Ministry of Planning
Development &
Special Initiatives
Government of Pakistan

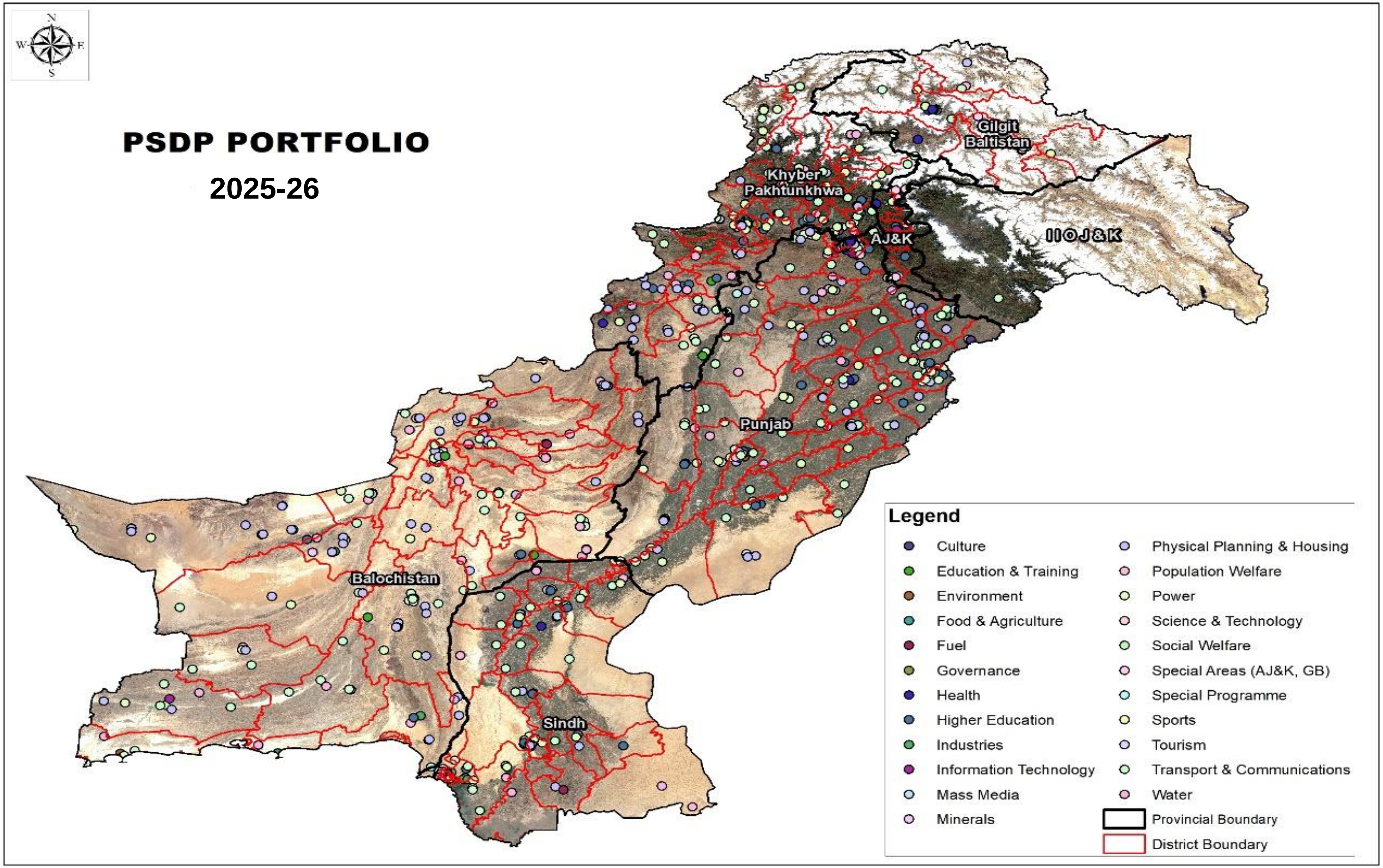
URAAN
PAKISTAN
تو شاہیں ہے پرواز ہے کام تیرا

