehicle history search; live integration of APIs with NACTA and law enforcement agencies; award of contract for Personalized Registration Number; commencement of construction of Gilgit Warehouse.

Counter Narcotics

Framing of Rules under GBCNSA; finalization of Tobacco Act amendments; establishment of Counter Narcotics Directorate GB; creation of regular posts; establishment of Drug Rehabilitation Centers; procurement of field vehicles; conduct of awareness sessions in all districts of GB.

Human Rights

Implementation of National Action Plan for Human Rights (80 percent of planned actions); drafting of legal amendments and policy updates; 60 percent increase in outreach activities; development of online complaint management system; expanded awareness campaigns targeting rural communities, women, children, and minority groups.

Women Development

Expansion of Women Development Centers (WDCs) to all districts; Women Skill Development Programme targeting 3,000 women trained; Women Entrepreneurship Scheme supporting 1,000 entrepreneurs; finalization and approval of GB Women Development Policy; district-wide legal support and awareness campaigns.

Population Welfare

CPR target of 47 percent; TFR target of 3.5; CYP target of 140,000; FP clients target of 230,000; 100 MSU camps; 40 IEC activities. GB Population Policy 2026-35 to be placed before GB Cabinet for approval. Three ADP projects targeted: Costed Implementation Plan (CIP) for CCI-approved population recommendations (2025-30); construction of office building of Population Welfare Directorate GB; and Population Welfare Programme in GB ERE Phase-III. Long-term targets: CPR to 65 percent by 2030, TFR to 2.9 by 2030, PGR to 1.5 percent per annum.

Youth Affairs

Expansion of YRCs to Hunza and Chilas (District Diamer); scaling of freelancing programs; strengthening of CM's Self-Employment Interest-Free Youth Loan Scheme; introduction of regulated fee structures for YRCs with welfare exemptions; IT and freelancing training for youth in Hunza and Diamer districts in collaboration with Binary Hub; approval and implementation of YRC Usage & Fee Policy; enhanced civic engagement and youth participation programs.

21.4.2 Key Targets of FY2026-27 Plan

Type	Item Name	Key Objectives	Targets 2026-27	Responsibility
Policy	GB Women Development Policy	Policy approval	Approval in FY 2026-27	Women Dev. Dept. GB
Policy	GB Population Policy 2026-35	Sustainable demographic planning	Approval by GB Cabinet	Population Welfare Dept. GB / UNFPA
Policy	Road & Bridge O&M Policy	Improve road network sustainability	Implementation in GB	C&W Dept. GB / ETI GB
Policy	Asset Management System	Digital road/bridge inventory	Operational digital inventory	C&W Dept. GB
Policy	GB Health Procurement Manual	Streamline equipment acquisition	Finalized and adopted	Health Dept. GB
Policy	National Action Plan for Human Rights	Strengthen implementation	80% of planned actions implemented	Human Rights Dept. GB
Policy	Legal Reforms — Human Rights Laws	Improve enforcement	Draft amendments finalized	Human Rights Dept. GB
Policy	YRC Usage & Fee Policy	Ensure YRC sustainability	Approval and implementation	Youth Affairs Dept. GB
Policy	CBT Implementation — TVET	Market-driven skills training	50% of institutes transitioned	TESD GB
Policy	Recruitment Rules — Special Education	Address HR gaps	Approval finalized	Secretariat GB
Policy	GBCNSA Rules	Operationalize narcotics law	Rules framed and notified	Counter Narcotics Directorate GB
Project	Academy of Higher Education	Faculty training and research	Establishment initiated	Higher Education Dept. GB
Project	Digitalization of Higher Education	ICT integration in colleges	50% colleges covered	Higher Education Dept. GB / TESD
Project	New Degree Colleges — Pari Bangla, Phander, Gonar Farm	Expand access to higher education	PC-I approval and construction initiation	Higher Education Dept. / Works Dept. GB
Project	TVET Centers — Shigar, Nagar, Astore	Expand skill infrastructure	3 centers established	TESD GB

Type	Item Name	Key Objectives	Targets 2026-27	Responsibility
Project	Special Education Centers — Astore & Ghanche	Inclusive education expansion	Initiation and partial completion	Special Education Dept. GB
Project	WDCs in All Districts	Expand women's access to services	Centers in all districts	Women Dev. Dept. GB
Project	Women Skill Development Programme	Skill training for women	3,000 women trained	Women Dev. Dept. GB
Project	Women Entrepreneurship Scheme	Business support for women	1,000 entrepreneurs supported	Women Dev. Dept. GB
Project	Drug Rehabilitation Centers	Rehabilitation of narcotics users	Centers established	Counter Narcotics Directorate GB
Project	Population Welfare Directorate Office Building	Institutional infrastructure	Necessary construction completed	P&DD GB / C&W Dept. GB
Project	Population Welfare Programme ERE Phase-III	Sustain expanded service delivery	Included in ADP	P&DD GB / Population Welfare Dept. GB
Project	CIP for CCI Population Recommendations (2025-30)	Increase CPR; reduce TFR and PGR	Placed before forum for approval	P&DD GB / Population Welfare Dept. GB
Project	Health Infrastructure — 15 New ADP Schemes	Expand and upgrade health facilities	15 prioritized projects commenced	Health Dept. GB
Project	Trauma Centers — DHQ Chilas, Gahkuch, Khaplu	Emergency healthcare	Initiation and partial completion	Health Dept. / Works Dept. GB
Project	Regional Grid Stations GB Ph-I	Strengthen transmission network	Tower and E&M installation commenced	Energy Dept. GB
Project	26 MW HPP Shagarthang Skardu	Increase hydropower generation	Tunnel work initiated	Energy Dept. GB
Project	25 Hydel Generation Schemes (40 MW)	Electricity generation	40 MW capacity added	Energy Dept. GB
Project	Digital Media & Archives Wing	Modernize information services	Established and operational	Information Dept. GB
Project	Press Club Kharmang	Media infrastructure	Completed	Information Dept. GB

Type	Item Name	Key Objectives	Targets 2026-27	Responsibility
Programme	CM's Interest-Free Youth Loan Scheme	Promote entrepreneurship	Expanded disbursement across all districts	Youth Affairs Dept. GB
Programme	IT & Freelancing Training — Hunza & Diamer	Digital employment for youth	Youth trained in both districts	Binary Hub / Youth Affairs Dept. GB
Programme	GB Youth Internship Programme	Enhance employability	Increase placements	Youth Affairs Dept. GB
Programme	MSU Family Planning Camps	FP services in remote areas	100 camps held	Population Welfare Dept. GB
Programme	IEC Activities — Family Planning	Increase awareness	40 activities conducted	Population Welfare Dept. GB
Programme	Road Construction & Rehabilitation	Improve connectivity	20 km construction; 50 km rehabilitation	B&R Division Gilgit
Programme	Routine Road Maintenance	Maintain road network	135 km maintained	B&R Division Gilgit / PMU Sewerage
Programme	Drainage Improvement Schemes	Protect road structure	30 schemes completed	B&R Division Gilgit
Programme	Smart Meters & Energy Cables ABC	Reduce electricity pilferage	7 schemes completed	Energy Dept. GB
Programme	School Meal Programme	Improve nutrition and retention	20,000 students covered	School Education Dept. GB
Programme	Human Rights Awareness Campaigns	Increase public awareness	60% increase in outreach activities	Human Rights Dept. GB
Programme	Electronic Project Monitoring	Improve governance and accountability	All departments covered	P&DD GB / IT Wing
Programme	Registration of Cooperative Societies	Expand cooperative network	7 new societies registered	Cooperative Dept. GB
Programme	Automation of Cooperative Societies	Digital governance of cooperatives	122 societies automated	Cooperative Dept. GB
Programme	Counter Narcotics Awareness Sessions	Reduce narcotics use	Sessions in all districts of GB	Counter Narcotics Directorate GB

22. POPULATION

22.1. Introduction

The 2023 Population and Housing Census placed Pakistan's population at 241.49 million, with an intercensal growth rate of 2.55 percent. Around 64 percent of population is under the age of 30. The 'youth bulge' presents a finite window for a demographic dividend. At current trajectory, Pakistan's population is projected to reach 372 million under rapid fertility decline and 390 million under slow fertility decline by 2050 (Pakistan Population Projections 2023-2050), which will increase pressure on employment, public services, natural resources, and fiscal space.

Annual Plan 2026-27 builds upon the strategic direction of URAAN Pakistan and the 13th Five-Year Plan, advancing a holistic multi-sectoral response that positions population management as a prerequisite for macroeconomic stability and sustainable development.

22.2. Sectoral Policy Framework

The population sector is anchored in multi-layered institutional architecture of national planning instruments, international commitments, and the post-devolution provincial governance structure.

22.2.1 Key Strategic Instruments

- **National Action Plan on Population (2021-26):** Operational framework focused on service delivery, commodity procurement, and advocacy campaigns.
- **FP2030 Commitments:** Pakistan's voluntary pledge to raise contraceptive prevalence through evidence-based programmes, with accountability reporting to the global FP2030 partnership.
- **ICPD Programme of Action:** Guides reproductive health rights, gender equity, and demand-side approaches to population management.

22.2.2 Key Policy Gaps and Reform Priorities

Several structural bottlenecks constrain programme effectiveness:

- **Non-existence of National Strategic Framework on Population and Development:** At present, no effective instrument such as strategic framework on population exists at federal level making it difficult for the federal government to handle population management in collaboration with provincial governments.
- **Post-18th Amendment coordination deficit:** No effective mechanism exists for federal-provincial synchronization of population targets and commodity security.

- **Narrow programme mandate:** Population continues to be viewed primarily through a family planning lens, excluding critical demand-side levers such as girls' education, women's labour force participation, and social protection.
- **GST on contraceptive commodities:** Taxes on contraceptives raise the effective cost of modern methods and suppress demand, particularly among lower-income MWRA.
- **Fragmented SBC architecture:** No unified Social Behavior Change strategy exists at federal or provincial levels; current messaging is not evidenced to deliver measurable fertility change.
- **Pro-natalist institutional incentives:** The NFC Award formula assigning 82 percent weight to population for inter-provincial resource transfers structurally dis-incentivizes fertility reduction.
- **Absent youth engagement:** Youth (aged 15-29) constitute 27 percent of the population but are entirely excluded from family planning discourse and programme design (Pakistan Population Projections 2023-2050).
- **Weak private sector integration:** The private sector supplies approximately 56 percent of all contraceptives distributed in Pakistan (Annual Contraceptive Performance Report, 2021), yet operates outside any formal programme accountability framework.
- **Indigenous production gap:** Pakistan remains dependent on imported contraceptive commodities, creating supply chain vulnerabilities and foreign exchange exposure.

22.3. Review of FY2025-26

Contraceptive Prevalence Rate (CPR) slightly increased from 41.4 percent to 42.3 percent (UN Population Division Projections) and Total Fertility Rate (TFR) decreased from 3.59 to 3.54 (Pakistan Population Projections 2023-2050). Key initiatives and institutional achievements during the year included:

- **Population Projections 2023-50:** Completed (at national and provincial levels) in collaboration with National Institute of Population Studies (NIPS), Ministry of National Health Services, Regulations and Coordination (MoNHSRC) and United Nations Population Fund (UNFPA), providing foundational evidence base for long-range planning under national and provincial demographic scenarios.
- **D4D Data Portal (Phase-II):** Completed, establishing the first integrated, unified and analytically robust digital platform, that harmonizes diverse data sources across multiple sectors, to support development planning through real-time data analysis, visualization, trend analysis, and forecasting. By leveraging predictive modelling and dynamic dashboards (with AI and machine learning), it will support more informed and data-driven governance for sustainable development planning.
- **National Strategic Framework on Population and Development:** Draft document prepared in collaboration with UNFPA, providing a multi-sectoral coordination architecture aligned with the International Conference on

- Population Development (ICPD) Programme of Action and 13th Five Year Plan and will be submitted for approval from relevant forums.
- **National Action Plan on Population (2021-26):** Implementation continued, with allocations focused on contraceptive procurement and provincial technical assistance; cumulative allocation stood at Rs. 1,100 million, releases Rs. 467.98 million, and utilization Rs. 381.908 million (81.6 percent of releases; 34 percent of allocation) by June 2025, with 23 percent physical progress (contraceptive commodities).

22.4. Programme for FY2026-27

22.4.1 Strategic Outlook

The plan aims to address institutional transformation by addressing the demand-side barriers, financing architecture and coordination gaps. The planning framework for 2026-27 hovers around four strategic shifts:

- **From coordination to integration:** Embedding population indicators directly into provincial ADPs and Federal PSDP planning cycles and conditional transfer frameworks, moving beyond federal-level advocacy.
- **From supply-push to demand-pull:** Operationalizing a unified SBC strategy that addresses social norms, religious narratives, and male engagement- the principal barriers to CPR acceleration.
- **From programme to investment framing:** Positioning population management within an **economic dividend argument:** for every Rs. 1 invested in contraceptive services, provincial governments recover Rs. 2.3 to Rs. 5.0 in averted healthcare costs.
- **From exclusion to inclusion:** Formally institutionalizing youth participation, private sector accountability, and cross-sector data integration into population governance.

22.4.2 Overall Multi-Sectoral Key Priorities for FY2026-27

I. Institutional and Strategic Reforms

- **National Strategic Framework on Population and Development:** Finalize and launch the multi-sectoral framework as the coordination architecture between the federal government, provinces, development partners, and civil society.
- **Define the federal lead agency mandate:** Establish a clear federal institutional home for population planning at the Planning Commission (Population Unit).
- **GST exemptions on contraceptives:** Fast-track the FBR/Finance Division review to exempt contraceptives from GST, reducing the effective cost of modern methods and stimulating demand.
- **Review of population mechanics for policy formulation:** A thorough review of population mechanics for policy feedback will be carried out.

II. Service Delivery Expansion

- **Public-private partnership framework:** Develop a structured engagement model i.e. Contraceptive Logistics Management Information System (CLIMIS) for the private sector to meet national CPR targets and data reporting requirements.
- **Indigenous contraceptive production:** Engage domestic pharmaceutical companies for local production of contraceptives.

III. Data Systems and Evidence

- **National Knowledge Hub & D4D Data Portal (Phase-III):** Complete Phase-III operationalization (with AI integration, integrating provincial ADP data, LHW performance dashboards, and private sector service statistics into a unified real-time demographic intelligence platform. Establishment of Centralized Knowledge Hub is another key priority to collate, analyze, and use different sectoral data, integrate advanced modelling techniques for robust analysis and projections, thereby enhancing its role as a pivotal hub for informed decision-making and effective policy formulation.
- **District Level Population Projections 2023-2050** in collaboration with NIPS and UNFPA will be carried out.
- **ICPD Beyond 2030 Monitoring Mechanism:** Develop a formal monitoring framework aligned with the ICPD commitment.
- **Integration with health and education data:** Link D4DP Portal with the health facility and education data systems to capture the multi-sectoral determinants of fertility change.

IV. Behaviour Change and Youth Engagement

- **Unified Social Behaviour Change Communication (SBCC)** strategy will be developed by the relevant stakeholders to address demand-side barriers including son preference, perceived social norms, and male partner resistance.
- **Youth engagement mechanism:** Design and implement a formal institutional mechanism for involving the youth population (aged 15-29) in family planning discourse, including peer education and digital outreach platforms.
- **Economic framing of population advocacy:** Reframe population management in terms of per capita income growth, debt sustainability, and education quality-building political economy arguments that transcend the family planning paradigm.

22.4.3. Key Targets for FY2026-27

Type	Initiative	Objective	Current Status	FY2026-27 Target / Responsibility
Framework	National Strategic Framework on Population & Development	Align federal-provincial-partner policy direction	Drafted	Finalize, launch & operationalize
Mechanism	Federal Lead Agency Mandate on Population Planning & Development	Set up a Population Unit at Planning Commission with a multi-sectoral mandate to advance Population Planning and Development	In progress	Mandate defined; communicated to development partners PMO
Policy	Advocate for GST Removal on Contraceptives	Reduce cost barriers to modern FP methods	Under FBR/Finance review	GST exempted; effective for commodity cycle FBR / Finance / NHSR&C
Programme	Unified SBCC Strategy	Address demand-side barriers to contraceptive uptake	To be developed in partnership with relevant stakeholders	Strategy adopted; multi-channel implementation begun NHSR&C / Provinces, PEMRA
Programme	Youth Engagement Mechanism	Integrate youth in FP governance and discourse	Proposed	Mechanism operational; pilot in 2 provinces NHSR&C/ M/o PD&SI
Project	Population Projections (at district level)	Availability of projected evidence at district level for evidence-based planning	In Progress (finalized at national and provincial level)	District Level Population Projections (till 2050) finalized and launched M/o PD&SI, NIPS
Project	D4D Data Portal (Phase-III)	Integrated, real-time demographic data platform	Phase-II complete	Phase-III operational; 4 provincial feeds integrated IT Wing / M/o PD&SI

Type	Initiative	Objective	Current Status	FY2026-27 Target / Responsibility
Project	Centralized National Knowledge Hub	Collate, analyze, and use different sectoral data, integrate advanced modelling techniques for robust analysis and projections	Development of governance framework and operationalization plan in progress	Feasibility completed, governance framework finalized and Implementation/Operationalization roadmap developed M/o PD&SI/Provincial data agencies UNFPA
Project	Indigenous Contraceptive Production	Reduce import dependency; stabilize supply chains	Ongoing engagement with MoNHSRC as the lead	At least one domestic manufacturer contracted NHSR&C as lead and MoPD&SI to support / Provinces
Project	ICPD Beyond 2030 Monitoring Mechanism	Track progress against international commitments	To be developed	Monitoring framework established MoPD&SI

23. HEALTH

23.1. Introduction

The health sector remains a critical pillar of Pakistan's socio-economic development, directly influencing human capital formation, productivity, and long-term economic growth. The 2025 Human Development Report ranks Pakistan 168th out of 193 nations. The health sector's capacity to raise life expectancy, reduce disease burden, and foster inclusive growth is therefore foundational to Pakistan's development trajectory.

23.2. Sectoral Policy Framework

23.2.1. Policy Alignment

Within the URAAN Pakistan and 13th Five Year Plan framework, the health sector contributes across multiple dimensions: Equity through expanded primary healthcare access; Empowerment through community health and reproductive health services; Efficiency through digital health transformation; Economic Growth through a healthier and more productive workforce; and Environment through the institutionalization of 'One Health' approaches addressing climate- sensitive and zoonotic disease risks.

23.2.2. Key Policy Instruments

Pakistan's health sector is governed by a comprehensive set of policy instruments and institutional frameworks. The Universal Health Coverage framework serves as the central guiding strategy, focusing on equitable access, financial protection, and quality healthcare services. The MoNHSRC plays a lead role in policy coordination, drug and medical education regulation, and international health regulations at the federal level. Provincial governments, under the 18th Constitutional Amendment, retain primary responsibility for service delivery.

Key policy instruments include the National Health Policy framework, disease-specific elimination programmes (Hepatitis C, Polio Eradication, Diabetes Prevention), and regulatory oversight by the Drug Regulatory Authority of Pakistan (DRAP). Digital health initiatives such as One Patient One ID (OPOID) and national health information systems further strengthen governance, patient tracking, and service delivery.

23.2.3. Policy Gaps and Reforms Required

- Prioritize projects with the highest population-level impact, particularly in primary healthcare and preventive services; the current portfolio requires rationalization, as major allocations are concentrated in curative and tertiary care.
- Significant institutional gaps exist in planning phase due to lack of integrated governance and accountability frameworks and coordination mechanisms among federating units.

- Absence of equitable health promotion programmes to implement Social and Behaviour Change Communication (SBCC) advocacy campaigns to cater for the demand-side barriers using culture lens, particularly for reproductive health and nutrition
- Lack of robust administrative and evidence-based data availability to be generated through periodic surveys; a national MICS-type survey for health and population should be institutionalized under the PBS, Federal Government, for monitoring progress.
- Gaps persisted in equitable service access, primary healthcare functionality, and health workforce distribution. Health regulation also remains an area requiring urgent improvement; strengthening the institutional framework through IHRA is a standing priority. Rural-urban disparities in per capita health expenditure remain acute.

Corrective measures are required to address structural challenges including tertiary-care skewed investments, fragmented information systems, and inadequate monitoring and evaluation mechanisms. These gaps must be addressed to ensure alignment with long-term UHC and SDG 3 goals

23.3. Performance Review FY2025–26

Health sector performance during FY2025-26 reflects incremental progress in system strengthening, driven by targeted federal investments and strategic programme implementation. An amount of Rs. 18.89 billion were allocated to the health sector projects during FY2025-26, of which MoNHRC were allocated Rs. 13.135 billion with 100 percent utilization against the allocated budget.

Key achievements included continuation of the Prime Minister’s National Programme for Elimination of Hepatitis C, backed by a three-year budget of Rs. 67.77 billion and targeting treatment of 50 percent of the eligible population. The Diabetes Prevention and Control Programme, aimed to improve community-level screening and early diagnosis. Expansion of OPOID improved patient tracking and data integration, while infrastructure development at tertiary facilities improved specialist coverage.

The Sehat Sahulat Programme continued to serve as a primary vehicle for social health protection, reducing catastrophic out-of-pocket expenditure for enrolled households. Infrastructure milestones included completion of civil works on the PIMS Cancer Hospital grey structure, progress on procuring biomedical equipment at PIMS and Polyclinic hospitals, and site identification for the Jinnah Medical Complex and Research Centre (JMCRC). The performance of key health indicators is given below:

Table 23.1: Key Health Indicators Performance

Health Indicator	Five-Year Plan/URAAN Target (2024-29)	Current Status (FY2025-26)	Benchmark / Global Reference
Universal Health Coverage Index	Increase by 12%	Score: 54/100; marginal improvement	South Asia avg: ~60; WHO target: 80+
Maternal Mortality Ratio (per 100,000 live births)	Decrease by 35%	186 (PMMS 2019); modest decline, below trajectory	SDG target: <70 by 2030
Stunting Rate (under-5)	Decrease by 18%	40% (NNS 2018-19); very slow reduction	South Asia avg: ~29%
Under-Five Mortality Rate (per 1,000 live births)	Decrease by 18%	61.2; limited progress	SDG target: <25 by 2030
Burden of Disease (NCD share)	Reduce by 50%	NCDs account for ~54% of mortality; high burden persists	Global NCD mortality share: ~74%
Registered Doctors and Nurses (cumulative)	Achieve 1:2 doctor-to-nurse ratio	319,572 doctors; 138,391 nurses (2024)	WHO benchmark: 44.5 health workers per 10,000 population
Public Health Expenditure (% of GDP)	Increase to 2% of GDP	0.9%	WHO recommendation: 5%; India: 1.5%; China: almost 3%
Full Immunization Coverage (children 12-23 months)	Achieve 95% coverage	76% (2021); modest improvement from 65% (2017-18)	Global average: ~89%
Neonatal Mortality Rate (per 1,000 live births)	Decrease by 25%	40.3 (PDHS 2017-18); marginal decline, off-track	SDG target: <12 by 2030; South Asia avg: ~25
Contraceptive Prevalence Rate / CPR (modern methods)	Increase to 50%	34% (PDHS 2017-18); stagnant with slow upward trend	Bangladesh: 62%; India: 56%; South Asia avg: ~55%
Unmet Need for Family Planning	Reduce to below 10%	17.6% (PDHS 2017-18); persistently high, limited reduction	ICPD goal: eliminate unmet need; Bangladesh: ~11%; India: ~9%
Total Fertility Rate (TFR)	Decrease to 2.8 by 2029	3.6 (PDHS 2017-18); decline stalled; rural TFR at 4.1	Replacement level: 2.1; Bangladesh: 2.0; India: 2.0; South Asia avg: ~2.3

Health Indicator	Five-Year Plan/URAAN Target (2024-29)	Current Status (FY2025-26)	Benchmark / Global Reference
Skilled Birth Attendance (% of deliveries)	Increase to 80%	69% (2023); wide rural- urban gap; Baluchistan at ~37%	SDG target: universal coverage; Bangladesh: 96%; India: 89%
Stunting Rate (under-5)	Decrease by 18%	40 % (NNS; MICS 2018-19); very slow reduction	South Asia avg: ~29%

Health sector development is essential for achieving Sustainable Development Goal 3 (SDG-3) and improving Pakistan’s standing on the Global Human Development Index. At current rates of progress, Pakistan risks missing most SDG health targets by 2030.

23.3.1. Status Against Targets

The health sector’s progress against Annual Plan 2025-26 targets and broader policy frameworks demonstrates mixed performance across key thematic areas.

Universal Health Coverage (UHC): Progress remained incremental, with the Sehat Sahulat Programme serving as the primary vehicle for financial risk protection. Provincial disparities in benefit package harmonization continue, and the UHC service coverage index remains at approximately 54 out of 100.

Disease Control: Substantial advances were recorded in the hepatitis and diabetes programmes. Polio eradication continues to face challenges although just one case has been recorded till April 2026 and important reforms underway, with Pakistan remaining one of only two countries globally with endemic wild poliovirus transmission. Emerging infectious diseases and antimicrobial resistance require enhanced One Health governance.

Digital Health: OPOID and electronic medical record rollout improved data availability and patient tracking at Federal facilities. Full inter-provincial integration remains a work in progress, requiring standardized data protocols and governance frameworks.

Infrastructure Development: Key projects at PIMS, Polyclinic, and the Cancer Hospital in Islamabad advanced in procurement and civil works. Rural access gaps and the tertiary bias in infrastructure investment remain structural concerns.

Health Financing: Government health expenditure per capita stands in the range of US\$18-23, as compared to US\$80-90 in Sri Lanka and US\$34-40 in India.

Private Sector Engagement: Public-private partnerships continue to enhance service delivery, particularly in diagnostic, pharmaceutical and operational segments. Regulatory oversight through DRAP requires strengthening to ensure quality standards.

23.4. Programme For FY2026-27

23.4.1. Sectoral Outlook

The outlook for FY2026-27 reflects a strategic shift toward health system optimization, sustainability, and innovation, building on the foundations of the 13th Five-Year Plan.

The sector will prioritize strengthening primary healthcare, mainstreaming contraceptive services across all levels of the health system, enhancing disease prevention, and improving evidence-based governance through digital transformation by consolidation of Universal Health Coverage including Mental Health and Psychosocial Support (MHPSS), through social health insurance for the bottom two income quintiles and mainstreaming contraceptive services by integrating family planning into routine service delivery to reduce missed opportunities, and improve access to both short- and long-term methods. Investments in digital health infrastructure and Disease control programmes incorporating the One Health approach will continue. An amount of Rs. 16.06 billion have been allocated alone to the MoNHSRC.

Table 23.3: Key Interventions and Targets- FY2026-27

Intervention Level	Intervention	Key Objectives	Current Status	FY2026-27 Targets	Responsibility
Preventive Healthcare	CMU for TB/HIV/Malaria ; IDSRs; One Health Capacity; POE Strengthening	Communicable disease control; Integrated Disease Surveillance; FELTP workforce development; One health approach; Pandemic readiness; strengthening Points of entry in Pakistan	IDSRs partially operational with 155 DDSRUs; PHLN being established; 14th and 15th FELTP cohorts completed; NHDC partially developed	Full IDSR operationalization; HCMS and Telemedicine pilot; PHLN One Health approach; Civil and electro mechanical works at Quarantine Hospitals in the country completed	MoNHSRC ; NIH; HSA; BHS within PPP models
Primary Healthcare	National Health Support Programme; BHU/CHC/ MNCH Centres in ICT	Strengthened EPHS at community, MNCH and PHC level; UHC Expansion	2 BHUs completed (Golra Sharif; CHC G-13); HR recruitment in progress	Complete remaining BHUs; full HR operationalization; 24/7 service delivery	DHO Islamabad ; MoNHSRC

Intervention Level	Intervention	Key Objectives	Current Status	FY2026-27 Targets	Responsibility
Secondary Healthcare	King Salman bin Abdulaziz Hospital, Tarlai ICT	Strengthen secondary care services in ICT	Boundary wall and gates completed; awaiting Saudi grant confirmation	PC-I revision following grant confirmation; construction commencement	MoNHSRC
Tertiary Healthcare	Jinnah Hospital (PGMI)-II; PIMS Critical Care; FGPC Cardiology; Cancer Hospital Islamabad	Increase specialist coverage; address NCD burden at tertiary level	PIMS/Polyclinic BME procurement in progress; Cancer Hospital grey structure completed	Complete Cancer Hospital civil works; procure and install BME at PIMS, Polyclinic, and Cancer Hospital	MoNHSRC
Research & Development	Infectious Disease Laboratory (IDL); Drug Control Section Islamabad	Strengthen diagnostic capacity and drug quality control	Initial IDL infrastructure established; specialist recruitment ongoing	Complete BME procurement; full HR deployment; DRAP laboratory integration	MoNHSRC ; DESTO; NIH; DRAP
PM Initiatives	JMCRC; PM Hepatitis C Elimination Programme (Rs. 67.77 bn); PM Diabetes Programme (Rs. 6.8 bn)	Centre of excellence in tertiary care; eliminate Hepatitis C; prevent diabetes in the target population	JMCRC site identified; feasibility underway; Hep C and Diabetes programmes active	Phase-I (100 beds) of JMCRC completed; Hep C all eligible population in ICT/GB and AJK screened and treated; 100% screening of eligible population for diabetes in ICT/GB and AJK	MoNHSRC (lead); provincial coordination

The FY2026-27 programme reflects Pakistan's commitment to building a more integrated, equitable, and resilient health system. Achieving UHC targets and SDG-3 commitments will require sustained reforms, enhanced fiscal space, efficient PSDP utilization, and strengthened federal-provincial coordination under the 18th Amendment framework. The Planning Commission will play a central role in appraising, monitoring, and aligning sectoral investments with national development priorities to maximize population-level impact.

24. NUTRITION

24.1. Introduction

Nutrition remains a central determinant of Pakistan's human capital outcomes and economic trajectory, with direct implications for health systems, education performance, cognitive capacity, productivity, and overall well-being. Evidence from national and global studies show that early-life nutrition, particularly during the first 1,000 days, strongly influences brain development, learning capacity, and adult earning potential.

In Pakistan's context, where a significant proportion of the population is young, investments in nutrition represent a high-return strategy for accelerating demographic dividend gains. At the macro level, improved nutrition reduces public expenditure on health, strengthens resilience against economic shocks, and enhances workforce efficiency across sectors. At the same time, the persistence of malnutrition continues to constrain growth by increasing disease burden, lowering educational outcomes, and perpetuating cycles of poverty, food insecurity, and social inequality across generations.

At the national level, improved nutrition contributes to human capital formation, enhances workforce productivity, and supports inclusive and sustainable economic growth. Conversely, malnutrition imposes substantial economic and social costs, including increased healthcare burden, reduced labor efficiency, and the intergenerational transmission of poverty and vulnerability.

24.2. Sectoral Policy Framework

The Government of Pakistan has demonstrated strong and sustained commitment to improving nutrition outcomes and accelerating progress towards nutrition-related targets under the Sustainable Development Goals, particularly SDG 2: Zero Hunger and SDG 3: Good Health and Well-being. Pakistan has aligned its national and provincial nutrition interventions with global targets to end all forms of malnutrition.

Despite these interventions, Pakistan's nutrition landscape faces economic and environmental challenges. Recent external shocks, particularly the ongoing conflicts in the Middle East, have further exacerbated these challenges by increasing global energy prices, raising domestic fuel costs and contributing to food price volatility through higher transportation and production expenses. Climate change continues to pose a serious threat, with recurrent floods, droughts, and erratic weather patterns undermining agricultural productivity and livelihoods. These challenges are compounded by gaps in access to quality health services, water and sanitation, and suboptimal infant and young child feeding practices, disproportionately affecting women, children, and marginalized populations. These overlapping challenges highlight

the need for a systems-based approach that addresses both immediate and underlying determinants of malnutrition.

Anchored in the broader development agenda articulated in URAAN Pakistan and the 13th Five-Year Plan, the Annual Plan 2026–27 adopts a more implementation focused approach to improving nutrition outcomes. It emphasizes strengthening institutional capacity, improving policy coherence, and expanding the reach of high-impact, evidence-based interventions.

The Government aims to prioritize cost-effective, high-impact interventions that address stunting, wasting, and micronutrient deficiencies while also promoting diversified, safe, and nutritious diets. Strengthening food systems to improve availability, affordability, and access to nutritious foods will remain a key pillar, alongside behavior change initiatives to improve infant and young child feeding practices and maternal nutrition. The Benazir Nashonuma Programme reported a 6.4 percentage-point lower prevalence of stunting among children under two years of age, and a 5.6 percentage-point lower prevalence of Low birth weight among Nashonuma participants. These coordinated actions reflect the government's commitment to translating policy priorities into tangible interventions that advance inclusive growth, promote equity, and strengthen the country's human capital for a more resilient and productive economy.

24.3. Review of FY2025-26

24.3.1 Performance Review 2025-26

During FY2025–26, Pakistan intensified efforts to address malnutrition through a combination of policy reforms, targeted interventions, and strengthened multi-sectoral partnerships. The key actions carried out during the year are summarized below:

Revision of National Multisectoral Nutrition Programme for reducing stunting and other forms of malnutrition

The programme aims to significantly reduce stunting and other forms of malnutrition in the country. Technical support provided to refine the programme design and enhance its strategic focus on reducing stunting and other forms of malnutrition through coordinated multisectoral interventions.

Initiation of the National Nutrition Survey (NNS)

Consultation conducted with development partners and relevant stakeholders to initiate the process of the National Multisectoral Nutrition Survey.

Annual General Meeting (AGM) of the Scale Up Nutrition (SUN) Civil Society Alliance

The Annual General Meeting of the SUN Civil Society Alliance Pakistan was convened, bringing together more than 200 civil society organizations from across the country. The forum facilitated knowledge sharing, strengthened collaboration, and reinforced collective action to improve nutrition outcomes.

The Scaling Up Nutrition Civil Society Alliance (SUNCSA) Network strengthened its governance and operational capacity during the year

Pakistan Recognized as Champion Country at the Global Caregiver Forum

Pakistan was recognized as a Champion Country for its pioneering work on Early Childhood Development at the Global Caregiver Forum. The country presented evidence-based, people-centered policies that place children, families, and human capital at the core of national development reflecting Pakistan's growing role in shaping the global discourse on early childhood investment and human capital development.

Analysis of Food and Nutrition Data and Preparation of Food Balance Sheet

National-level data on food availability and nutrition indicators reported in SOFI and national reports were analyzed. National Food Balance Sheet prepared.

- Brainstorming Sessions on Early Childhood Development (ECD) were organized as part of a broader national effort to initiate implementation of the National Early Childhood Development Policy Framework.
- Sessions with relevant stakeholders to analyze discrepancies in Pakistan-related data presented in the “State of Food Security and Nutrition in the World (SOFI) 2025 Report” and to critically review its underlying methodology and data sources.
- The Benazir Nashonuma Programme continued delivery of services to prevent stunting in children, prevent low birth weight, reduce anemia and micronutrient deficiencies, improve awareness and uptake of maternal and child nutrition services.
- Large-scale food fortification initiatives have been strengthened and scaled up, focusing on the fortification of staple foods to address widespread micronutrient deficiencies
- The Food Systems Dashboard has been established at the Pakistan Agricultural Research Council with the aim of improving food and nutrition security through better data.
- The 5th International Conference on Early Childhood Development to highlight the critical role of early childhood in shaping lifelong outcomes, while drawing attention to major gaps across Asia and Pakistan, was held in Islamabad.

24.3.2. Provinces/ Areas

In line with national priorities, provincial governments have sustained and expanded both nutrition-specific and nutrition-sensitive interventions to tackle malnutrition. The major initiatives being undertaken are outlined below:

- **The Government of Punjab** advanced nutrition and child wellbeing through key initiatives including the Integrated Reproductive, Maternal, Newborn and Child

Health Nutrition Programme (Phase-III), expansion of the Chief Minister's Stunting Reduction Programme, rollout and scaling of the Chief Minister's School Meal Programme, strengthening of primary healthcare and maternal-child services that support nutrition outcomes, investments in water, sanitation and hygiene (WASH) infrastructure to reinforce nutrition determinants.

- **The Government of Khyber Pakhtunkhwa** prioritized the finalization of the Khyber Pakhtunkhwa Multi-Sectoral Nutrition Strategy 2025–2030 to guide coordinated nutrition actions, alongside advancing key initiatives in nutrition and early childhood development. These included operationalization of the ECD framework, strengthening of Public Finances for Nutrition (PF4N), promotion of healthy school environments under the Scaling Up Nutrition agenda, and development of the School Health and Nutrition Gardens Package.
- **Government of Balochistan** focused on strengthening nutrition and early childhood development through key initiatives, including finalizing the Comprehensive Nutrition Programme (PC-1) with integrated ECD services, expanding service delivery through Centers of Excellence and community platforms, scaling up nutrition interventions such as wasting management and maternal supplementation, operationalizing digital monitoring systems with DHIS- 2 integration, building capacity of frontline workers through trainings and cascade models, and promoting advocacy and behavior change via parenting campaigns and curriculum integration.
- **The Government of Sindh** implemented the Accelerated Action Plan (AAP) to combat stunting and malnutrition, combining both nutrition-specific and nutrition- sensitive strategies across various sectors to ensure a coordinated and long-term response to malnutrition.
- **The Government of Azad Jammu & Kashmir** executed multi-sectoral programs related to nutrition, health, agriculture, food, education, WASH, women development, and social protection, with the allocation of Rs.400 million.
- **The Government of Gilgit Baltistan** the GB government has implemented, Food Fortification, Integrated Maternal, Newborn and Child Health (IMNCH) , School Meal Programme to Female Primary Schools, Targeting Blue Revolution Towards Food, Nutrition & Livelihood Security and Improving Rural Livelihood and Food Security Through Modern Agricultural Techniques in District Ghizer.

24.1: Status Against Target

S#	Programmes/ initiatives	FY2025-26Target	Progress Status
1.	National Multi-Sectoral Nutrition Programme to Reduce Stunting and other Forms of Malnutrition (revised)	Approval and initiation	CCP approved by CDWP and funding arrangements finalized
2.	National ECD Policy Framework	Initiation of implementation	Provincial implementation is underway
3.	National Multisectoral Nutrition Policy and Strategy	Policy initiation and revision of strategy	Stakeholders engaged
4.	Initiation of National Multisectoral Nutrition Survey	Initiation of survey	Stakeholder consultations conducted
5.	SUN Youth Network	Operationalization	Governance mechanism drafted
6.	Large Scale Food Fortification	Legislative progress across provinces	Food Fortification bill available in 3 provinces. Advocacy ongoing for remaining
7.	Multiple Micronutrient Supplementation (MMS)	Scale-up and roadmap	Implemented in 33 districts and costed road map for scale-up is under way
8.	Behavior Change Communication (BCC) campaigns for nutrition promotion	Development and rollout	Materials developed with stakeholders
9.	Innovative financing for Nutrition	Advocacy	Engaged Child Nutrition Fund using programme and match window
10.	Nutrition Markers for tracking Public Financing Allocations and Expenditures	Optimization	Nutrition Markers developed

24.3.4. Food Availability

Food availability serves as a key national indicator in food & nutrition security, providing a macro-level estimate of the country's food supply through per capita availability of calories, and nutrients. The indicator also provides insights into agricultural trends, food system performance, and potential nutritional gaps.