ANNUAL PLAN

2025-26

Planning Commission
Government of Pakistan

ANNUAL PLAN
2025-26



PSDP PORTFOLIO
2025-26
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Gilgit Baltistan
Khyber Pakhtunkhwa
AJ&K
IIOJ&K
Punjab
Balochistan
Sindh
Legend
Culture
Education & Training
Environment
Food & Agriculture
Fuel
Governance
Health
Higher Education
Industries
Information Technology
Mass Media
Minerals
Physical Planning & Housing
Population Welfare
Power
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Social Welfare
Special Areas (AJ&K, GB)
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Sports
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FOREWORD

Pakistan’s economy has made significant strides in restoring macroeconomic stability. The present government took office in March 2024 and immediately faced challenges like low growth, high inflation, declining investment, high public debt and fiscal and external imbalances. The economy has stabilized through targeted reforms, prudent fiscal management and improved governance. GDP growth improved from 2.5 percent in FY2023-24 to 2.7 percent in FY2024-25, reflecting stronger fundamentals and improved growth momentum. As a result, investors’ confidence improved, the stock exchange energized, inflation declined, purchasing power enhanced, and political stability attained. International partners like the IMF and World Bank have acknowledged this turnaround, and sovereign credit outlooks have improved.

The government’s development agenda is guided by the URAAN Pakistan based on the 5Es Framework—Exports, E-Pakistan, Environment & Climate Change, Energy & Infrastructure, and Equity & Empowerment, aligned with the SDGs. URAAN Pakistan sets ambitious goals, including a 6 percent annual GDP growth rate, exports up to $63 billion, inflation at around 6 percent, a 50 percent reduction in projected greenhouse gas emissions, and a 13 percent decrease in poverty incidence, paving the way for a trillion-dollar economy by 2035.

Pakistan’s economic outlook for FY2025-26 is robust, with agriculture recovery, industrial growth, better energy access, and macroeconomic stability contributing to resilience. The Annual Plan FY2025-26, prepared in line with URAAN Pakistan and the 13th 5-year plan, sets realistic targets focused on inclusive growth, climate resilience, and human development.

I commend the dedicated professionals at the Planning Commission for their hard work and commitment to preparing this annual plan. I also extend my appreciation to the Annual Plan Review Committee for ensuring the quality, coherence and relevance of this important national document.

We remain fully committed to our national vision—step by step and year by year—to place Pakistan firmly on the path to becoming a top-performing economy.

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

MESSAGE

Economic stability is the bedrock of national strength, internal security and prosperity; besides, diplomatic standing and regional influence. Recognizing this fact, the government remains steadfast in ensuring macroeconomic stability, deepening structural reforms, and advancing inclusive and sustainable growth.

Pakistan’s economy is demonstrating remarkable resilience and a decisive turnaround despite formidable global and domestic challenges. Some manifestations include the achievement of primary surplus and current account surplus, low inflation, improvement in credit rating, and rebounding investors’ confidence. Initiatives like the SIFC, digital transformation, institutional restructuring, SMEs enablement, targeted welfare programs, and the flagship URAAN Pakistan, based on the 5Es framework, continue to drive the country’s long-term development vision.

The Annual Plan 2025-26 is an outcome of extensive cross-institutional collaboration and shared commitment toward national development goals. It reflects a set of priorities, national resolve to convert macroeconomic gains into tangible livelihood improvements and opportunities for all Pakistanis. The Plan serves as a critical articulation of policy directions, development priorities, and sectoral allocations that reflect a unified national vision.

The Ministry of Planning, Development and Special Initiatives is playing a central role in harmonizing these efforts, ensuring alignment between policy, planning, and execution. I, therefore, extend my deep appreciation to all federal and provincial stakeholders, particularly the valuable efforts of Dr. Imtiaz Ahmad, Chief Economist, who, along with his team, brought professional rigor and analytical depth in the preparation of this document.