Table 24.2: Food Availability per Capita per Annum

Food Items in (Kgs)	2023-24	2024-25 (P)	2025-26 (E)
Cereals	162.59	133.09	135.91
Pulses	5.94	6.74	6.93
Milk (liter)	164.72	205.63	216.16
Meat	23.46	23.49	23.52
Fish	2.10	2.29	2.34
Eggs (dozen)	8.48	8.76	9.03
Edible Oil/ Ghee	12.67	13.88	14.16
Fruits& Vegetables	65.00	71.34	70.51
Sugar	27.91	22.44	23.36
Calories/ day	2,648	2,483	2,550

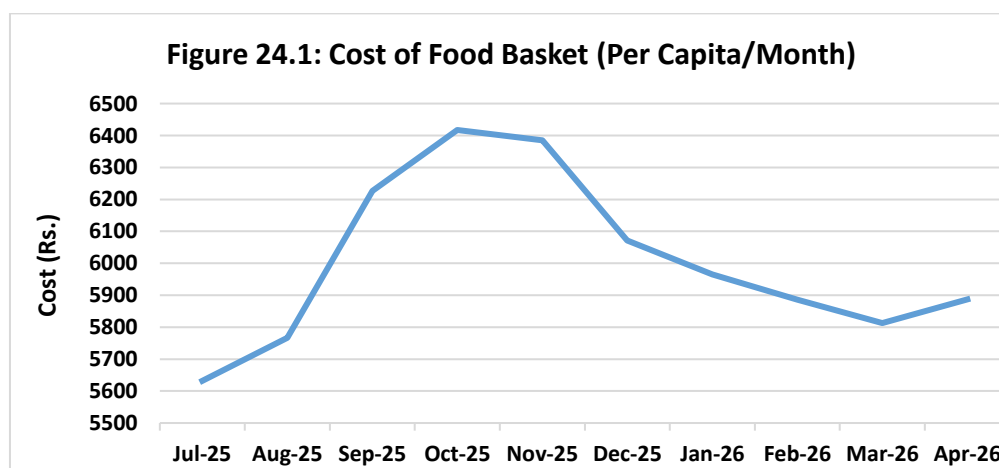
**Estimated on the basis of production targets and previous trend.*

Source: M/o National Food Security and Research; Pakistan Bureau of Statistics (PBS)

The data of per capita food availability indicate a decline in dietary energy supply between 2023–24 and 2024–25, from 2648 to 2483 kcal, primarily due to reduction in cereal (from 162.59 kg to 133.09 kg per capita) and sugar (from 27.91 kg to 22.44 kg), both of which are major energy contributors. However, Food availability in 2025-26 estimated to improve moderately compared to the previous year 2024-25, from 2483 to 2550 kcal, supported by increased production targets for key staples food items.

24.3.5. Cost of Food Basket

The ability of households to secure adequate nutrition is influenced by food affordability, as changes in prices directly shape dietary decisions and nutritional quality, an effect that is especially pronounced among low-income families. To gauge this, the minimum cost of a food basket capable of meeting an individual's daily energy and protein needs has been estimated using monthly price indices from the Pakistan Bureau of Statistics.



Source: Nutrition Section, MoPD&SI, PBS

The graph depicts a steady rise in the cost of the food basket from July to October 2025, increasing from approximately Rs.5,632 to a peak of around Rs.6,417. Following this peak, the trend reverses, with a pronounced drop from October 2025 onward. By March 2026, the cost falls to about Rs.5,813 followed by slight increase in to Rs.5887 in April 2026. The overall change in cost of food basket from July 2025 to April 2026 is 4.5 percent.

24.4. Programme for FY2026-27

24.4.1 Outlook 2026-27

Pakistan's nutrition agenda will focus on accelerating progress to address persistent malnutrition challenges. The strategy will be guided by national priorities under URAAN Pakistan and the 13th Five Year Plan, while remaining aligned with global commitments (SDGs and WHA nutrition targets). The focus will remain on accelerating reductions in stunting, wasting, and micronutrient deficiencies through a coordinated, multi-sectoral approach.

Priority will be given to a multi-sectoral approach, ensuring convergence of nutrition-specific and nutrition-sensitive interventions. Efforts will emphasize improving dietary diversity, ensuring food & nutrition security, and addressing the underlying determinants of malnutrition, particularly among women, children, and other vulnerable groups.

The plan will further enhance institutional coordination, data systems, and accountability mechanisms to ensure evidence-based planning and efficient resource utilization. Increased focus will be placed on climate-resilient and shock-responsive nutrition strategies to safeguard gains against emerging risks. Through sustained political commitment and strengthened partnerships, the Annual plan 2026–27 aims to accelerate progress toward national and global nutrition targets and achieve lasting improvements in human capital development.

24.4.2 Key Priorities/Targets

- **Multi-sectoral Convergence and Accountability:** Efforts will move beyond alignment toward operational convergence of nutrition-specific and nutrition-sensitive interventions, with clearly defined roles, joint planning, and shared accountability across sectors. District-level coordination mechanisms will be strengthened to ensure effective implementation and service integration.
- **Strengthening Climate-Resilient and Shock-Responsive Nutrition Systems:** Recognizing the growing impact of climate change and emergencies, priority will be given to integrating nutrition into disaster risk reduction and response frameworks. Climate-resilient food systems, adaptive agriculture practices, and shock-responsive social protection will be promoted to safeguard nutrition outcomes.

- **Digital Transformation and Data-Driven Decision Making:** Emphasis will be placed on integrated nutrition information systems, leveraging digital tools for real-time monitoring, and enhancing data use for planning, tracking, and accountability at all levels.
- **Food Systems Approach for Improved Diets:** Greater focus will be placed on transforming food systems to improve availability, affordability, and consumption of safe, diverse, and nutritious foods. This includes strengthening food fortification, value chains, and market-based solutions to support better dietary practices.
- **Sustained Behavior Change and Community Engagement:** Behavior Change Communication strategies will be scaled up with more localized, culturally sensitive approaches, using digital platforms and community-based mechanisms to promote sustained improvements in dietary practices, maternal and childcare, and hygiene behaviors.

24.5. Programs/ initiatives for FY2026-27

- Implementation of “National Multi-Sectoral Nutrition Programme to Reduce Stunting and other Forms of Malnutrition”.
- Execution of Early Childhood Development (ECD) Policy Framework through provincial road map and finalization of ECD standards and index.
- Strengthening policy and regulatory mechanisms to harmonize food laws and ensure food safety standards.
- Scaling Up Nutrition Focused Behavior Change Communication initiatives.
- Institutionalize & adequately Financed Nutrition Framework with transparent resource allocation & accountability mechanisms across sectors
- Improve integrated delivery (via health, food, water & sanitation, social protection, & school systems) of nutrition-enhancing services for families.
- Increase sustainable availability, access, & use of nutritious, diverse, & safe foods, through an approach respecting women’s decision-making & safety as producers
- Strengthen preparedness of related institutions to anticipate nutrition-related climate, economic, & other risks.
- Initiation of National Multisectoral Nutrition Survey.
- Facilitate Private Sector Engagement and Scale up of Food Fortification/ Bio-fortification.
- Revision of Pakistan Multi-sectoral Nutrition Strategy.

25. BASIC AND COLLEGE EDUCATION

25.1. Introduction

Basic and College Education is a cornerstone of socio-economic development. The sector shapes human capital formation, drives productivity, and lays the foundation for long-term economic growth. The quality of education supports socio-economic uplift and contributes to poverty reduction. The sector also accounts for a significant share of employment, engaging a large and diverse workforce of teachers, administrators, and support staff.

25.2. Sectoral Policy Framework

The sector is guided by the National Education Policy Development Framework 2024, National Curriculum Framework, National Teacher Competency Framework, and Pakistan's commitments under SDG-4 (Quality Education). The Plan emphasis on equitable access, digital transformation, learning outcomes, teacher development, institutional efficiency, and skills aligned human capital development.

The sector's activities remain aligned with the objectives of URAAN Pakistan, the 13th Five-Year Plan, and SDG-4. Equity is at the heart of enrollment drives and inclusive education programs that target out-of-school children and marginalized populations. Excellence is pursued through national competency frameworks including teacher's training and digital learning platforms. Economy is served by aligning education with skills development, particularly through Science, Technology, Engineering and Mathematics (STEM) and emerging technology programs that prepare a demand driven workforce. Efficiency gains are being realized through digital transformation, improved management structures, and optimum use of resource in education sector.

25.2.1. Sectoral Policy Framework

The Basic and College Education sector in Pakistan is guided by a constitutional and policy framework aimed at ensuring equitable access, quality enhancement, and human capital development. Constitutionally, Article 25-A guarantees free and compulsory education to all children aged 5–16 years, while Article 37(b) obligates the State to remove illiteracy and provide free and compulsory secondary education within the minimum possible period.

25.2.2. Key Policy Instruments

The sector is guided by a set of active policy instruments targeting access, quality, and digital transformation. The expansion of Danish Schools extends quality residential education to underserved regions. Infrastructure gaps in ICT schools are being addressed through the provision of missing facilities. Teacher quality is anchored by the National Teacher Competency Framework, the National Institute of Excellence in

Teacher Education (NIETE), and a digital Continuous Professional Development (CPD) system. The Disruptive Education Initiative drives integration of emerging technologies, STEM training, and computer labs. Institutional capacity is strengthened through the Project Planning and Development Unit (PPDU) and the ASPIRE technical assistance programme, which supports assessment systems, digital content, and data governance.

25.2.3. Policy Gaps / Reforms Needed

Despite above interventions, gaps still persist. Early childhood education remains under prioritized relative to its developmental significance. Digital initiatives, while expanding, are constrained by infrastructure and connectivity gaps in underserved areas. Regulatory coherence between the Federal and Provincial levels needs strengthening. Process re-engineering for provision of services, prioritizing early learning, and deepening intergovernmental coordination are the most critical reforms required to unlock the sector's potential.

25.3. Review of FY2025-26

The enrollment and retention of out-of-school children reached approximately 107,000 against a target of 114,000, reflecting a shortfall of around 6 percent, mainly due to migration trends and dropout pressures. Early childhood education enrollment reached 5,100 against a target of 6,000. Progress was also observed in infrastructure development, with civil works for school facilities and Danish School projects advancing across several locations. Teacher training outcomes remained strong at the foundational stages, with completion rates of 95 percent at Level 0 and 90 percent at Level 1, although progress at higher levels was comparatively slower, recorded at 55 percent and 15 percent respectively. Digital and disruptive education initiatives showed positive momentum, with more than 56,000 students enrolled in emerging technology and STEM programs, supporting future workforce preparedness.

Pakistan's basic education sector demonstrated incremental progress, though structural and access-related challenges persisted. Building upon the trends observed in previous years, enrollment indicators showed gradual improvement. The Gross Enrollment Ratio (GER) at the primary level registered a marginal increase, reflecting continued efforts to expand access, while the Net Enrollment Rate (NER) improved modestly, indicating better retention within the school-age population. Early Childhood Education (ECE) remained a relatively strong area, with sustained emphasis on pre-primary enrollment and expansion of ECE classrooms under provincial and federal initiatives.

25.3.1 Status against Targets

In ICT schools missing facilities were completed in 161 institutions, with 122 schools formally handed over. Progress on Daanish School projects remained encouraging, reflecting continued efforts to provide quality education to students in underserved and remote areas in line with national priorities for inclusive human capital development. The Education Voucher Programme benefited 3,000 marginalized students, while

evening shift schooling enrolled 11,690 students, indicating continued progress in expanding educational access.

Teacher training outcomes were strong at introductory stages, with completion rates reaching 95 percent at Level 0 and 90 percent at Level 1. However, participation declined significantly at advanced stages, where completion rates stood at 55 percent for Level 2 and 15 percent for Level 3. Initiatives such as scripted lesson plans and digital Continuous Professional Development (CPD) platforms supported quality improvement efforts, though broader institutional coverage is still needed.

Digital transformation remained a key area of progress during FY2025–26. More than 56,664 students enrolled in STEM and emerging technology programmes under the Disruptive Education Initiative, supported by the establishment of computer labs and design-thinking spaces in educational institutions. These efforts contributed to the E-Pakistan and economy pillars of URAAN Pakistan. Despite this progress, connectivity constraints and uneven digital access in rural areas continued to limit wider outreach. ECE performance remained somewhat below target, with enrollment reaching 5,100 children against the planned 6,000, indicating the need for greater policy and programmatic focus on foundational learning.

25.4. Programme For FY2026-27

25.4.1. Outlook FY2026-27

The strategic direction for the Basic and College Education sector in FY2026–27 is centered on quality education, equitable access, digital transformation, and enhanced teacher development. Building upon ongoing reforms and sectoral priorities, the Government aims to expand access to modern learning environments, technology-enabled education, improved institutional infrastructure, and sustainable energy solutions within educational institutions. These efforts are expected to strengthen education service delivery, bridge infrastructure gaps, and promote equitable learning opportunities, particularly for students residing in underserved, marginalized, and remote areas, in line with national priorities for inclusive human capital development.

Equitable access to quality education will remain a central policy priority during FY2026–27. Continued progress is envisaged in the expansion and operationalization of educational institutions across various regions, including underserved areas of AJK, Gilgit-Baltistan, Balochistan, Sindh, Khyber Pakhtunkhwa, and ICT through Daanish Schools projects, aimed at improving access to quality education and reducing regional disparities. Special emphasis will also be placed on strengthening foundational learning, improving learning facilities, and promoting inclusive educational opportunities for disadvantaged segments of society.

The sector will further focus on teacher capacity building, modern pedagogical practices, and skills development initiatives to enhance learning outcomes and

institutional effectiveness. Overall, the sectoral programme remains aligned with the objectives of the 13th Five-Year Plan, URAAN Pakistan, and SDG-4, contributing toward the development of an inclusive, resilient, and future-ready human capital base for the country.

25.4.2. Key Targets of FY2026-27

Table 25.1: Key Education Indicators

Indicator	Target 2026–27
Net Enrollment Rate (Primary)	77%
Net Enrollment Rate (Middle)	69%
Net Enrollment Rate (Secondary)	58.8%
Survival Rate to Grade 5	82.4%
Survival Rate to Grade 8	72.8%%
Survival Rate to Grade 10	67.8%
Out-of-School Children (Million)	30.6%
Adult Literacy rate	59.8

The tables below present the key targets of the projects pertaining to the Basic and College Education Sector for FY2026–27.

(Rs. Million)

S.#	Type	Item Name	Key Objective	Current Status	Target FY2026-27	Responsibility	Allocation PSDP2026-27
1.	Project	Establishment of Daanish School in ICT Kurri Islamabad	Quality residential education for deserving students in ICT	Ongoing	Phased intake of 360 students in Year 1; full capacity of 1,880 over five years	M/o FE&PT/ PMU	1,330.435
2.	Project	Establishment of Daanish School at Gilgit Baltistan (Sultanabad Jutal) (Modified)	Quality residential education for deserving students in Gilgit Baltistan	Ongoing		M/o FE&PT/ PMU	934.484
3.	Project	Establishment of Daanish School at Gilgit Baltistan (Kros Thang Mouza Safranga-Shigar) to Ghanche	Quality residential education for deserving students in Gilgit Baltistan	Ongoing		M/o FE&PT/ PMU	771.232
4.	Project	Establishment of Daanish School in Gilgit Baltistan (Astora)	Quality residential education for deserving students in Gilgit Baltistan	Ongoing		M/o FE&PT/ PMU	1,001.215

S.#	Type	Item Name	Key Objective	Current Status	Target FY2026-27	Responsibility	Allocation PSDP2026-27
5.	Project	Establishment of Daanish School (Skardu, Gilgit Baltistan)	Quality residential education for deserving students in Gilgit Baltistan	Ongoing		M/o FE&PT/ PMU	1,564.103
6.	Project	Establishment of Daanish School at Azad Jammu & Kashmir, Herighel-Bagh	Quality residential education for deserving students in Azad Jammu & Kashmir	Ongoing		M/o FE&PT/ PMU	514.590
7.	Project	Establishment of Daanish School at Azad Jammu & Kashmir (Bhimber) (Modified)	Quality residential education for deserving students in Azad Jammu & Kashmir	Ongoing		M/o FE&PT/ PMU	599.884
8.	Project	Establishment of Daanish School at Azad Jammu & Kashmir (Sharda, Neelum)	Quality residential education for deserving students in Azad Jammu & Kashmir	Ongoing		M/o FE&PT/ PMU	1,558.261
9.	Project	Establishment of Daanish School at Azad Jammu & Kashmir Haveli Kahuta	Quality residential education for deserving students in Azad Jammu & Kashmir	Ongoing		M/o FE&PT/ PMU	1,108.985
10.	Project	Establishment of Daanish School at District Sibi, Balochistan	Quality residential education for deserving students in Balochistan	Ongoing		M/o FE&PT/ PMU	847.814
11.	Project	Establishment of Daanish School at District MusaKhel, Balochistan	Quality residential education for deserving students in Balochistan	Ongoing		M/o FE&PT/ PMU	937.385
12.	Project	Establishment of Daanish School at District Zhob, Balochistan	Quality residential education for deserving students in Balochistan	Ongoing		M/o FE&PT/ PMU	940.006
13.	Project	Establishment of Daanish School at District (Kan Metherzai / Qilla Saifullah), Balochistan	Quality residential education for deserving students in Balochistan	Ongoing		M/o FE&PT/ PMU	753.374
14.	Project	Establishment of Daanish School at Baiker, Dera Bugti, Balochistan	Quality residential education for deserving students in Balochistan	Ongoing		M/o FE&PT/ PMU	670.283
15.	Project	Establishment of Daanish School at Sindh (Tando	Quality residential education for	Ongoing		M/o FE&PT/ PMU	1,000.000

S.#	Type	Item Name	Key Objective	Current Status	Target FY2026-27	Responsibility	Allocation PSDP2026-27
		Muhammad Khan)	deserving students in Sindh				
16.	Project	Establishment of Daanish School at Chitral, Khyber Pakhtunkhwa	Quality residential education for deserving students in Khyber Pakhtunkhwa	Ongoing		M/o FE&PT/PMU	858.708
17.	Project	Establishment Daanish Schools in AJK, GB, Balochistan, Khyber Pakhtunkhwa & Sindh	Expand quality residential education to underserved regions	Ongoing	Operationalization of schools across all targeted regions with academic and residential facilities	M/o FE&PT/PMU	6,603.979
18.	Project	National Institute of Excellence in Teachers Education	Improve quality of teacher training and CPD	Ongoing	Level 0: 95% completion; Level 1: 90%; Level 2: 55%; Level 3: 15%	M/o FE&PT / FDE	241.830
19.	Project	Prime Minister's Pakistan Fund for Education (Revised)	Financial assistance to deserving students; vertical mobility for vulnerable segments	Ongoing	15 scholarships (higher education); 1,642 nursing/allied scholarships; Pak-EEF fund of PKR 6.0 billion	M/o FE&PT	3,000.000
20.	Project	Enrollment, Retention & Progression of OOSC ICT (Revised)	Increase access for out-of-school children	Ongoing	Enroll and retain 120,000 students	M/o FE&PT / FDE	216.523
21.	Project	Provision of ECE Centers in Existing Classrooms of Primary Schools of FDE, ICT 1 st Revised	Expand early childhood education access (SDG-4)	Ongoing	Renovation of 100+ ECE centres; enrollment target of 12,000 children annually	FDE	5.000
22.	Project	Actions to Strengthen Performance for Inclusive & Responsive Education Programme (TA Component) Revised		Ongoing		M/o FE&PT	350.000
23.	Project	Establishment of Project Planning and Development Unit (PPDU) (1 st Revised)	Introduce latest tools and technologies in education sector to increase quality of education	Ongoing	To ensure timely completion of the project, hiring of officers/officials to fill positions	M/o FE&PT	28.242

S.#	Type	Item Name	Key Objective	Current Status	Target FY2026-27	Responsibility	Allocation PSDP2026-27
					vacated by resignations during the execution phase. Filling these will restore implementation capacity, reduce bottlenecks and enable the project to meet revised timelines and deliverables under the PSDP framework.		
24.	Project	Provision of Basic Education Facilities in Educational Institution of ICT under FDE (Revised)		Ongoing		M/o FE&PT	100.000
25.	Project	Establishment of Islamabad Model College for Girls (Prep-XII) B-17, Multi Gardens, Islamabad	To meet educational needs and provide quality and STEM education up to grade 12 in the expanding area of F-17	Ongoing	To complete Civil Works and to start phase intake of 700 students in year 1.	M/o FE&PT	200.000
26.	Project	Establishment of Islamabad Model College for Girls (Prep-XII) F-17/2, Multi Professional Cooperative Housing Society, Islamabad	To meet educational needs and provide quality and STEM education up to grade 12 in the expanding area of B17	Ongoing	To complete Civil Works and to start phase intake of 750 students in year 1.	M/o FE&PT	200.000
Total							26,336.333

Status for projects will be updated quarterly by M/o FE&PT.

Projects Related to Basic & College Education under M/o Defence

(Rs. Million)

S.#	Type	Item Name	Allocation PSDP2026-27
1.	New Project	Establishment of FG Public School at DCI, Islamabad.	180.202
2.	New Project	Construction of BS Block at FG Degree College for Women, Abid Majeed Road, Rawalpindi	111.803
3.	New Project	Establishment of FG Junior Public School at Muhammad Hussain Shaheed (MHS) Garrison, Bahawalpur	153.486
4.	New Project	Construction of BS Block FG Degree College, Kashmir Road, Rawalpindi	104.509
5.	New Project	Establishment of multi-purpose hall including gym at F.G. Public School, Karachi.	100.000
Total			650.000

26. LABOUR, EMPLOYMENT AND SKILL DEVELOPMENT

26.1. Introduction

Labour and employment are backbone of the economic and social development, as they drive production, income generation, and overall prosperity. Employment provides individuals with livelihoods and financial security as well as enhances dignity, social inclusion, and human well-being. A skilled workforce contributes to higher productivity, better-quality output, increased exports, and sustainable economic growth. Thus, a productive labour force contributes to higher economic growth, increased consumption, innovation, and national competitiveness, while reducing poverty, inequality, and social unrest.

26.2. Sectoral Policy Framework

26.2.1 Policy Instruments

Skill development in Pakistan is governed through a comprehensive institutional and policy framework led by the National Vocational and Technical Training Commission (NAVTTTC), which spearheads national initiatives such as the National TVET Policy, National Skills Strategy, Prime Minister's Youth Skill Development Programme, and competency-based training and assessment (CBT&A) systems aligned with international standards. These initiatives are complemented by the National Vocational Qualifications Framework (NVQF), Recognition of Prior Learning (RPL), apprenticeship and industry linkage programmes. Moreover, IT programmes are supported by digital and high-tech skills initiatives, and numerous demand-driven training in IT, freelancing, construction, hospitality, and renewable energy.

The framework is further strengthened through accreditation and quality assurance mechanisms implemented by the National Accreditation Council for TVET. In addition, partnerships with industry, international development organizations, and overseas employment agencies are helping improve employability, productivity, entrepreneurship, and global competitiveness of Pakistan's labour force.

Pakistan's **overseas employment** framework is supported by regulations, facilitations, skill development, and worker's welfare. These efforts are strengthened through bilateral labour agreements and MOUs with destination countries, ensuring structured mobility and protection of workers' rights. Welfare and protection instruments such as insurance schemes, OPF services, grievance redressal mechanisms, and financial facilitation for remittances collectively aim to enhance the safety, productivity, and economic contribution of Pakistani migrant workers.

26.2.2 Policy Alignment

The URAAN Pakistan and the 13th Five Year Plan place labour, employment, and skill development at the core of its economic transformation agenda, treating youth and gender empowerment as a strategic driver of competitiveness, innovation, and social inclusion. Through “Equity, Empowerment and Ethics” and “E-Pakistan” pillars, the programme aims to strengthen human capital, bridge the gap between education and labour market demand, and expand access to quality employment opportunities across income groups and regions.

By promoting decent work opportunities, skills development, productive jobs, and inclusive participation, labour and employment play an essential role in reducing poverty, strengthening social cohesion, and achieving long-term, equitable growth. Furthermore, the initiatives are also aligned with broader URAAN Pakistan’s objectives of export enhancement, industrial modernization, and digital transformation.

Overseas employment initiatives align URAAN Pakistan by positioning labour mobility as a strategic pillar by strengthening overseas employment through better coordination with destination countries, expansion of safe and regulated migration channels, and improved pre-departure orientation and placement mechanisms. It enhances the employability of Pakistani workers in global labour markets through demand-driven skill development, particularly in construction, healthcare, IT, logistics, and services sectors that are in high demand abroad. It supports higher remittance inflows and diaspora engagement by promoting formal financial channels and reintegration opportunities for returning migrants, thereby integrating overseas employment into a broader strategy of economic stabilization and long-term productivity enhancement.

26.2.3 Policy Gaps/ Reforms Needed

The key gaps include limited and inconsistent industry engagement in curriculum design, weak employer participation in training delivery, insufficient trainer quality and international certification systems, and the slow integration of emerging technologies such as artificial intelligence, automation, and digital platforms into Technical and Vocational Education and Training (TVET). These issues are further compounded by fragmented governance across federal and provincial institutions, overlapping mandates, weak data-driven labour market information systems, and relatively low private sector involvement in both skills development and overseas recruitment systems.

In addition, the overseas employment ecosystem faces challenges related to skills mismatch with international labour market requirements, limited pre-departure orientation and certification alignment, high dependence on a narrow set of destination countries and occupations, and inadequate reintegration mechanisms for returning migrants. These structural weaknesses reduce the value-added potential of migration and limit Pakistan’s ability to fully capitalize on global labour demand shifts.

Addressing these constraints requires across-the-board inclusive reforms meticulously focused on transforming the skills and employment ecosystem into an integrated, demand-driven, and globally competitive system. Priority reforms may include strengthening industry-academia linkages, modernizing training infrastructure with digital, green, and high-tech labs, and expanding competency-based training and internationally recognized certification frameworks. Institutional coordination, improved labour market information systems, and stronger federal-provincial harmonization is essential reforms require to fill the gap. Overseas employment policy may diversify destination markets, strategic bilateral skill partnerships, improved worker mobility pathways, and stronger reintegration and entrepreneurship support for returning workers.

26.3. Review of FY2025-26

26.3.1 Labour Force Status

Pakistan has one of the largest labour forces in the world, offering substantial potential to harness its demographic dividend for economic growth. According to the Labour Force Survey (LFS) 2024–25, the labour force reached 83.1 million, with 77.2 million employed, reflecting an increase of 9.9 million employed persons between 2020–21 and 2024–25. However, the unemployment rate rose from 6.3 to 7.1 percent, indicating that 2.5 million employment is generated every year, but employment generation has not kept pace with labour force growth.

The structural transition shows gradual shift from agriculture to services sector. Agriculture's share in employment declined from 37.4 in 2020–21 to 33.1 percent in 2024–25. Services sector expanded to 41.2 percent of total employment from 37.2 percent in 2020-21. Industrial employment increased marginally to 25.7 from 25.4 percent in 2020-21. The labour market is also witnessing the emergence of digital and platform-based work, with 2.2 million workers engaged in primary gig roles and 0.2 million in secondary roles. This trend reflects increasing digitalization and flexible work arrangements, while also creating new challenges related to regulation, social protection, and skill adaptation.

Youth is significant part of the population, stands at 46.3 million; 20.6 million are in the labour force; 17.9 million are employed, whereas 2.6 million are unemployed. Alarming, 17.3 million are idle youth (Not in Education, Employment, or Training). Thus, demand-driven skill development (mentioned below), increases apprenticeships, and entrepreneurship by improving productivity and enhancing employability domestically and internationally, and transform Pakistan's youth bulge into a productive economic asset.

26.3.2 Skill Development

NAVTTTC implemented large-scale skill development programmes with a strong focus on employability, industry alignment, and international market integration. Under PM

Youth Skill Development Programme (PMYSPD), a total of 55,336 trainees completed Batch-I, while, 63,177 trainees successfully passed in Batch-II reflecting substantial outreach across the country.

Digital and high-impact IT programmes, including the Summer of Code, trained 5,471 trainees in Batch-II, while multiple specialized initiatives such as chip design training, Huawei supported programmes, and blended learning IT courses further strengthened digital competencies.

PMYSDP achieved substantial training outputs, with over 131,417 cumulative graduates across Batch-I and II. The programme successfully expanded its coverage across all provinces and regions, demonstrating enhanced implementation and growing engagement in skills development initiatives. The details of the trainings imparted are as under:

Table 26.1: Trainees under Prime Minister’s Youth Skill Development Programme

Programme	No. Trainees	Punjab	Sindh	KPK	Baluchistan	ICT/AJK/GB
Batch-I	55,628	20,191	10,906	5,945	8,803	9,783
Batch-II	75,789	38,018	10,738	7,770	5,946	13,317
Total	131,417	58,209	21,644	13,715	14,749	23,100

Source: NAVTTC

26.4. Outlook FY2026-27

Pakistan’s TVET strategy recognizes the strong potential for youth and female employment, particularly in IT, services, and construction sectors, by prioritizing hands-on and market-relevant skills training. It serves as a fast and effective pathway to decent employment, productivity growth, and foreign remittance earnings. Skill development initiatives aim to scale up its interventions with a strategic focus on quality, inclusivity, and global competitiveness.

An amount of Rs. 8,200.50 million is allocated for FY2026–27 for major labour, employment, and skill development initiatives aimed at enhancing employability, productivity, and youth empowerment. The largest allocation of Rs. 5,290.49 million has been earmarked for the Prime Minister’s Youth Skills Development Programme, reflecting the government’s priority towards demand-driven technical and digital skills. Similarly, Rs. 2,610.01 million has been allocated for the Skill Development Programme of the National Vocational and Technical Training Commission (NAVTTC), while Rs. 300 million has been provided for the Prime Minister ‘Ba-Ikhtiar Naujawan’ Internship Programme to improve school-to-work transition and youth employability.

Table 26.2: Proposed PSDP 2026-27

(Rs. Million)

Sr. #	Project Name	Project Cost	Allocation (2026-27)
1.	Prime Minister's Youth Skills Development Programme	23,522.00	5,290.49
2.	Skill Development Programme (NAVTTTC)	4,700.00	2,610.01
3.	Prime Minister 'Ba-Ikhtiar Naujawan' Internship	6,802.22	300.00
	Total		8,200.50

26.5. Key Targets FY2026-27

The proposed targets are indicative and subject to institutional capacity and available resources. Their achievement will require a phased implementation approach alongside strengthened inter-institutional coordination. The annual skill development targets for FY2026–27 demonstrate a strong focus on digitalization, industry alignment, overseas employment, and inclusion of marginalized groups. The government plans to train 40,000 youth in IT skills, 25,000 in industry-based skills, and another 25,000 in conventional trades, while expanding result-based industry training linked to overseas employment from a cumulative target of 2,000 to 10,000 trainees. Additional interventions include training 5,000 madrasa youth, 13,000 individuals through industry-led programmes in collaboration with TEVTAs and industrial associations, and 2,000 youth from newly merged districts for sustainable livelihoods. Recognition of Prior Learning (RPL) for potential expatriates is targeted at 30,000 individuals, while 20,000 trainees are expected to receive international certifications, reflecting a strategic shift towards globally competitive skills, export of skilled manpower, and improved labour market integration domestically and internationally.

Table 26.3: Key Targets (2026-27)

(Rs. Million)

Sr.No.	Target	Cumulative	FY2026-27
1.	Provision of IT Skills	79,250	40,000
2.	Industry-based Skills Training	78,500	25,000
3.	Conventional Skills Training	63,500	25,000
4.	Result based Industry Training leading to overseas employment	2,000	10,000
5.	Skill Training of Madrasa Youth	1,500	5,000
6.	Industry led training through TEVTAs and Industrial Associations	2,000	13,000

Sr.No.	Target	Cumulative	FY2026-27
7.	Skill Development of Youth of Newly Merged District's for sustainable livelihood.	2,000	2,000
8.	In-country / local RPL of potential expats	70,000	30,000
9.	International Certification	12,000	20,000*

** Includes Global Skill Verification*

27. MASS MEDIA, NATIONAL HERITAGE AND CULTURE

27.1. Introduction

The advent of digital media has significantly transformed the landscape of the mass media sector, establishing itself as the dominant mode of communication and content consumption. In contrast to traditional media platforms, including print, television, and radio, which rely on physical infrastructure and scheduled broadcasting, digital media operates within an integrated online ecosystem. This shift from conventional to digital platforms has fundamentally reshaped communication practices and has increasingly blurred the boundaries between traditional media and modern communication technologies. Moreover, digital media plays a pivotal role in the socio-economic uplift of a country by facilitating access to information, enhancing transparency, and promoting inclusive participation in economic and civic processes.

The URAAN Pakistan Framework and 13th Five Year Plan, emphasize a proactive, supportive role for the media as an instrument of public awareness and perception building. The media is expected to effectively disseminate information regarding policy initiatives, highlight success stories, counter misinformation, facilitate constructive public discourse, mobilize public support and ensure transparency & accountability in the implementation of the national economic transformation plan. In pursuance thereof, the Government has launched a new project titled “Establishment of National Center for Brands Development (NCBD)” to serve as a strategic platform for strengthening Pakistan’s national and international brand image, particularly in support of export-led growth.

27.2. Sectoral Policy Framework

The Mass Media sector is regulated through a set of laws, rules, and institutional frameworks. The Pakistan Electronic Media Regulatory Authority regulates electronic media, while the Prevention of Electronic Crimes Act 2016 governs digital media and cyber-related matters. Additionally, the Pakistan Information Commission ensures implementation of the Right of Access to Information Act, 2017, to promote transparency. Overall, the media sector operates under a fragmented yet evolving regulatory framework.

The sectoral policy framework, under the URAAN Pakistan initiative is premised upon a balanced combination of regulatory, developmental, and facilitative policy instruments, with a focus on modernization of mass communication infrastructure and strengthening of the national content ecosystem. Key interventions include promoting digital broadcasting under the ambit of the Ministry of Information & Broadcasting, providing incentives to encourage investment in digital media platforms and creative industries, and undertaking necessary reforms in the intellectual property regime to safeguard the

rights of local content creators. The Government's ongoing efforts to digitize terrestrial television, radio, and cable networks, coupled with broadband expansion initiatives, signify a strategic commitment to improving access, outreach, and inclusivity. In addition, emphasis is being placed on capacity-building initiatives, fostering public-private partnerships, and extending support to emerging start-ups in digital media and content development to promote innovation, entrepreneurship, and employment generation.

Policy Gaps/Challenges

Notwithstanding these alignments, certain structural and operational gaps persist, which impede the realization of desired outcomes. These include fragmentation within the regulatory framework, insufficient coordination between federal and provincial stakeholders, limited financial support mechanisms for independent media entities, and the absence of a well-articulated national content strategy. Furthermore, issues such as the proliferation of misinformation, weak enforcement of intellectual property laws, and the digital divide between urban and rural areas continue to pose significant challenges. Addressing these gaps through improved policy coherence, institutional strengthening, and focused investment interventions will be critical to unlocking the full potential of the Mass Media Sector under the URAAN Pakistan initiative.

27.3. Performance Review of FY2025-26

In PSDP 2025-26, an amount of Rs. 3,625.00 million was allocated to eight ongoing and two new projects of the Ministry of Information & Broadcasting aimed at improving programming, production, transmission, quality of video/audio signals, and increasing the coverage area by digitalizing the terrestrial network of Pakistan Television Corporation (PTVC) and the analogue transmission system of Pakistan Broadcasting Corporation (PBC). The projects include Up-Gradation and Replacement of 300 KW MW Transmitter at HPT-1 Khuzdar and Up-Gradation and Replacement of 100 KW MW Transmitter at HPT-1 Quetta. The basic objectives of these projects are to enhance the coverage of the Radio Stations with quality sound to counter cross border propaganda. The entire allocation has been released and will be utilized by June, 2026 on the projects.

Similarly, the Mass Media Sector was also adequately funded for the projects titled National Information Media Archive Repository (NIMAR) to develop a centralized digital archival and retrieval platform for historical, classical and current data of M/o Information & Broadcasting and all of its organizations under one roof. Moreover, the project titled "Establishment of Dedicated PID Media Cell to Counter Violent Extremism (CVE) is part of National Security Policy Implementation Plan. Work on both the above projects are in final stage and both the projects will be completed by June, 2026. Four out of the eight ongoing projects are expected to be completed by June 2026, and an amount of Rs. 3,500.00 million is expected to be utilized by June 2026, while the remaining projects will be carried over to the next financial year, i.e., 2026-27.

The agency-wise allocation for the Mass Media Sector for the financial year 2025-26 is Rs. 3625.00, and the details are shown in the table below:

(Rs. Million)

S. #	Agencies	Allocation 2025-26	Estimated Expenditure 2025-26
i.	Pakistan Television Corporation (PTVC)	789.00	789.00
ii.	Pakistan Broadcasting Corporation (PBC)	1,654.00	1,654.00
iii.	Directorate of Electronic and Print Media (DEMP)	367.293	367.293
iv.	Press Information Department (PID)	91.623	91.623
v.	Digital Communication Department (DCD)	722.405	722.405
	Total	3,625.00	3,625.00

Source: PSDP 2025-26

27.3.1. National Heritage & Culture Sector

Pakistan's rich cultural heritage, spanning historical sites, traditions, languages, and arts preserves national identity and links past with future generations. It also contributes to socio-economic development by fostering pride, unity, and economic opportunities. The Government aims to recognize the Creative and Cultural Industries (CCI) as a priority sector due to their strong potential for export-led growth, job creation, and innovation under initiatives like URAAN Pakistan and 13th Five Year Plan framework. By transforming cultural and creative assets into economic value, the CCI sector also enhances Pakistan's global image and promotes cultural diplomacy.

For the fiscal year 2025–26, a budget of Rs. 98.019 million was allocated under the Public Sector Development Programme (PSDP) to the National Heritage & Culture Division for three ongoing and one new project. These projects include the Master Plan for the conservation, preservation, and development of Shah Allah Ditta Caves, establishment of a Research & Development (R&D) Centre at the Department of Archaeology & Museum (DOAM) to promote a soft image of Pakistan through cultural heritage, PC-II for the construction of the National Museum of Pakistan and the DOAM office building at Shakar Parian and establishment of national cultural heritage institute of Pakistan in Islamabad.

Physical and financial review of the National Heritage & Culture sector for FY2025-26 is given below:

27.3.2. Department of Archaeology & Museum (DOAM)

A budget of Rs. 98.019 million was earmarked for three ongoing and one new project of the Department of Archaeology & Museum (DOAM) in PSDP 2025-26. The major ongoing projects are; Master Plan for Conservation, Preservation, and Development of Shah Allah Ditta Caves Islamabad, PC-II for construction of National Museum of Pakistan

and DOAM office Building at Shakar Parian, Islamabad, Establishment of Research & Development (R&D) Centre at Department of Archaeology and Museum to Promote soft image of Pakistan through Cultural Heritage, and Establishment of National Cultural Heritage Institute of Pakistan, Islamabad (Grant in Aid) three out of six ongoing projects will be completed by June, 2026.

The agency-wise allocation to the National Heritage & Culture Sector for the financial year 2025-26, along with utilization, is given in the table below:

(Rs. Million)

S. #	Agencies	Allocation 2025-26	Estimated Expenditure 2025-26
i.	Department of Archaeology & Museum (DOAM)	98.019	98.019
	Total	98.019	98.019

Source: PSDP 2025-26

27.4. Programme for FY2026-27

27.4.1. Mass Media Sector

The allocation for the next financial year 2026-27 for the Mass Media Sector is Rs. 2,718.930 million for the projects titled National Information Media Archival Repository (NIMAR), and Revamping of PTV.

The organization-wise details of allocation for the Mass Media Sector in PSDP 2026-27 are given in the table below:

(Rs. Million)

S. #	Agencies	Allocation 2026-27
i.	Pakistan Television Corporation (PTV)	2,059.678
ii.	Department of Digital Communication	659.252
	Total	2,718.930

27.4.2. National Heritage & Culture Sector

The allocation for the next financial year 2026-27 for the National Heritage & Culture Sector is Rs. 445.0 million for the projects titled Establishment of Research & Development Centre at Department of Archaeology and Museum to promote soft image of Pakistan through cultural heritage, Revamping/Renovation of Awan-e-Nawadirat-e-Quaid-e-Azam at Mazar-e-Quaid, Karachi and Establishment of National Cultural Heritage Institute of Pakistan, Islamabad.