Awais Manzur Sumra
Secretary
Ministry of Planning, Development and Special Initiatives

PREFACE

The Annual Plan, a flagship document of the Ministry of Planning, Development, and Special Initiatives, is aligned with URAAN Pakistan. It presents an overview of Pakistan's sectoral performance during FY2024-25 and outlines the strategic priorities for FY2025-26. It serves as a policy guideline for allocating national resources, addressing development challenges, and tracking progress towards sustainable, inclusive growth.

The Annual Plan 2025–26 emphasizes public investment to drive private sector-led growth, tackle structural constraints, enhance climate resilience, and improve access to health and education. Priority sectors for resource allocation and reform include exports, agriculture, digital transformation and institutional reforms, energy & infrastructure, industry and production, ensuring strategic push toward economic diversification and development.

This comprehensive document's timely and successful completion would not have been possible without the valuable cooperation and contributions of Federal Ministries, Divisions, Provincial Departments, and other Organizations. I would like to appreciate all stakeholders' support, especially, dedicated efforts and commitment of the officers at the Ministry of Planning, Development and Special Initiatives in preparing this document.

I am indebted to the Minister for Planning, Development and Special Initiatives, Prof Ahsan Iqbal and the Secretary Planning, Development & Special Initiatives, Mr. Awais Manzur Sumra, for their guidance and support throughout this process. Furthermore, the diligent efforts and dedication of the Ministry's professionals and Annual Plan Review Committee in completing this document have been marvelous and outstanding. Constructive feedback and suggestions for improving the quality and utility of this document are always welcome.

Dr. Imtiaz Ahmad
Chief Economist
Ministry of Planning, Development and Special Initiatives

ACKNOWLEDGEMENT

The Annual Plan 2025-26 offers a detailed assessment of Pakistan's economic performance for the outgoing FY2024-25 and sets forth a strategic outlook for FY2025-26. It addresses critical aspects of macroeconomic development, including GDP growth, budgetary outcomes, monetary policies, inflation trends, balance of payments, and the execution of Public Investment Programs.

I extend my sincere gratitude to the dedicated team whose expertise and unwavering efforts made this important document possible. My heartfelt appreciation goes to the distinguished members of the Review Committee of Annual Plan 2025-26. I would like to acknowledge with deep appreciation the valuable contributions of the Ministries, Divisions, and all stakeholders who played a pivotal role in the formulation of the Annual Plan 2025–26.

With utmost respect and deep appreciation, I extend my sincere gratitude to the **Chairmen, ACSs**, and their outstanding teams from the Planning & Development Boards/Departments of **Punjab, Sindh, Khyber Pakhtunkhwa, Balochistan, Gilgit Baltistan, State of the Azad Jammu & Kashmir**. Their consistent and active involvement in the annual plan process, along with insightful contributions and steadfast commitment, has been instrumental in refining this document.

I also extend special thanks to the Joint Chief Economist (Ops), Senior Chiefs/Chiefs and their dedicated teams across every vital section of this Ministry for timely preparation and submission of respective chapters. The exceptional leadership in the **Macroeconomic**, **IT&F**, **MP&FP**, **PIP** and **I&C Sections** has provided the strategic foundation that propels our economic vision forward. I also honour the transformative commitment of the **ICT** and **S&T Sections**, whose pioneering efforts in digital transformation and scientific advancement have elevated our collective progress. Equally, the outstanding contributions of the **Env. & Climate Change** and **F&A Sections** have reinforced our resolve for sustainability and food security, while the remarkable work of the **Energy Wing**, **Water Resource**, **T&C**, **PP&H Sections**, and **CPEC Secretariat** continues to shape our infrastructure and developmental legacy. Furthermore, it is with heartfelt appreciation that I recognize the visionary impact of the **Population**, **Manpower, Social Welfare, Health**, **Nutrition**, **Education**, **E&R**, **Mass Media**, **D&AD**, **SDGs**, and **Governance Sections** each playing an indispensable role in crafting a holistic, equitable, and forward-looking strategy. Their collective dedication exemplifies the excellence and commitment that inspire us to achieve new heights in planning and progress.