The organization-wise details of allocation for the National Heritage & Culture Sector in PSDP 2026-27 are given in the table below:

(Rs. Million)		
S.#.	Agencies	Allocation 2026-27
i.	Department of Archaeology & Museum (DOAM), Islamabad	400.00
ii.	Quaid-i-Azam Mazar Management Board, Karachi	45.00
	Total	445.00

27.5. Outlook for FY2026-27

Digital and emerging media platforms—such as video broadcasting, digital audio broadcasting, Internet Protocol Television (IPTV), mobile TV, and digital multimedia broadcasting—represent the future of broadcasting culture in Pakistan. During the fiscal year 2026–27, the mass media sector is expected to accelerate its development through the upgrade and digitalization of broadcasting networks operated by Pakistan Television Corporation (PTVC) and Pakistan Broadcasting Corporation (PBC). With a growing middle class, a youthful population—where nearly 60–64 percent of Pakistan’s population is under the age of 30—increased content consumption, and rising disposable incomes, the sector offers substantial opportunities for media-related investments. Since the rollout of 3G and 4G services, Pakistan’s digital media has witnessed significant growth, with over 146 million mobile broadband users and penetration reaching around 59 percent, reflecting rapid expansion in internet access and digital consumption.

27.6. Key Targets of FY-2026-27

Type	Item name	Key Objectives	Current Status	Target 2026-27	Responsibility
Projects	Digitalization of the terrestrial networks of PTV/PBC	Transformation of the whole analogue system into a digital system	Three PTV Stations, along with several Transmission stations of PBC, have been digitized	Two PTV Stations and about five PBC stations will be digitized	Ministry of Information & Broadcasting
	Establishment of National Center for Brands Development (NCBD)“	to serve as a strategic platform for strengthening Pakistan’s national and international brand image, particularly in support of	Approved and in the initial stage of implementation	Will support branding, packaging, marketing strategies, and capacity building	M/o PD&SI

Type	Item name	Key Objectives	Current Status	Target 2026-27	Responsibility
		export-led growth.		for businesses	
Policies	Creation of the Creative and Culture Industry	To enhance Pakistan's global image and promote cultural diplomacy.	In the initial stage of approval	Creation of the Creative and Culture Industry	M/o PD&SI

28. INCLUSIVE AND EQUITABLE DEVELOPMENT

28.1. Introduction

Inclusive and equitable development envisages welfare and well-being of the vulnerable segments of the society. The sector focuses on the welfare initiatives including social protection, promoting special education, inclusive education, inclusive social development, equitable development among all regions, reducing human rights violations, gender empowerment and rights-based development in the country.

Policy Alignment

The sector interventions are aligned with URAAN Pakistan and 13th Five Year Plan, focusing on ethics, equity and empowerment. Further the objectives are aligned with National Gender Policy Framework, National Policy for Person with Disabilities (2002), social protection and poverty alleviation initiatives of the government.

Social welfare interventions have evolved from need-based welfare-oriented assistance to integrated, evidence-based programmes focused on inclusion, service delivery, community engagement, and digital governance. The Annual Plan 2026–27 builds upon this foundation and aligns sectoral priorities with the URAAN Pakistan and 13th Five-Year Plan- focusing on institutional resilience and social service delivery outcomes for vulnerable people and segments of the society including Women and girls, Persons with disabilities, Transgenders, Minorities, Affectees of Human Right Violations, economically disadvantaged households and welfare of Federal Government Employees by the Staff Welfare Organization.

28.2. Policy Gaps/Challenges

- Non-alignment of Federal, Provincial and regional social welfare policies and programmes
- Fragmented data and interventions across institutions & sectors
- In-equitable social development and services delivery gaps
- Lack of policy review
- Inadequate funding to strengthen and upgrade of Special Education centres and Institutions
- Lack of use of technology to monitor gender-based violence
- Lack of specialized human resources for elderly, disability, and child protection

28.3. Review of Sectoral Performance FY2025–26

28.3.1 Institutional Strengthening

During FY2025–26, the social welfare sector made notable progress in strengthening institutional systems, coordination mechanisms, policy implementation structures and

monitoring frameworks. Key areas of progress include enhanced digital governance and data integration within the Human Rights, establishment of an autism centre in Islamabad, strengthened reporting and monitoring mechanisms under the National Mechanism for Reporting and Follow-up (NMRF). Improved service delivery frameworks for transgender persons, grievances addressal through citizen complaints on citizen portal, enhancement of women status through different policy measures by the Gender Unit established in Ministry of Planning Development & Special Initiatives and vulnerable communities. Continued provision of financial relief, stipends, and support to Federal Government Employees (FGE) by the Staff Welfare Organization (SWO).

Table 28.1: PSDP 2025–26 Financial Progress

(Rs. Million)

No.	Project Title	Approved Cost	Allocation 2025–26	Utilization (up to March 2026)	Executing Agency
1.	Establishment of PMU in MoHR	75.0	12.0	9.8	MoHR
2.	Human Rights Awareness Programme	55.0	4.0	3.5	MoHR
3.	NMRF / HR Coordination & Monitoring Unit	43.9	7.0	6.1	MoHR
4.	Centre of Excellence for Autism Children, H-11/4 Islamabad	2,730.7	1,249.42	000	MoFE&PT

28.3.2 Physical Progress & Key Achievements (2025–26)

a. Human Rights Information Management System (HRIMS)

- Integration with Helpline 1099
- Expansion of the Child Protection Information Management System (CPIMS)
- Launch of digital Human Rights Complaint Portal and AWAZ App
- Strengthened data architecture for grievance redressal and reporting

b. Awareness & Sensitization Campaigns

- 47 nationwide sessions on gender sensitization, rights awareness, and institutional capacity building
- Engagements with SBP, SECP, ZTBL, FPCCI, Women Development Departments, and others

c. Transgender Protection Centre (Islamabad)

- 391 beneficiaries received legal counselling
- 200 received medical assistance
- 71 received psychological therapy
- 150 facilitated for NADRA registration & BISP inclusion

d. National Mechanism for Reporting & Follow-up (NMRF)

- Digital reporting system established
- Capacity building across all four provinces
- Progress on treaty reporting: ICCPR, ICERD, CRC, CEDAW and CAT

e. Merged Districts Outreach (Khyber Pakhtunkhwa)

- Community consultations and seminars on human rights, women empowerment & GBV prevention.

f. Federal Government Employees Welfare Initiatives

- 16,437 students received educational stipends
- Rehabilitation support and Federal Staff Relief Fund assistance for FGEs and families
- Strengthened institutional support mechanisms for employees

Furthermore, in line with broader national efforts reflected in the Economic Survey 2025–26, social welfare interventions continued to complement poverty alleviation and social protection programmes by focusing on inclusive service delivery, community outreach, and support to marginalized groups, particularly in underserved and disaster-affected regions.

28.3.3 Development Initiatives

A significant development during the year includes:

- **Strengthening Social Protection Delivery System in Sindh (SSPDS)** — approved by ECNEC with World Bank support, aimed at enhancing social protection systems, beneficiary targeting, and service delivery across multiple districts.

Furthermore, the following **concept papers** were processed:

- Balochistan Social Protection Reform Initiative (BSPRI)
- Socio-Healthy, Inclusive, Nurtured Economy in Gilgit-Baltistan (SHINE-GB)
- Satellite-Based Internet Connectivity for Dynamic NSER Centers

These initiatives are expected to further strengthen the social protection architecture by focusing on targeted poverty graduation, region-specific interventions in underserved areas, and improved connectivity for dynamic beneficiary registration systems.

28.4. Outlook FY2026–27

28.4.1 Institutional & Governance Strengthening

- Reinforcing monitoring & evaluation systems
- Strengthening HRIMS and NMRF automation
- Enhancing compliance with international human rights treaties

28.4.2 Empowerment of Vulnerable Groups

- Scaling up gender sensitization and advocacy programmes
- Expanding outreach to transgender individuals, children, minorities & PWDs
- Enhancing inclusion of ASD children through the Autism Centre

28.4.3 Social Protection & Welfare Services

- Strengthening SWO with targeted financial support for FGEs
- Improved rehabilitation assistance & emergency relief services

28.4.4 Policy Coherence & Coordination

- Close collaboration with federal ministries, provinces & civil society
Ensuring all sectoral targets align with URAAN Pakistan & 13th Five-Year Plan

28.4.5 Emerging Social Protection Initiatives

Strengthening and scaling up innovative social protection initiatives, including poverty graduation programmes and region-specific interventions, to address vulnerabilities in lagging behind regions such as Balochistan and Gilgit-Baltistan, and to enhance data-driven targeting through improved digital connectivity of beneficiary registration systems. The following project is planned for funding under PSDP 2026–27:

Table 28.1: PSDP 2026–27 Allocations

(Rs. Million)

No.	Project Title	Total Cost	Proposed Allocation 2026–27	URAAN Objective
1.	Centre of Excellence for Autism Children at H-8/4, Islamabad	1,349.421	1,249.421	Inclusive / Special Education

29. BALANCED DEVELOPMENT – FOCUS ON LESS DEVELOPED REGIONS

29.1. Introduction

Balanced regional development is central to Pakistan’s sustainable and equitable growth. To achieve this goal, the federal government, through Public Sector Development Programme (PSDP), provides special financial allocation to area governments, including Azad Jammu & Kashmir (AJ&K), Gilgit-Baltistan (GB), and the merged districts of Khyber Pakhtunkhwa. These areas possess vast untapped development potential in sectors such as hydropower, minerals, agriculture, forestry, tourism and social development. Through PSDP allocations federal government supplement the efforts of provincial/area governments to unlock this potential and generate employment, improve livelihood opportunities, and reduce regional disparities.

In line with Article 38(e) of the Constitution of Pakistan, the federal government maintains its commitment to promote inclusive growth across the country. Accordingly, development funds are provided as block allocations, in addition to specific PSDP schemes for these areas. These block allocations are intended to empower respective area/provincial governments, to accelerated development and contribute fully to national development goals.

29.2. Sectoral Policy Framework

The core sectoral objective for balanced development, is guided by the URAAN Pakistan framework and 13th Five-Year Plan. Within framework, the development initiatives target key growth areas, mainly Energy & Infrastructure by developing hydropower and promote Exports via mineral extraction and value-addition. It advances E-Pakistan through digital connectivity, and supports Equity & Empowerment by investing in health and education sector. It also addresses Environment & Climate Change through adapting climate-resilient agriculture, forestry, and water conservation.

In merged districts, Ten-Year Development Programme (AIP) is being implemented to reduce inequalities and poverty. Initiated in FY2018-19, following the merger of the ex-FATA regions with Khyber Pakhtunkhwa, the programme spans a decade of interventions. Its primary focus remains on improving service delivery, expanding public infrastructure and strengthening institutional development to ensure long-term stability in the less developed areas.

29.3. Review of FY2025-26

During the FY2025-26, a total of Rs. 82 billion was allocated in federal PSDP as block allocations for the respective ADPs of AJ&K, GB, and Merged Districts. Further Rs. 25.8 billion were allocated for the 10-year Accelerated Implementation Programme (AIP). Furthermore, a number of other PSDP projects and programs are being implemented in these areas to supplement area development.

The overall performance during the year remained largely aligned with planned targets. The area wise performance highlights are summarized below:

Azad Jammu & Kashmir (AJ&K): Development efforts were driven by projects through block allocation-ADP and nine PSDP projects. PSDP projects focused on large scale infrastructure such as hydropower generation, connectivity improvement and urban infrastructure such as water supply & sewerage. Furthermore, rehabilitation facilities were prioritized for the affected population living along the Line of Control (LoC). The AJ&K-ADP targeted essential social and economic sectors. Key priorities included education, health, tourism, transport and agriculture & livestock, as well as physical planning and information technology. Comprehensive physical progress across sectors is documented in the separate AJ&K area government chapter.

Gilgit Baltistan: The development portfolio included ADP block allocation, and 17 federal PSDP projects with allocation of Rs. 8.6 billion. Key focus areas included expanding hydropower capacity, improving regional connectivity through roads and upgrading medical and urban infrastructure, including sewerage & sanitation system. Further, interventions through the GB-ADP targeted link roads, education facilities (construction and upgradation), digital payment systems, and vocational training (TVET) to enhance local technical capacity. Detailed achievements against specific targets are presented in GB dedicated chapter.

Merged districts of KP: The PSDP development support was primarily channeled through the ADP block allocation and AIP. Currently a total of 275 schemes are included in the AIP which are at different stages of implementation. Key development initiatives included roads, security infrastructure development, energy, agriculture, forestry, livestock, soil and water conservation, institutional strengthening alongside interventions aimed to enhance rural livelihoods. These efforts focused on improving food security, provide essential infrastructure and improve service delivery. Comprehensive details on these schemes are included in KP chapter.

Hosting Community Support Programme: The project was launched during the year, covering 30 districts across four provinces to rehabilitate infrastructure strained by the presence of refugee populations. An allocation of Rs. 50 million was made to improve essential services, focusing on healthcare infrastructure, education facilities, irrigation, and the provision of renewable energy solutions.

29.4. Outlook FY2026-27

For FY2026-27, a total of Rs. 85 billion is proposed in the federal PSDP as block allocations for ADP in AJ&K, GB, and Merged Districts of KP. Furthermore, Rs. 27 billion is proposed for AIP in Merged Districts to continue the long-term stabilization and development of the region. The interventions through this allocation will support area-specific development needs and priorities across multiple sectors, including priority sectors; energy, transport & communication, health, education, agriculture, skill development and digital transformation.

29.4.1. Development Priorities for FY2026-27

The area wise strategic prioritized for FY2026-27 are outlined below:

- **Azad Jammu & Kashmir:** During 2026-27, the total proposed development portfolio includes Rs. 33 billion for the ADP, Rs. 5 billion for the Prime Minister's special package, and Rs. 7 billion for specific PSDP projects. Interventions will focus on priority sectors to drive balanced and sustainable development. Infrastructure development remains a cornerstone, with a focus on road connectivity to facilitate trade & tourism, while in energy sector, renewable energy solutions will be prioritized. In the social sector, health and education programmes will focus on improving service quality. Digital transformation and economic empowerment through microfinance for youth and women will be accelerated to boost employment opportunities.
- **Gilgit Baltistan:** The PSDP allocation for GB consists of Rs. 23 billion for the ADP, Rs. 4 billion for Prime Minister's package, and Rs. 16.9 billion for other federal PSDP projects. The priority sectors include transport & communications, energy & power, health, water & sanitation, and education to bridge prevailing development gaps. Additionally, targeted interventions in tourism, information technology, disaster management, and poverty alleviation aim to promote sustainable development and address disparities.
- **Merged Districts of KP:** A total of Rs. 29 billion has been allocated in the federal PSDP as block allocation for schemes under ADP, alongside Rs. 27 billion for the AIP. During the year, the development interventions will focus on improving service delivery, expanding public infrastructure, and strengthening institutional development in alignments with the overall objectives of AIP. Prioritized sectors include education, health, roads, security infrastructure, energy, agriculture, and livestock development, alongside social protection and governance to promote stable growth in these less developed areas. The comprehensive detail sector wise targets are documented in respective area chapters.
- **Hosting Community Support Programme:** The project will continue to support hosting communities through infrastructure rehabilitation and development.

Rs. 623 million has been allocated for the project during FY2026-27. The planned interventions will focus on the solarization of schools and healthcare facilities (BHUs, RHCs, DHQs) to improve essential service delivery. Furthermore, the programme will provide solar-powered and gravity-based water supply facilities, solarization for existing tube wells, as well as solar systems for mosques and madrassa.

30. POVERTY ALLEVIATION AND SUSTAINABLE DEVELOPMENT GOAL

30.1 Introduction

The Sustainable Development Goals (SDGs), adopted by all United Nations Member States in 2015 under the 2030 Agenda for Sustainable Development, provide a comprehensive framework to address poverty, inequality, health, education, climate change, economic growth and institutional development. Pakistan was among the first countries to adopt the SDGs as a national development priority after their endorsement by Parliament in 2016 and has since integrated them into national and provincial planning frameworks, including Five-Year Plans, Annual Development Plans and sectoral strategies. At the global level, the SDGs are monitored through 250 indicators which are designed to track progress across all 17 goals. Out of 250 indicators, Pakistan has formally approved 193 indicators through the National Economic Council (NEC) for reporting by 2030, reflecting the country's strong commitment to achieving the SDGs and aligning national priorities with the global development agenda.

Pakistan has made significant progress in SDG reporting over the years, increasing the number of reported indicators from 31 in 2016 to 133 in 2021 and 153 in 2023, with reporting of 173 indicators expected by 2026. The Government aims to further strengthen data systems and institutional coordination to report all 193 NEC-approved indicators by 2030. In this regard, the SDGs Status Report 2026 is being developed alongside a comprehensive SDGs Dashboard to enhance real-time monitoring, data visualization and evidence-based decision-making. Despite these improvements, continued efforts are needed to address remaining data gaps and ensure timely and accurate reporting across all indicators.

The most crucial and inherently cross-cutting remains SDG 1 (No Poverty). Addressing poverty is fundamental to improving health and education, reducing inequalities, fostering inclusive economic growth and strengthening resilience to climate and environmental challenges. As such, advancing SDG 1 serves as a critical enabler for achieving the broader SDG framework.

30.2. Review of National Poverty Estimates

Pakistan's poverty landscape has witnessed a significant deterioration between 2018-19 and 2024-25, driven by a confluence of macroeconomic shocks, including the COVID-19 pandemic, a global commodity super-cycle, devastating floods and stabilization-driven adjustments. The rise in poverty is further attributed to prolonged real income erosion, food and energy price shocks, weak employment transmission and limited absorptive capacity of social protection. The national poverty headcount, based

on the Cost of Basic Needs (CBN) methodology using the Household Integrated Economic Survey (HIES) 2024-25, rose sharply to 28.9 percent in 2024-25, up from 21.9 percent in 2018-19. The CPI-adjusted national poverty line for 2024-25 stands at Rs. 8,484 per adult equivalent per month. Rural areas continue to face a disproportionately higher burden, with poverty increasing from 28.2 percent to 36.2 percent, while urban poverty rose from 11.0 percent to 17.4 percent over the same period.

Province-wise, all regions recorded increases in poverty headcounts compared to 2018-19. Punjab's poverty rate rose from 16.5 percent to 23.3 percent; Sindh from 24.5 percent to 32.6 percent; Khyber Pakhtunkhwa from 28.7 percent to 35.3 percent and Balochistan from 41.8 percent to 47.0 percent. While macroeconomic stabilization has begun showing gains (GDP growth 3.1 percent, inflation declining to around 4.5 percent), poverty reduction typically lags behind such recoveries, underscoring the need for sustained employment growth and expanded social safety nets.

**Table 30.1: Poverty Headcounts at the National, Regional and Provincial Levels
(Poverty Line base 2013-14)**

YEAR	Poverty Line	National	Urban	Rural	Punjab	Sindh	KPK	Balochistan
2005-06	1,277.74	50.4	36.6	57.4	45.2	50.9	60.1	76.5
2007-08	1,543.51	44.1	32.7	49.7	39.1	48.3	47.4	75.1
2010-11	2,333.35	36.8	26.2	42.1	34.0	37.6	42.3	48.9
2011-12	2,600.15	36.3	22.8	43.1	32.8	38.1	41.4	57.3
2013-14	3,030.32	29.5	18.2	35.6	25.3	34.2	27.6	56.8
2015-16	3,250.28	24.3	12.5	30.7	20.8	32.2	18.1	42.2
2018-19	3,757.85	21.9	11.0	28.2	16.5	24.5	28.7	41.8
2018-19 (Exc FATA)	3,757.85	21.3	10.9	27.5	-	-	26.0	-
2024-25	8,483.8	28.9	17.4	36.2	23.3	32.6	35.3	47.0

30.2. Sectoral Policy Framework

The effects of poverty incidence were curtailed through Pakistan's comprehensive social protection framework. The government expanded social protection interventions, particularly cash transfer programs, during periods of crisis to safeguard vulnerable segments of population. This support is delivered through key institutions, which are mandated to provide relief and promote poverty alleviation:

- Benazir Income Support Programme (BISP)
- Pakistan Bait-ul-Maal (PBM)
- Pakistan Poverty Alleviation Fund (PPAF)
- National Poverty Graduation Programme (NPGP)
- Poverty Graduation of Extremely Poor and Flood-Affected Households (PGEP) Project
- Trust for Voluntary Organizations (TVO)
- Workers Welfare Fund (WWF)
- National Vocational and Technical Training Commission (NAVTTTC)

The interventions, undertaken by these institutions, collectively aim to expand social protection coverage, strengthen human capital, enhance financial inclusion and promote sustainable livelihoods across the country.

The programmes are currently supporting millions of beneficiaries through cash transfers, education incentives, nutrition support, livelihood opportunities and financial inclusion initiatives. Coverage under major social protection initiatives has expanded to nearly 10 million households, while complementary interventions in education, nutrition and skills development are contributing to improved human development outcomes.

30.3 Review of FY2025-26

30.3.1 Benazir Income Support Programme (BISP)

BISP expanded its coverage to 10 million households, with plans to reach 10.2 million households.

- Under Benazir Kafaalat, quarterly cash assistance was increased from Rs. 13,500 to Rs. 14,500 effective January 2026, benefiting nearly 10 million families.
- Benazir Taleemi Wazaif programme supported 9.6 million children, with the target of enrolling 12.6 million children by June 2026.
- Benazir Nashonuma Programme served 4.2 million beneficiaries, addressing maternal and child nutrition and reducing stunting among children.
- Digital Transformation: Over 7 million Social Protection Wallet SIMs distributed to enable digital and cashless payments.
- Digital & Financial Literacy Trainings: Over 250,000 beneficiaries trained to enhance financial inclusion.

30.3.2 Pakistan Bait-ul-Mal (PBM)

- Total budget allocation for FY2025-26: Rs. 14.20 billion.
- PBM Sweet Homes: Providing residential care to 4,247 orphan children across 46 Sweet Homes.
- Orphan Widow Support Programme: Supporting 939 families.

- PBM Shelter Homes: Served 320,964 individuals with accommodation and over 1.2 million meals.
- Khana Sab Kay Liye: Provided meals to 1.32 million beneficiaries.
- Cochlear Implant Programme: 924 beneficiaries supported with hearing restoration surgeries.
- Individual Financial Assistance (IFA): Assistance provided to 26,187 beneficiaries including students, persons with disabilities and financially vulnerable households.
- Women Empowerment Centres: 26,552 women received vocational training.
- Schools for Rehabilitation of Child Labour: 18,933 children enrolled

30.3.3 Pakistan Poverty Alleviation Fund (PPAF)

- 272,824 interest-free loans disbursed (66 percent to women).
- 13,468 individuals trained in skills and enterprise development.
- 978,000 individuals benefited from 606 infrastructure projects.
- 90,760 medical consultations provided through health centers and camps.
- Support to SMEs created 32,000 employment opportunities.
- Strong emphasis on community institutions and participatory development planning

30.3.4 National Poverty Graduation Programme (NPGP)

- Reached 370,567 households (approx. 2.6 million individuals) across 21 districts.
- 165,807 households received productive assets and training.
- 204,760 households benefited from interest-free loans.
- 226,991 households received livelihood and enterprise development training.
- 96,000 households graduated from BISP cash transfers, demonstrating sustainable livelihood improvements.

30.3.5 Poverty Graduation of Extremely Poor and Flood-Affected Households (PGEP) Project

- Launch of Poverty Graduation of Extremely Poor and Flood Affected Households (PGEP) project with an outlay of US\$ 134.2 million, targeting 160,866 households in 25 districts through livelihood assets, skills training, climate-smart agriculture and interest-free loans.

30.3.6 Trust for Voluntary Organizations (TVO)

- Support to 10.8 million beneficiaries across Pakistan through civil society partnerships.
- Implementation of climate change and social development projects including:
- Plantation of 22,000 trees.
- Establishment of rainwater harvesting systems.
- Health interventions including 6,000 OPD services and safe maternal deliveries.
- Flood relief assistance provided to 568 families in affected districts.

30.3.7 Workers Welfare Fund (WWF)

- Completed the Labour Colony Zone-V project in Islamabad, developed over approximately 1,400 kanals of land. The project included infrastructure development, construction of 500 residential houses and 1,008 residential apartments. The total project cost was approximately Rs. 7 billion, excluding land cost.
- Constructed the WWF Business Centre in F-6 Markaz, Islamabad, at a cost of approximately Rs. 170 million, excluding land cost. The Business Centre is now generating an annual revenue of approximately Rs. 120 million. This revenue will be utilized further to support the welfare of industrial workers.

30.3.8 National Vocational and Technical Training Commission (NAVTTTC)

- Under the Prime Minister's Youth Skill Development Programme (PMYSDP), a total of 63,177 trainees successfully passed in Batch-II, while 55,336 trainees completed Batch-I, reflecting substantial outreach across the country.
- Digital and high-impact IT programmes, including the Summer of Code, trained 5,471 trainees in Batch-II, while multiple specialized initiatives such as chip design training, Huawei-supported programmes and blended learning IT courses further strengthened digital competencies.
- The overseas employment programme demonstrated significant progress, with over 6,000 trainees enrolled and multiple batches completed, targeting employment in Gulf countries, East Asia and Europe.
- Employment rate of 53 percent for trainings in Batch-I, with employed individuals indicating that approximately 95 percent of trained individuals were employed.

30.4 Outlook FY2026-27

The initiatives for FY2026-27, aligned with the URAAN Pakistan framework as well as the 13th Five Year Plan, are provided as below:

30.4.1 Benazir Income Support Programme (BISP)

- Expansion of Kafaalat coverage to 10.2 million beneficiaries.
- Full operationalization of Social Protection Wallets (SPW) for digital payments.
- Expansion of Digital and Financial Literacy Trainings nationwide.
- Integration of Accelerated Learning Programme (ALP) / Non-Formal Basic Education within Benazir Taleemi Wazaif.
- Launch and expansion of BISP Hunarmand Programme to provide vocational training and link beneficiaries with employment opportunities

30.4.2 Pakistan Bait-ul-Mal (PBM)

- Expansion of IFA programmes benefiting approximately 40,538 individuals.
- Strengthening digitization and transparency in financial assistance processes.
- Establishment of automated centralized kitchen systems for shelter homes.

- Introduction of market-oriented vocational courses in Women Empowerment Centers in collaboration with NAVTTC.

30.4.3 Pakistan Poverty Alleviation Fund (PPAF)

- Disbursement of 86,000 interest-free loans to poor households.
- 800 individuals to receive skills and enterprise training.
- Completion of 80 climate-resilient infrastructure projects.
- Livestock management training for 5,000 poor farmers and livestock restocking for 2,500 households

30.4.4 Poverty Graduation of Extremely Poor and Flood Affected Households (PGEP) project

- Provision of productive assets to 36,676 households.
- Disbursement of 13,885 interest-free loans to poor households.
- 51,185 individuals to receive skills and livelihoods training.
- Completion of 7 climate-resilient infrastructure projects.

30.4.5 Trust for Voluntary Organizations (TVO)

- Expansion of climate adaptation and afforestation projects.
- Replication of Village Saving and Enterprise (VSE) model.
- Development of National Disaster Risk Management Fund (NDRMF) funded projects.

30.4.6 Workers Welfare Fund (WWF)

- Development of Labour Colony Zone-V (Phase-II) in Islamabad on approximately 1,100 kanals of land
- Establishment of a Skill Development Center for Industrial Workers at Rawat, Islamabad
- Construction of schools at Labour Colony Zone-V (Phase-I), Islamabad to provide educational facilities for workers' children
- Development of a Business Centre at Labour Complex, Taxila to generate sustainable revenue for workers' welfare programs.

30.4.7 National Vocational and Technical Training Commission (NAVTTC)

- Targeting 130,000 trainees (around Rs. 19 billion allocation), prioritizing 40,000 in digital/IT skills for freelancing and remote work, 25,000 each in industrial and conventional trades for domestic employment and 10,000 in demand-driven international trades for overseas employment.
- Aims to dedicate inclusion programmes for madrassa students (5,000) and youth from newly merged districts (2,000) and cluster-based training for 13,000 individuals with TEVTAs/industrial associations.

31. GOVERNANCE AND INSTITUTIONAL REFORMS

31.1 Introduction

Governance encompasses the institutional frameworks and processes through which a state manages its affairs. Being a cross-cutting domain, it influences all sectors and is essential to the achievement of national development objectives. Good governance is grounded in the principles of rule of law, transparency, accountability, public participation, and openness. Together, these principles enable the efficient use of resources, ensure equitable delivery of services, and support a fair distribution of development outcomes. Moreover, effective governance plays a vital role in strengthening the national economy by building robust institutions that enhance public service delivery, reduce transaction costs for businesses and citizens, and boost investor confidence. Democratic governance further reinforces institutional integrity and responsiveness, fostering a stronger relationship between the state and its citizens. It also creates an enabling environment for individual advancement and private sector development within a stable political, legal, and economic framework.

31.1.1 Sectoral Policy Framework

Aligned with the URAAN Pakistan Framework, the 13th Five-Year Plan (2024–29), and Sustainable Development Goal 16, as well as existing key sectoral policies being followed by key stakeholders such as the National Action Plan, Public Financial Management Framework, and National Judicial Policy, governance reforms are focused on strengthening institutional capacity, enhancing public service delivery, and embedding performance-based accountability. The overarching objective is to establish a transparent, inclusive, and citizen-centric governance system that supports equitable and sustainable national development.

Despite these policies architecture, significant structural challenges persist. Pakistan continues to perform below the regional average on key World Bank Governance Indicators, particularly in voice and accountability and the rule of law. Persistent gaps include weak local government systems and coordination among federating units, financial and fiscal management/ constraints, regulatory, judicial, constitutional issue and weak delivery of public services especially in the aftermath of the 18th Amendment. Addressing these constraints requires a coherent and sequenced reform agenda. Priority actions include comprehensive civil service reforms, rationalization and rightsizing the governments and its institutions, especially anti-corruption, judicial, and local governments institutions. In parallel, accelerating the nationwide rollout of the Electronic Pakistan Acquisition and Disposal System (EPADS) can improve transparency in public procurement. The strategic adoption of advanced technologies, particularly artificial intelligence in justice delivery and public financial management can further enhance efficiency, accountability, and evidence-based decision-making. Sustained

political commitment, institutional coordination, and capacity building across federal and provincial levels will be critical to translating these reforms into measurable improvements in governance outcomes.

31.2 Performance Review FY2025-26

31.2.1 Performance Brief

During FY2025–26, the governance sector demonstrated steady progress in digital transformation and institutional capacity building. The Public Sector Development Programme (PSDP) allocation stood at Rs. 17.01 billion, including Rs. 12.79 billion in foreign assistance, out of which an amount of Rs. 13.57 billion has been utilized during the year.

Key achievements included advancement under the Federal Board of Revenue’s Pakistan Raises Revenue Programme and near completion of the Integrated Transit Trade Management System (ITTMS) at three major border points. In the justice sector, the Case Flow Management System (CFMS) was deployed across 188 federal courts, resulting in the digitization of approximately 253,000 cases, alongside the introduction of SMS alerts and the launch of a Human Resource module to improve administrative efficiency.

In the digital and regulatory domain, the Pakistan Telecommunication Authority (PTA) achieved Tier-1 status in the International Telecommunication Union’s Global Cybersecurity Index and facilitated a 65.5 percent reduction in mobile data costs, enhancing digital accessibility. The Public Procurement Regulatory Authority (PPRA) finalized the Public Procurement Rules 2025 and expanded the Electronic Pakistan Acquisition and Disposal System (EPADS), strengthening transparency in procurement processes. At the federal level, reform committees (i.e., Right sizing, civil service, ICT Governance, Principle of Policy, Economic Governance, Project Management) have completed structural reviews in their respective areas and proposed actionable recommendations to improve the performance and capacity of relevant institutions.

Provincial initiatives also contributed to improved service delivery, including Digital Punjab, the Sindh CLICK Project, land records computerization in Khyber Pakhtunkhwa, and the Civil Registration and Vital Statistics (CRVS) system in Balochistan.

Due to these interventions, incremental progress has been noted, with Transparency International reporting a one-point improvement in the Corruption Perceptions Index, ranking Pakistan 136th out of 182 countries in 2025.

Overall, while the governance sector remained on track in advancing digital and regulatory reforms, accelerated efforts are required to implement civil service reforms, address structural inefficiencies, and strengthen institutional capacity at the provincial level to ensure sustained and inclusive governance improvements.

31.2.2 Status Against Targets

Under the URAAN Pakistan Framework and the 13th Five-Year Plan (2024–29), governance reforms during FY2025–26 focused on strengthening the rule of law, improving justice delivery, enhancing local government capacity, promoting participatory policymaking, modernizing public financial management and tax administration, advancing anti-corruption and procurement systems, improving statistical capacity, and strengthening legal and regulatory frameworks. Progress across these priority areas is summarized below.

31.2.3. Justice Sector Reforms

During FY2025–26, justice sector reforms aimed to strengthen the judicial system in line with Pakistan’s commitments under the United Nations 2030 Agenda, particularly SDG 16. Reforms focused on streamlining judicial processes and ensuring equitable access to justice, especially for vulnerable groups.

A major constitutional development was the introduction of the Twenty-Seventh Amendment, which restructured the judicial system by establishing a Federal Constitutional Court to adjudicate constitutional matters, including inter-provincial and federal–provincial disputes.

Institutional capacity was enhanced through the project “Strengthening and Capacity Enhancement of Legal Wings of the Ministry of Law and Justice and Federal Ministries/Divisions.” The Case Assignment and Management System (CAMS), developed with support from the United Nations Office on Drugs and Crime (UNODC), has been implemented across federal entities, enabling standardized, transparent, and cost-effective case management supported by integrated data systems and real-time dashboards.

The International Mediation and Arbitration Centre (IMAC) promoted Alternative Dispute Resolution (ADR), while capacity-building initiatives trained 1,889 officials. The Case Flow Management System (CFMS) was operationalized in 188 courts and tribunals, with approximately 253,000 cases digitized, significantly improving case processing, monitoring, and record management. Video conferencing facilities were deployed in 170 courts and tribunals, including the integration of 61 criminal courts with 14 central jails, enhancing efficiency and accessibility in justice delivery.

31.2.4 Peace, Security, and Societal Harmony

A project titled “Integrated Border Management System (IBMS Phase-II)” is being implemented to ensure national security by using biometric verification and facial recognition technologies at international airports and border checkpoints to strengthen risk profiling and border control.

Logistical support projects for Counter Terrorism Departments (CTD), Special Protection Units (SPU), and Islamabad Capital Territory (ICT) Police were initiated to enhance the protection of foreign nationals, VVIPs, and critical installations.

Under the Revised National Action Plan (2021), federal, provincial, and district-level steering committees on “Socio-political domain” mandated to improve governance, equitable development and address root causes of subversion have been established. These committees are playing pivotal role in enhancing societal harmony while ensuring equitable development.

National Prevention of Violent Extremism Policy (NPVE), 2024 is being implemented with the aim to prevent violent extremism in all its forms and manifestations by addressing the drivers and root causes of extremism, promoting human rights and social harmony.

A National Internal Security Policy (2024-29) developed in collaboration with all stakeholders, provides a comprehensive framework of kinetic and non-kinetic approaches to address internal security issues.

Interfaith Harmony and Religious Tolerance strategies are also being implemented to promote peace and national cohesion.

31.2.5 Revenue and Public Financial Management Reforms

The Federal Board of Revenue (FBR) accelerated reforms to improve tax administration and increase the tax-to-GDP ratio aligned with global best practices. Key initiatives include “nationwide Digital Production Tracking with invoicing integration”, “mandatory B2B e-Invoicing”, “POS enhancements”, and “E-way Billing”. Faceless Audit and Faceless Customs Audit systems to replace traditional methods to eliminate discretion and corruption has also been introduced for improved transparency. AI-driven risk-based audits, fraud analytics, and a Central Control Unit have enhanced enforcement regime supported by workflow digitization.

FBR Transformation Roadmap envisages organization-wide thrust to adopt ICT based solutions for its core operations and facilitation of tax-payer with aims to transform FBR into an efficient and modern entity to broaden the tax base and generate an additional US \$ 81 billion by the end of FY28/29 in line with government’s priorities.

Pakistan Raises Revenue programme is being implemented with the financial support (i.e. loan amounting to US \$ 470 million) from the World Bank (WB) including US \$ 150 million for IPF component aimed to eliminate country's fiscal constraints by reducing tax expenditures, and broadening tax base.

Integrated Transit Trade Management Systems (ITTMS) is being implemented at a total cost of Rs. 95,406.14 million (i.e. US\$ 420.64) including ADB loan amounting to Rs.

77,173.88 million (i.e., US\$ 325.5 million) to develop three Border Crossing Points (BCPs) i.e., Torkham, Chaman and Wahga.

In alignment with National Economic Transformation Plan (NETP), Finance Division has initiated project titled “Public Resource Mobilization for Inclusive Development Multiphase Programmatic Approach” at a cost of Rs. 11,221.64 million i.e. US\$ 40 million aiming to achieve target of enhancing the tax revenue above 15 percent of GDP under the main programme i.e. US\$ 600 million all as World Bank loan.

31.2.6 Civil Service and Institutional Reforms

A high-powered committee conducted a comprehensive review of civil service structures, covering recruitment, training, career progression, performance management, and remuneration, while benchmarking international best practices. Its recommendations were submitted to the Prime Minister, followed by the establishment of a second committee in July 2025 to refine these proposals.

The Committee on ICT Governance of Islamabad Capital Territory finalized recommendations based on global best practices, and a comprehensive report has been submitted for consideration of Prime Minister.

Efforts are ongoing to separate regulatory functions from line ministries to enhance institutional autonomy and effectiveness. A Cabinet Committee is also overseeing the implementation of the Principles of Policy outlined in the Constitution, supported by the development of Key Performance Indicators (KPIs) for monitoring institutional performance against constitutional provisions.

Extensive reforms to restructure procedural and legal frameworks to promote and facilitate welfare of overseas Pakistanis and human resources within Pakistan are being implemented. A National Emigration and Welfare Policy has been drafted, alongside digital platforms such as the Pakistan Emigration Management Framework and the Pak-Tok App. In collaboration with the International Labour Organization (ILO), Pakistan ratified key labour conventions and launched the National Occupational Safety and Health (OSH) Profile.

31.2.7. Rightsizing of the Federal Government

A Committee on Rightsizing, chaired by the finance minister, is overseeing the phased restructuring of federal ministries and divisions. A total of 132 entities have been identified for reform, with several already merged or abolished.

To date, 44,314 vacant posts have been eliminated and 11,259 positions designated as “dying cadre,” generating significant fiscal savings. The process is expected to conclude within the current financial year, with surplus employees reassigned in accordance with established procedures.

31.2.8. Public Financial Management and PPPs

A project titled “Implementation of Online Billing Solution (Sehel)” is implemented to modernize and streamline public financial management processes through the digitization of billing and payment systems across federal and provincial governments.

Another, project titled “Implementation and Mainstreaming of Audit Management Information System (AMIS)” is being implemented for enhancing quality, transparency, and integrity of the audit process. The project will support digitization of audit procedures and records, thereby promoting efficiency, accountability, and improved governance outcomes.

A project titled “Enhancement of Capacity of Federal Government Entities in Preparation of Policy/ Programmes/ Projects etc. and Performance Audit (Umbrella Programme)” at cost of Rs 5.5 billion implemented to improve and facilitate process of PPP projects and other development initiatives.

31.2.9. Enhancing Development Effectiveness

Technology-driven reforms under the 4RF and 5Es frameworks have improved development planning and execution. The Intelligent Project Automation System (IPAS) and PSDP Portal have streamlined project preparation, appraisal, approval, and monitoring processes. In addition, E-Office has introduced paperless environment in government system and fast track delivery of public services.

A high-level Steering Committee and four thematic working groups were constituted to address implementation bottlenecks in development process, resulting in the formulation of recommendations on their respective themes including the “360 Project Design and Architecture (DNA) Framework by one of thematic group. In addition, on the recommendation of the Committee constituted under the Deputy Prime Minister, revised project pay scales and recruitment procedures have also been introduced to strengthen project management capacity.