Special recognition is due to the heads of the Economic and Technical Sections, as well as the officers and staff of the Plan Coordination Section, for their unwavering commitment and professionalism. I am particularly grateful to Dr. Asad Ali Shah, Chief; Ms. Zara Umer, Deputy Chief; Mr. Zarin Syed, Assistant Chief; and the dedicated team members, Mr. M. Rafi Ch, Mr. Muhammad Zeeshan Hyder, and Mr. Muhammad Raheel whose efforts have been integral to the successful completion of this Plan. I would also like to acknowledge the valuable efforts of the Young Development Fellows and Research Associates.

This endeavour would not have succeeded without the unwavering support of the administrative wing and the IT Wing, whose timely coordination and technical assistance are greatly valued and appreciated.

Dr. Muhammad Ali Talpur
Joint Chief Economist (Eco. Policy)

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EXECUTIVE SUMMARY

URAAN Pakistan – 5Es based National Economic Transformation Plan, comprising Exports, E-Commerce, Environment, Energy, and Equity, forms the foundation of the government's strategy for inclusive and sustainable growth. It emphasizes export-led development, digital transformation, environmental sustainability for water and food security, affordable energy & infrastructure development, and social equity, empowerment & ethics aligning national priorities with evolving global trends.

I. EXPORTS

Macroeconomic Framework – Growth, Investment & Savings

During FY2024-25, Pakistan's economy exhibited sustained progress, underpinned by prudent macroeconomic management, enhanced fiscal and external sector stability, and robust inflation containment strategies. This macroeconomic steadiness was maintained despite challenges posed by a sluggish global recovery and escalating international trade tensions. The Gross Domestic Product (GDP) growth for the fiscal year stood at 2.7 percent, marking a modest increase from 2.5 percent recorded in FY2023-24.

Sectoral performance reflected a heterogeneous pattern: agriculture growth moderated to 0.6 percent from 6.4 percent in the preceding year; the industrial sector demonstrated a notable recovery with a growth rate of 4.8 percent, reversing a contraction of 1.4 percent; and the services sector expanded by 2.9 percent, improving on the previous year's 2.2 percent. These sectoral dynamics underscore varied levels of resilience and gradual recovery amid ongoing macroeconomic stabilization efforts. Furthermore, national savings as a percentage of GDP increased to 14.1 percent in FY2024-25 from 12.6 percent in the prior year, while total investment rose to 13.8 percent of GDP compared to 13.1 percent, reflecting strengthened domestic financial mobilization.

Looking ahead to FY2025-26, the economic outlook is anchored by a targeted GDP growth of 4.2 percent. The agricultural sector is set to achieve growth of 4.5 percent, driven by government initiatives under the URAAN Pakistan framework, improved input availability, and gradual adaptation to challenging climatic conditions.

Building on the macroeconomic stability realized in FY2024-25, the industrial sector aims to sustain its growth momentum with a target of 4.3 percent, supported by a projected 3.5 percent expansion in Large-Scale manufacturing (LSM), positive growth of 3.0 percent in mining and quarrying, and a resilient construction sector. The services sector is targeted to expand by 4.0 percent, propelled by increased economic activity in commodity-producing sectors. Total investment is targeted at 14.7 percent of GDP, underpinned by continued fiscal discipline, monetary easing, and structural reforms, while national savings are targeted at 14.3 percent of GDP.