31.2.10. Public Procurement and other Regulatory Reforms

Public Procurement Regulatory Authority (PPRA) initiated major institutional restructuring. It revised its human resource plan while recruiting 13 IT professionals for the development of in-house EPADS. The authority also established a PMU, EPADS, and a state-of-the-art EPADS training lab while digitizing office operations. It also introduced procurement regulatory reforms with the technical assistance of international legal experts engaged through the World Bank. EPADS system has been integrated with FBR, NADRA, SECP, PEC, and DRAP for real-time data exchange. The EPADS dashboards have been provided to AGP, NAB, and CCP. So far, 8,798 vendors and 766 procuring agencies have been registered EPADS. Overall, the e-procurement platform has significantly enhanced transparency, accountability, and efficiency through public disclosure of data, digital audit records, system-based grievance redressal, centralized blacklisting, wider competition, and improved compliance with reduced delays.

31.2.11. Pakistan Telecommunication Authority (PTA)

To strengthen Pakistan's telecommunications sector, forward-looking regulatory measures have been taken to improve affordability, service quality, and market efficiency. During the year, the sector demonstrated resilience and sustained growth, reflected in increased broadband penetration, rising revenues, higher investment inflows, and ongoing infrastructure expansion. PTA successfully conducted a major spectrum auction, generating \$509.6 million (approximately Rs. 142.6 billion), while also approving the acquisition of Telenor Pakistan by PTCL. Significant progress was recorded in global indices, including improvements in the GSMA Mobile Connectivity Index, Global Network Experience Index, and Global Cybersecurity Index, alongside a notable reduction in the gender gap in mobile internet usage. At the infrastructure level, Pakistan expanded its fiber optic network to approximately 228,940 km and strengthened international connectivity with a total capacity of 17.7 Tbps, with additional submarine cable projects planned.

31.2.12. National Tariff Commission (NTC) has initiated significant reforms to modernize Pakistan's trade-remedy framework and better protect domestic industry. These measures include proposed amendments to the NTC Act 2026, which aim to increase the number of Commission members, update qualification criteria, clarify the process for appointing the Chair, and generally strengthen its quasi-judicial and technical capacity. Ministry of Commerce is implementing National Tariff Policy (NTP) for 2025–30 which is designed to stimulate export growth by 10–14 percent and manage import growth at a slower pace of 5–6 percent, with the goal of narrowing the trade deficit.

31.2.13. Securities and Exchange Commission of Pakistan (SECP) focused on investor protection, digitalization, sustainable finance and stronger oversight of intermediaries. A new digital Ultimate Beneficial Ownership (UBO) registry to enhance transparency of company ownership was launched. Multiple circulars tightening disclosure and conduct standards (including on auditors, collective investment schemes and pension fund benchmarks) were issued. ESG Disclosure Guidelines for listed companies aligned with Pakistan's Green Taxonomy were issued to standardize sustainability reporting. SECP advanced a five-year strategic plan for the insurance sector to strengthen regulation, policyholder protection and penetration, while updating Companies Regulations and enabling wider use of digital payments through financial institutions and third parties to improve access, transparency and traceability in capital markets and regulated sectors.

31.2.14. Competition Commission of Pakistan (CCP) has established a dedicated Market Intelligence Unit (MIU) to move from reactive, complaint-based enforcement to proactive, data-driven detection of cartels, market abuse and deceptive marketing in key sectors of the economy. CCP has undertaken a major restructuring of its legal and litigation functions to tackle a backlog of hundreds of court cases involving multi-billion-rupee penalties, leading to faster case handling, improved defence of CCP

orders before appellate fora and a significant increase in penalty recoveries compared to previous years. Recent disclosures indicate that penalties imposed in 2025 alone were in the multi-billion-rupee range, with recoveries crossing the Rs. 900 million mark. Procedural reforms have also been introduced to streamline hearings and reduce delays, which has accelerated the issuance of reasoned orders while preserving due process for undertakings under inquiry.

31.2.15. Ease of Doing Business

Special Investment Facilitation Council (SIFC) has supported the streamlining of investment process, create a more investor-friendly environment, and contribute to economic growth and development.

Board of Investment implemented a project titled “Establishment of One Stop Service for SEZs, Islamabad” at the total cost of Rs. 698.437 million which aims to create a dedicated unit that provides necessary support and institutional capacity to establish an IT enabled One Stop Service to facilitate investors.

Ministry of Commerce has focused on improving the ease of doing business mainly by working on a new Strategic Trade Policy Framework (STPF) 2025-30 and a new National Tariff Policy to simplify tariffs, enhance export competitiveness and provide a more predictable policy environment for exporters and investors. e-Commerce Policy 2.0 (2025-30) has been drafted with the aim to expand markets, empower people and enabling trust.

31.2.16. Provincial and Regional Governance Reforms

Punjab

During FY2025-26, Government of Punjab implemented a comprehensive set of governance-focused development initiatives aimed at strengthening transparency, accountability, and efficiency in public service delivery across the province. Major progress was achieved in the digitization of land and revenue records, which improved transparency in land ownership, accelerated land acquisition processes, enhanced accuracy of revenue documentation, reduced litigation and fraudulent practices, and expanded public access to authenticated land information. Parallel automation initiatives were undertaken in the justice sector, including the automation of district courts, new IT initiatives at the Lahore High Court and district judiciary, AI-based litigation management and training systems, the Integrated Criminal Justice System Project, and the Resource Center and Legal Information Assistance System, thereby supporting timely and technology-enabled adjudication. Public safety and urban governance were significantly strengthened through the expansion of smart surveillance infrastructure under Smart Safe Cities projects in 19 districts (Phase-II). Institutional capacity of law enforcement agencies was enhanced through the computerization of all police stations (Phase-II). Forensic and investigation systems were upgraded through the Forensic Information Management System (FIMS) Phase-II,

while governance of prisons, probation, and rehabilitation was improved via the Prisons Management Information System (PMIS) Phase-III and strengthening of Punjab Probation and Parole Services. Digital connectivity and citizen facilitation were advanced and an Integrated Record Preservation and Public Access Management System. Governance-related initiatives under Annual Development Programme (ADP) for FY2025-26 had a total allocation of Rs. 26,865 million with expected utilization of Rs. 26,451 million by June 2026 reflecting strong implementation performance.

Sindh

During 2025-26, Government of Sindh launched several initiatives to enhance transparency, efficiency, and good governance in the province. Development initiatives aimed at strengthening institutional capacity, enhancing service delivery, and improving transparency and accountability were implemented. Sindh Flood Emergency Rehabilitation Project was implemented to rehabilitate damaged irrigation and drainage infrastructure, construct roads, restore water supply and drainage schemes, and provide cash transfers to vulnerable households affected by floods. Competitive and Livable City of Karachi Project (CLICK) with a total cost of Rs. 33.6 billion supported by the World Bank implemented to enhance urban management, financing, and service delivery in Karachi while fostering private sector development and sustainability, aligning with the vision of transforming urban areas into eco-friendly, sustainable cities through improved city governance. Enhancing Public Private Partnerships in Pakistan [Provincial Support] Project for Sindh (Revised) implemented at a total cost of Rs. 27.85 billion supported by ADB loan of and a grant from FCDO. Project aims to strengthen GoS capacity to select and develop PPP projects, effectively manage PPP project-related fiscal risk and strengthening capacity of line department in management of PPP projects

Khyber Pakhtunkhwa

During FY2025-26, Government of Khyber Pakhtunkhwa focused its development efforts on strengthening governance through a structured “Good Governance Roadmap” and governance-linked investments in key sectors. The roadmap launched in July 2025 provides a unified framework for reforms and development initiatives across 12 governance domains (including health, education, social protection, economic uplift, infrastructure, agriculture, energy, tourism and digitization) with defined KPIs and an emphasis on delivery-oriented projects, improved service delivery and data-driven decision-making. Khyber Pakhtunkhwa Revenue Mobilization and Public Resource Management Programme (Technical Assistance)-Revised implemented at a total cost of Rs. 4.71 billion (i.e. US \$ 18.0 million) all as World Bank loan. Computerization of Land Records project implemented to enhance governance framework. A project implemented for settlement and digitalization of land records in merged districts with aim to modernize land administration, resolve land dispute, improve public service provisions and establishment of Centralized Land Records Management Information System (CLRMIS) through robust technology digitization.

Balochistan

During FY2025-26, Government of Balochistan framed its development agenda around inclusive growth, improved public service delivery and better law and order with a strong emphasis on governance improvement. Development initiatives increased funding for local governments and municipal institutions to strengthen grassroots administration and responsiveness. Key reforms to strengthen governance, digital capacity, and disaster resilience included enhancement of Civil Registration and Vital Statistics (CRVS) and launch of the Balochistan Livelihood and Entrepreneurship Project (BLEP). The flagship Post-Flood 2022 Reconstruction Programme of the Federal government at a total cost of Rs. 88 billion funded by the World Bank focuses flood-affected areas with infrastructure rebuilding and livelihood diversification. Federal PMU supported in technical assistance and coordination between federal and provincial bodies. Local Government & Rural Development Department in Balochistan has implemented various initiatives including the provision of proper sanitation, sewerage systems, and drainage for urban, rural, and village areas. Initiatives to supply solar power to underserved communities were implemented to address the energy needs of the population.

Azad Jammu & Kashmir

During FY2025-26, Government of Azad Jammu and Kashmir (AJ&K) development outlay prioritized infrastructure, social services and governance sectors to strengthen institutional performance and service delivery. The Governance/Miscellaneous Sector implemented as a separate component of Annual Development Plan to implement key projects related to law and justice, home/police and food security. Key strategic interventions include development of comprehensive databases for all line departments, fostering inter-linkages, and establishing a data bank to monitor the financial and physical progress of development projects through a Management Information System. Interventions for improving security included Strengthening of Counter Terrorism Department (CTD) in Azad Jammu & Kashmir (AJK) (Development Component) and Establishment of Special Protection Unit (SPU) in Azad Jammu & Kashmir. Capacity-building efforts focused on analyzing project effectiveness through regular monitoring and evaluation, providing feedback to improve sector programs and ensuring optimal utilization of financial resources.

Gilgit-Baltistan

Government of Gilgit-Baltistan is advancing governance through key institutional reforms. Development agenda focused on a fiscally responsible and results-driven Annual Development Plan with aim to enhance public service delivery and strengthen institutional performance across the region. Automation and digitization of development processes remained priority to improve transparency, efficiency and accountability—measures that directly support better governance indicators. During fiscal year 2025-26, several initiatives were implemented to strengthen governance processes. Capacity enhancement initiatives were undertaken for law department, reflecting the government's commitment to improving governance, efficiency, and

public services in the region. Automation and digitization of Revenue System was initiated to modernize public finance services.

31.3. Programme for FY2026-27

31.3.1. Outlook 2026-27

The governance and institutional reform agenda for FY2026-27 will consolidate gains made in FY2025-26 and deepen structural reforms to enhance state capacity to deliver public services efficiently, ensure transparency, and enhance citizen trust. Priority will be accorded to institutional strengthening, evidence-based and participatory decision-making, civil service and public sector reforms, and effective delivery of public services. Ongoing federal and provincial initiatives to modernize legal, regulatory, and administrative frameworks will be fast-tracked with a focus on timely completion and improved coordination across tiers of government.

Under the 5Es National Economic Transformation Plan (2024–2035) / URAAN Pakistan, governance reforms in 2026-27 will further integrate political stability, peace and security, human capital development, and rule-based institutions into a unified transformation agenda. Implementation of the Revised National Action Plan, National Prevention of Violent Extremism Policy, National Internal Security Policy 2024-29, and interfaith harmony frameworks will be strengthened to address the root causes of extremism and subversion, protect fundamental rights, and promote societal cohesion. Local government systems, fiscal federalism arrangements, and parliamentary oversight mechanisms will be reviewed to improve vertical and horizontal equity in resource distribution. Continued roll-out of digital technologies in justice, taxation, public financial management, procurement, and service delivery, rightsizing and rationalization of government structures, enhanced competition and regulatory enforcement, improved ease of doing business, domestic resource mobilization, PSDP management and utilization, project management will collectively aim to improve governance indicators, support private investment, and facilitate effective implementation of sectoral initiatives under plan period.

31.3.2. Key Targets

An amount of Rs. 13.00 billion including foreign aid of Rs. 4.50 billion has been proposed for the governance sector in 2026-27. The allocation indicates a decrease of 23.57 percent over the last year's allocations. To accomplish the reform agenda, investment will be made in activities relating to innovation, capacity building, performance management, service delivery, justice sector, police, research, reforms in the civil service and public sector including regulatory framework and statistics during 2026-27.

ABBREVIATIONS & ACRONYMS

Abbreviation	Full Form
3G/4G	Third/Fourth Generation Mobile Networks
4IR	Fourth Industrial Revolution
4RF	Resilience, Recovery, Rehabilitation and Reconstruction Framework
5Es	Exports; E-Pakistan; Environment & Climate Change; Energy & Infrastructure; Equity, Ethics & Empowerment
AAP	Accelerated Action Plan
ADB	Asian Development Bank
ADP	Annual Development Programme
ADPs	Annual Development Plans
AGPR	Accountant General Pakistan Revenues
AI	Artificial Intelligence
AIIB	Asian Infrastructure Investment Bank
AIIC	Allama Iqbal Industrial City
AIMS	Audit Management Information System
AIP	Accelerated Implementation Programme
AJ&K	Azad Jammu & Kashmir
AKHUWAT	Akhuwat Microfinance Programme
AKSIC	Azad Jammu & Kashmir Small Industries Corporation
ALP	Accelerated Learning Programme
AMI	Advanced Metering Infrastructure
AMIS	Audit Management Information System
ANF	Anti-Narcotics Force
APCC	Annual Plan Coordination Committee
APIs	Active Pharmaceutical Ingredients
APMS	Asset Performance Monitoring System
APP	Associated Press of Pakistan
ARIMA	Auto Regressive Integrated Moving Average
ASF	Airport Security Force
ASIP	Access to Scientific Instrumentation Programme
ASPIRE	Analytical and Capacity Building Support Programme for Improved Results in Education
ATM	Average Time to Maturity
B2B	Business-to-Business
B2C	Business-to-Consumer
BBNJ	Biodiversity Beyond National Jurisdiction
BCC	Behaviour Change Communication
BCDGS	Balochistan Comprehensive Development and Growth Strategy
BCP	Border Crossing Points
BCDA	Balochistan Coastal Development Authority
BDNA	Balochistan Drought Needs Assessment
BESP	Balochistan Education Sector Plan
BESS	Battery Energy Storage System
BHU	Basic Health Unit

BICs	Business Incubation Centres
BISP	Benazir Income Support Programme
BLEP	Balochistan Livelihood and Entrepreneurship Project
BNP	Benazir Nashonuma Programme
BoI	Board of Investment
BoP	Balance of Payments
BoT	Build-Operate-Transfer
BP	Basic Prices
BPM6	Balance of Payments and International Investment Position Manual, Sixth Edition
BPO/LPO/KPO	Business Process Outsourcing / Legal Process Outsourcing / Knowledge Process Outsourcing
BPS	Basis Points
BQIP	Bin Qasim Industrial Park
B-Ready	Business Ready (World Bank Assessment Framework)
BRI	Belt and Road Initiative
BSPRI	Balochistan Social Protection Reform Initiative
BSL-II	Bio-Safety Laboratory, Level II
BSP	Budget Strategy Paper
C&TA	Cartels and Trade Abuse
C&W	Communications & Works
C2C	Consumer-to-Consumer
CAD	Current Account Deficit
CAGR	Compound Annual Growth Rate
CAMS	Case Assignment and Management System
CAREC	Central Asia Regional Economic Cooperation
CAREC-RIBS	Central Asia Regional Economic Cooperation — Regional Improving Border Services
CASA-1000	Central Asia-South Asia Electricity Transmission and Trade Project
CBN	Cost of Basic Needs
CBT	Competency-Based Training
CBT&A	Competency-Based Training and Assessment
CCA	Culturable Command Area
CCC	Climate Change Committee
CCF	Contingent Credit Facility
CCFF	Climate Change Financing Framework
CCI	Council of Common Interests
CCP	Competition Commission of Pakistan
CD	Civil Dispensary
CDC	Centre for Digital Communication
CDF	Contingent Disaster Fund
CDL	Central Diesel Locomotive
CDNS	Central Directorate of National Savings
CDREP	Climate and Disaster Resilience Enhancement Programme
CDWP	Central Development Working Party
CERT	Computer Emergency Response Team

CFMS	Cash flow Management System
CFY	Current Fiscal Year
CIE	Cyber Innovation Ecosystem Programme
CIP	Costed Implementation Plan
CIS	Commonwealth of Independent States
CLICK	Competitive and Livable City of Karachi Project
CLIMIS	Client Linkage and Market Integration System
CLRMIS	Centralized Land Records Management Information System
CMU	Central Monitoring Unit
CNIC	Computerized National Identity Card
CoEs	Centres of Excellence
COPHC	China Overseas Ports Holding Company
CPD	Continuous Professional Development
CPEC	China-Pakistan Economic Corridor
CPJRC	China-Pakistan Joint Research Centre
CPI	Consumer Price Index
C-PIMA	Climate Public Investment Management Assessment
CPR	Contraceptive Prevalence Rate
CRBC	Chashma Right Bank Canal
CRF	Climate Risk Fund
CRR	Cash Reserve Requirement
CRVS	Civil Registration and Vital Statistics
CSR	Corporate Social Responsibility
CSTY	Culture, Sports, Tourism & Youth
CTD	Counter Terrorism Department
CTBCM	Competitive Trading Bilateral Contract Market
CTTI	Construction Technology Training Institute
CVE	Countering Violent Extremism
CYP	Couple Years of Protection
D4D	Data for Development
DAP	Diammonium Phosphate
DDWP	Departmental Development Working Party
DEEP	Digital Economy Enhancement Project
DEMP	Directorate of Electronic and Print Media
DES	Digital Enforcement Stations
DESTO	Defence Science and Technology Organization
DGIP	Digital Government Innovation Programme
DHIS-2	District Health Information Software, Version 2
DHQ	District Headquarters Hospital
DISCOs	Electricity Distribution Companies
DLI	Disbursement-Linked Indicators
DOAM	Department of Archaeology and Museum
DP/DPs	Development Partner(s)
DRAP	Drug Regulatory Authority of Pakistan
DRCs	Dynamic Registration Centres

DREAMSI	Developing a Resilient Environment and Advancing Municipal Services Initiative
DRM	Disaster Risk Management
DRM	Digital Radio Mondiale
DRR	Disaster Risk Reduction
DUS	Distinctness, Uniformity and Stability
ECBC	Energy Conservation Building Codes
ECD	Early Childhood Development
ECE	Early Childhood Education
ECNEC	Executive Committee of the National Economic Council
EDA	Electronic Design Automation
EEZ	Exclusive Economic Zone
EFF	Extended Fund Facility
EIA	Environmental Impact Assessment
EIS	Energy Information System
EMOs	Emergency Medical Officers
EMP	Energy Master Plan
EMR	Electronic Mortgage Register
EOBI	Employees' Old-Age Benefits Institution
EoDB	Ease of Doing Business
EPADS	Electronic Pakistan Acquisition and Disposal System
E-Pakistan	Digital Transformation Pillar of URAAN Pakistan
EPI	Expanded Programme on Immunization
EPRC	Energy Planning and Resource Centre
ERRA	Earthquake Reconstruction and Rehabilitation Authority
ESD	Education for Sustainable Development
ESG	Environmental, Social and Governance
ETR	Effective Transition Rate
EU	European Union
EWR	Electronic Warehouse Receipt
EWS	Early Warning System
FABS	Financial and Accounting Business Software
FACTS	Flexible Alternating Current Transmission Systems
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FCA	Federal Committee on Agriculture
FCDO	Foreign, Commonwealth & Development Office
FDE	Federal Directorate of Education
FDI	Foreign Direct Investment
FELTP	Field Epidemiology and Laboratory Training Programme
FESCO	Faisalabad Electric Supply Company
FGEHA	Federal Government Employees Housing Authority
FIA	Federal Investigation Agency
FIMS	Forensic Information Management System
FM	Frequency Modulation
FMD	Foot-and-Mouth Disease

FOB	Free on Board
FOSPAH	Federal Ombudsperson Secretariat for Protection Against Harassment
FPA	Foreign Project Assistance
FPI	Foreign Portfolio Investment
FPRH	Family Planning and Reproductive Health
FPSC	Federal Public Service Commission
FPSP-III	Flood Protection Sector Project, Phase III
FSC&RD	Federal Seed Certification and Registration Department
FTF	Federal Task Force
FTO	Federal Tax Ombudsman
FWCs	Family Welfare Centres
G2G	Government-to-Government
GAIN	Global Advisory and Innovation Network
GARL	Geoscience Advanced Research Laboratories
GB	Gilgit-Baltistan
GBA+	Gender-Based Analysis Plus
GBCNSA	Gilgit-Baltistan Control of Narcotics Substance Act
GB-EPA	Gilgit-Baltistan Environmental Protection Agency
GCC	Gulf Cooperation Council
GCF	Green Climate Fund
GDP	Gross Domestic Product
GDS	Government Debt Securities
GEPCO	Gujranwala Electric Power Company
GER	Gross Enrolment Ratio
GHI	Global Hunger Index
GIR	Gross Intake Ratio
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GLLSP-II	Gwadar-Lasbela Livelihood Support Project, Phase II
GLOF	Glacial Lake Outburst Flood
GMOs	Genetically Modified Organisms
GNP	Gross National Product
GoP	Government of Pakistan
GoS	Government of Sindh
GPA	Gwadar Port Authority
GRC	Governance, Risk and Compliance
GSP	Geological Survey of Pakistan
GST	General Sales Tax
GVA	Gross Value Added
HAZEKO	Harnai Electric Supply Company
HDI	Human Development Index
HEC	Higher Education Commission
HEDP	Higher Education Development in Pakistan
HEIs	Higher Education Institutions
HES	Higher Education Statistics
HESCO	Hyderabad Electric Supply Company
HIES	Household Integrated Economic Survey

HIMS	Hospital Information Management System
HISDU	Health Information and Service Delivery Unit
HKC	Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships
HPC	High-Performance Computing
HPP	Hydropower Project
HRIMS	Human Rights Information Management System
HRD	Human Resource Development
HSPS	Hybrid Social Protection Savings Scheme
HVDC	High-Voltage Direct Current
IBC	Indicative Budget Ceiling
IBIs	Islamic Banking Institutions
IBIS	Indus Basin Irrigation System
IBMS	Integrated Border Management System
IBSP	Integrated Budget Strategy Paper
ICPD	International Conference on Population and Development
ICRG	International Collaborative Research Grant
ICSID	International Centre for Settlement of Investment Disputes
IDA	International Development Association
IDP	Internally Displaced Persons
IDSRS	Integrated Disease Surveillance and Response System
IEP	Integrated Energy Planning
IESCO	Islamabad Electric Supply Company
IFAD	International Fund for Agricultural Development
IFC	International Finance Corporation
IFDA	Investment Facilitation for Development Agreement
IFRS	International Financial Reporting Standards
IGCEP	Indicative Generation Capacity Expansion Plan
ILO	International Labour Organization
IMAC	International Mediation and Arbitration Centre
IMF	International Monetary Fund
IMNCH	Integrated Maternal, Newborn and Child Health
IMR	Infant Mortality Rate
INSPIRE	National Semiconductor HR Development Programme
IoT	Internet of Things
IP	Intellectual Property
iPAS / IPAS	Intelligent Project Automation System
IPC	Inter-Provincial Coordination
IPoE	Independent Panel of Experts
IPTV	Internet Protocol Television
IRC	Infrastructure, Rehabilitation and Construction
IRMNCH	Integrated Reproductive, Maternal, Newborn and Child Health
IRSA	Indus River System Authority
ISA	Information Service Academy
ISF	Innovative and Startup Fund
ISGS	Interstate Gas Systems

ISMO	Independent System and Market Operator
IT	Information Technology
ITeS	Information Technology-enabled Services
ITTMS	Integrated Transit Trade Management System
ITU	International Telecommunication Union
IWRM	Integrated Water Resources Management
IYCF	Infant and Young Child Feeding
JCC	Joint Cooperation Committee
JICA	Japan International Cooperation Agency
JMCRC	Jinnah Medical Complex and Research Centre
JV & PPP	Joint Venture and Public-Private Partnership
JWG	Joint Working Group
KCR	Karachi Circular Railway
KIP	Karachi Industrial Park
KKH	Karakoram Highway
KoFHA	Korangi Fisheries Harbour Authority
KP	Khyber Pakhtunkhwa
KPEC	Khyber Pass Economic Corridor
KPESSI	Khyber Pakhtunkhwa Employees' Social Security Institution
KPT	Karachi Port Trust
KS&EW	Karachi Shipyard and Engineering Works
KTDMC	Karachi Tools, Dies, and Moulds Centre
kV	Kilovolt
K-IV	Karachi Bulk Water Supply Project, Phase IV
KWSSIP	Karachi Water and Sewerage Services Improvement Project
LCF	Local Challenge Fund
LBOD	Left Bank Outfall Drainage
LEAP	Long-range Energy Alternatives Planning
LESCO	Lahore Electric Supply Company
LFS	Labour Force Survey
LG&RD	Local Government and Rural Development
LHW	Lady Health Workers
LMS	Learning Management System
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas
LRP	Landing Rights Permissions
LSM	Large-Scale Manufacturing
LSMI	Large-Scale Manufacturing Industries
LUMS	Lahore University of Management Sciences
M&E	Monitoring and Evaluation
M2	Broad Money
MAF	Million Acre-Feet
MCMC	Mid-Career Management Course
mCPR	Modern Contraceptive Prevalence Rate
MDB	Multilateral Development Bank
MDR	Minimum Deposit Rate

MEAs	Multilateral Environmental Agreements
MEDICen	Medical Equipment and Devices Innovation Centre
MEP	Minimum Export Price
MEPCO	Multan Electric Power Company
MFBS	Microfinance Banks
MFD	Marine Fisheries Department
MFIs/RSPs	Microfinance Institutions / Rural Support Programmes
MGD	Millions of Gallons per Day
MHPSS	Mental Health and Psychosocial Support
MHSP	Modernization of Hydromet Services of Pakistan
MICS	Multiple Indicator Cluster Survey
MIS	Management Information System
MIU	Market Intelligence Unit
ML-1	Main Line 1 (Railway Project)
MM	Mass Media
MMM	Mirpur-Muzaffarabad-Mansehra Road Project
MMS	Multiple Micronutrient Supplementation
MNCH	Maternal, Newborn and Child Health
MNFS&R	Ministry of National Food Security and Research
MoCC&EC	Ministry of Climate Change and Environmental Coordination
MoFEPT	Ministry of Federal Education and Professional Training
Moi&P	Ministry of Industries and Production
MoITT / Mo IT&T	Ministry of Information Technology and Telecommunication
MOIB	Ministry of Information and Broadcasting
MoM	Month-on-Month
MoMA	Ministry of Maritime Affairs
MoPD&SI	Ministry of Planning, Development and Special Initiatives
MoR	Ministry of Railways
MoST	Ministry of Science and Technology
MoU	Memorandum of Understanding
MP	Market Prices
MPC	Monetary Policy Committee
MPI	Multidimensional Poverty Index
MRA	Mutual Recognition Agreement
MRVs	Mobile Registration Vans
MSUs	Mobile Service Units
MTDF	Medium-Term Development Framework
MTOE	Millions of Tons of Oil Equivalent
MVA	Megavolt-Ampere
MVAR	Megavolt-Ampere Reactive
MVNOs	Mobile Virtual Network Operators
MVRTMS	Motor Vehicle Registration and Taxation Management System
MW	Megawatt
N4G	Nutrition for Growth
NA	Not Available / Not Applicable
NAB	National Accountability Bureau

NAC	National Accounts Committee
NADRA	National Database and Registration Authority
NAAI	National Artificial Intelligence Advancement Initiative
NAEDP	National Artificial Intelligence Ecosystem Development Programme
NAP	National Adaptation Plan
NAVTTTC	National Vocational and Technical Training Commission
NCAI	National Centre for Artificial Intelligence
NCBC	National Centre in Big Data and Cloud Computing
NCBD	National Centre for Brands Development
NCDC	NUST Chip Design Centre
NCERT	National Cyber Emergency Response Team
NCMCL	Naymat Collateral Management Company Limited
NCPI	National Consumer Price Index
NCQC	National Centre of Quantum Computing
NCRA	National Centre for Robotics and Automation
NCRE	National Centre for Rainfall Enhancement
NCSA	National Cyber Security Academy
NDA	Net Domestic Assets
NDEL	National Data Exchange Layer
NDCs	Nationally Determined Contributions
NDRC	National Development and Reform Commission (China)
NDRMF	National Disaster Risk Management Fund
NEC	National Economic Council
NEER	Nominal Effective Exchange Rate
NER	Net Enrolment Rate
NETP	National Economic Transformation Plan
NEV	New Energy Vehicle
NFA	Net Foreign Assets
NFC	National Finance Commission
NFDC	National Fertilizer Development Centre
NFIS	National Financial Inclusion Strategy
NFPP-IV	National Flood Protection Plan IV
NGIA	New Gwadar International Airport
NGC	National Grid Company
NH&CD	National Heritage and Culture Division
NH&MP	National Highways and Motorway Police
NHA	National Highway Authority
NHSR&C	National Health Services, Regulations and Coordination
NIC	National Incubation Centre
NICVD	National Institute of Cardiovascular Diseases
NIE	National Institute of Electronics
NIETE	National Institute of Excellence in Teacher Education
NISS	National Institute of Intelligence and Security Studies
NIM	National Institute of Management
NIMAR	National Information Media Archive Repository
NIPS	National Institute of Population Studies

NKH	National Knowledge Hub
NLP	National Library of Pakistan
NLPD	National Language Promotion Department
NMDs	Newly Merged Districts
NMDF	National Mineral Data Centre
NMHF	National Minerals Harmonization Framework
NMRF	National Mechanism for Reporting and Follow-up
NNS	National Nutrition Survey
NODE	National Open Data Ecosystem
NP	National Programme
NPG	National Payment Gateway
NPGP	National Poverty Graduation Programme
NPMC	National Price Monitoring Committee
NPMP	National Productivity Master Plan
NPVE	National Prevention of Violent Extremism Policy
NRPU	National Research Programme for Universities
NSDI	National Spatial Data Infrastructure
NSER	National Socio-Economic Registry
NSHRDP	National Semiconductor Human Resource Development Programme
NSPP	National School of Public Policy
NTA	National Transfer Accounts
NTC	National Tariff Commission
NTDC	National Transmission and Dispatch Company
NTFP	Non-Timber Forest Products
NTMP	National Transport Master Plan
NTRC	National Transport Research Centre
NTTA	National Time Transfer Accounts
NUML	National University of Modern Languages
NUST	National University of Sciences and Technology
NVQF	National Vocational Qualifications Framework
O&M	Operation and Maintenance
OBOR	One Belt One Road
OCR	Ordinary Capital Resources
OD	Other Deposits
ODP	Other Development Programme
OOSC	Out-of-School Children
OPOID	One Patient One ID
OPF	Overseas Pakistanis Foundation
ORICs	Offices of Research, Innovation and Commercialization
OSH	Occupational Safety and Health
OTT	Over-the-Top Services
P&D	Planning and Development
P&DD	Planning and Development Department
P3A	Public-Private Partnership Authority
PAAA	Pakistan Audit and Account Academy
PACRS	Provincial Agriculture Crop Reporting Services

Pak-IEM	Pakistan Integrated Energy Model
PAL	Pakistan Academy of Letters
PAOs	Principal Accounting Officers
PAP	Programme Action Plan
PASS	Ministry of Poverty Alleviation and Social Safety
PBC	Pakistan Broadcasting Corporation
PBS	Pakistan Bureau of Statistics
PC	Planning Commission
PCC	Plain Cement Concrete
PCCPL	Punjab Provincial Cooperative Bank Limited
PCRWR	Pakistan Council of Research in Water Resources
PCS	Plan Coordination Section
PCSIR	Pakistan Council of Scientific and Industrial Research
PD	Planning Division
PDA	Pakistan Digital Authority
PDNA	Post Disaster Needs Assessment
PDWP	Provincial Development Working Party
PEF	Punjab Education Foundation
PEIMA	Punjab Education Initiative Management Authority
PEMRA	Pakistan Electronic Media Regulatory Authority
PERN	Pakistan Education and Research Network
PESCO	Peshawar Electric Supply Company
PETCORE	Pakistan Petroleum Corehouse
PFM	Public Financial Management
PGEP	Poverty Graduation of Extremely Poor and Flood-Affected Households Project
PG	Postgraduate
PHE	Public Health Engineering
PHIMC	Punjab Health Initiative Management Company
PHLN	Pakistan Health Laboratories Network
PIC	Pakistan Information Commission
PID	Press Information Department
PIE	Pakistan Institute of Education
PIMS	Pakistan Institute of Medical Sciences
PITP	People's Information Technology Programme
PITB	Punjab Information Technology Board
PKR	Pakistani Rupee
PLPA	Pakistan Land Port Authority
PLS	Profit and Loss Sharing
PM	Prime Minister
PMC	Project Management Consultant
PMD	Pakistan Meteorological Department
PMEX	Pakistan Mercantile Exchange
PMIS	Prisons Management Information System
PMNH	Pakistan Museum of Natural History
PMNIA	Prime Minister's National Innovation Award

PMRU	Performance Management and Reforms Unit
PMU	Project Management Unit
PMYSDP	Prime Minister's Youth Skill Development Programme
PNAC	Pakistan National Accreditation Council
PNCA	Pakistan National Council of Arts
PNSC	Pakistan National Shipping Corporation
POE	Points of Entry
PP&H	Physical Planning and Housing
PPAF	Pakistan Poverty Alleviation Fund
PPCBL	Punjab Provincial Cooperative Bank Limited
PPDU	Project Planning and Development Unit
PPFP	Postpartum Family Planning
PPH	Physical Planning and Housing
PPHI	People's Primary Healthcare Initiative
PPP	Public-Private Partnership
PPR	Peste des Petits Ruminants
PPRA	Public Procurement Regulatory Authority
PQA	Port Qasim Authority
PQI	Productivity, Quality and Innovation
PRI	Pakistan Remittance Initiative
PRIAT	Punjab Resilient and Inclusive Agriculture Transformation
PRSS-O2	Pakistan Remote Sensing Satellite, Optical-2
PRSWSSP	Punjab Rural Sustainable Water Supply and Sanitation Project
PSEB	Pakistan Software Export Board
PSDP	Public Sector Development Programme
PSEs	Public Sector Enterprises
PSF	Pakistan Science Foundation
PSLM	Pakistan Social and Living Standards Measurement Survey
PSQCA	Pakistan Standards and Quality Control Authority
PSX	Pakistan Stock Exchange
PTA	Pakistan Telecommunication Authority
PTCL	Pakistan Telecommunication Company Limited
PTVC	Pakistan Television Corporation
QIM	Quantum Index of Manufacturing
QESCO	Quetta Electric Supply Company
R&D	Research and Development
RAM	Resilient and Accessible Microfinance
RDA	Roshan Digital Account
REER	Real Effective Exchange Rate
REF	Research Excellence Framework
REIT	Real Estate Investment Trust
RFP	Request for Proposal
RHC	Rural Health Centre
RLAN/WLAN	Radio Local Area Network / Wireless Local Area Network
RLNG	Regasified Liquefied Natural Gas
RPL	Recognition of Prior Learning

Rs.	Pakistani Rupees
RTP	Registration and Trading Platform
RTTG	Rapid Technology Transfer Grant
RSF	Resilience and Sustainability Facility
S&T	Science and Technology
SAP	Systems, Applications and Products
SBA	Stand-By Arrangement
SBAS	Space-Based Augmentation System
SBCC	Social Behaviour Change Communication
SBP	State Bank of Pakistan
SCDS	Support Centre for Dental and Surgical Equipment
SCO	Special Communication Organization
SCRR	Special Cash Reserve Requirement
SDG	Sustainable Development Goal
SECP	Securities and Exchange Commission of Pakistan
SFERP	Sindh Flood Emergency Rehabilitation Project
SEHAL	Online Billing Solution (Sehel)
SEPCO	Sukkur Electric Power Company
SERCs	Semiconductor Education and Research Clusters
SEZ	Special Economic Zone
SFD	Saudi Fund for Development
SHINE-GB	Socio-Healthy, Inclusive, Nurtured Economy in Gilgit-Baltistan
SIFC	Special Investment Facilitation Council
SIDCL	Sindh Infrastructure Development Company Limited
SLED	State, Local and Education (US Procurement Market)
SMC	Senior Management Course
SMDP	Smart Monitoring of Development Projects
SME	Small and Medium Enterprises
SMEDA	Small and Medium Enterprises Development Authority
SNGPL	Sui Northern Gas Pipelines Limited
SNP	Strategic National Programme
SOC	Security Operations Centre
SOEs	State-Owned Enterprises
SOFI	State of Food Security and Nutrition in the World Report
SPDs	Standard Procurement Documents
SPHF	Sindh Peoples Housing for Flood Affectees
SPPAP	Southern Punjab Poverty Alleviation Project
SPS	Sanitary and Phytosanitary
SPU	Special Protection Unit
SSPDS	Strengthening Social Protection Delivery System in Sindh
SSGCL	Sui Southern Gas Company Limited
SSM	Small-Scale Manufacturing
STARS-WASH	Sindh Transforming Access to Reliable Services — Water, Sanitation and Hygiene
STATCOMs	Static Synchronous Compensators
STC-MoCC	Strengthening Technical Capacities of the Ministry of Climate Change

STED	Science, Technology and Engineering for Development
STEM	Science, Technology, Engineering and Mathematics
STI	Science, Technology and Innovation
STPs/ITPs	Software Technology Parks / Information Technology Parks
STPF	Strategic Trade Policy Framework
STZA	Special Technology Zones Authority
SUGS	Strategic Underground Gas Storage
SUN	Scaling Up Nutrition
SUPARCO	Space and Upper Atmosphere Research Commission
SWAT	Sindh Water and Agriculture Transformation
T&C	Transport and Communication
T&D	Transmission and Distribution
TAPI	Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline
TCF	Trillion Cubic Feet
TDF	Technology Development Fund
TEUs	Twenty-foot Equivalent Units
TESCO	Tribal Areas Electric Supply Company
TEVTA	Technical Education and Vocational Training Authority
TFR	Total Fertility Rate
THQ	Tehsil Headquarters Hospital
TORs	Terms of Reference
TSG	Technical Supplementary Grant
TSEP	Transmission System Expansion Plan
TTSF	Technology Transfer Support Fund
TVET	Technical and Vocational Education and Training
TYSP	Talented Young Scientists Programme
TYDP	Ten-Year Development Plan
UBO	Ultimate Beneficial Ownership
UG	Undergraduate
UGS	Underground Gas Storage
UGPP	Upscaling of Green Pakistan Programme
UHC	Universal Health Coverage
UIS	Unified Information System
UNDP	United Nations Development Programme
UNFPA	United Nations Population Fund
UNODC	United Nations Office on Drugs and Crime
URAAN Pakistan	National Economic Transformation Framework anchored in five pillars: Exports; E-Pakistan; Environment & Climate Change; Energy & Infrastructure; and Equity, Ethics & Empowerment
USF	Universal Service Fund
USTPs	Upskilling Training Programmes
VEDA	Variant Elimination and Data Assessment
VSE	Village Saving and Enterprise
WAA-1991	Water Apportionment Accord 1991
WAPDA	Water and Power Development Authority
WASA	Water and Sanitation Agency

WASH	Water, Sanitation and Hygiene
WB	World Bank
WEFP	Women's Equality in Finance Policy
WHA	World Health Assembly
WHO	World Health Organization
WTO	World Trade Organization
WWF	Workers Welfare Fund
YoY	Year-on-Year
ZTBL	Zarai Taraqiyati Bank Limited



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