Balance of Payments

Pakistan's external sector demonstrated marked resilience and improvement during FY2024-25. Robust export earnings of US$ 27.3 billion and record remittances totaling US$ 31.2 billion, despite an uptick in imports, culminated in a current account surplus of US$1.9 billion for the period July–April FY2024-25, a significant turnaround from the US$ 1.3 billion deficit recorded in the corresponding period of the previous year. This improvement was supported by a tight monetary policy, enhanced fiscal management, and continued inflows under the IMF Extended Fund Facility, which collectively bolstered foreign exchange reserves to US$ 16.6 billion as of 31 May 2025 (comprising US$ 11.5 billion held by the State Bank of Pakistan and US$ 5.1 billion in commercial bank reserves), thereby stabilizing the exchange rate. Additionally, net inward foreign direct investment (FDI) inflows reached US$ 1.9 billion during July-April FY2024-25.

Building on this positive momentum, the Annual Plan 2025–26, in alignment with the URAAN Pakistan strategy, sets ambitious targets to further augment foreign exchange earnings by elevating exports, remittances, and FDI. Central to this effort is the export-led 5Es Framework, which focuses on diversification, enhancing competitiveness, fostering innovation, supporting small and medium enterprises (SMEs), and promoting cluster development to strengthen domestic brands of locally manufactured goods. Through implementing these comprehensive strategies, Pakistan aims to achieve sustainable economic growth while enhancing its resilience against external vulnerabilities and global economic shocks.

Fiscal, Monetary, and Capital Market Developments

During July–March FY2024-25, Pakistan's fiscal position improved notably, with the fiscal deficit contained at 2.6 percent of GDP, compared to 3.7 percent in the same period of the previous year. Building on this progress, the government remains committed to its fiscal consolidation strategy in FY2025-26, aiming to maintain the deficit within sustainable limits to support macroeconomic stability.

Inflationary pressures eased significantly during FY2024-25. The average Consumer Price Index (CPI) inflation declined to 4.7 percent during July–April FY2024-25, a sharp improvement from 26 percent in the corresponding period last year. In response, the SBP adopted a monetary easing stance, reducing the policy rate to 11 percent by May 2025. As a result, private sector credit saw a substantial increase, rising by Rs. 681.7 billion (from 1st July 2024 to 16th May 2025), compared to Rs. 277.3 billion during the same period in the previous year. In FY2025-26, the monetary policy will remain calibrated to support economic recovery while anchoring inflation expectations.

The Pakistan Stock Exchange (PSX) witnessed strong performance during FY2024-25, with the benchmark KSE-100 Index surging by 52.9 percent, rising from 78,445 to

119,962 points as of 15 May 2025. For FY2025-26, the capital market development agenda will focus on advancing structural reforms, with a particular emphasis on enhancing investor confidence, promoting transparency, and improving the overall ease of doing business in the financial sector.

Public Sector Investment

The Public Sector Development Program (PSDP) remains a cornerstone of Pakistan's socio-economic development strategy. For FY2024-25, the revised PSDP allocation stood at Rs. 1,100 billion, with approximately 83 percent of the funds directed toward completing ongoing projects, and the remaining 17 percent earmarked for new initiatives. Infrastructure development received the largest share at 59 percent, followed by the social sector (20%), regional development (10%), and the rest allocated to sectors such as information technology, science and technology, governance, and production sectors.

As of April 2025, Rs. 431.8 billion had been utilized under a performance-oriented, backloaded release strategy. This approach ensured that disbursements were linked to progress and results. Comprehensive quarterly and mid-year reviews were conducted to monitor implementation, flag underperforming or stalled projects, and recommend timely corrective actions. Line ministries were encouraged to prioritize fast-moving projects and consider capping or closing slow-moving or problematic schemes. This reprioritization exercise aimed to potentially free up to Rs. 1,000 billion for reallocation to high-impact initiatives aligned with national priorities.

For FY2025-26, the PSDP will continue to prioritize completing strategically critical ongoing projects, particularly those aligned with the URAAN Pakistan initiative under the 5Es Framework and the 13th Five-Year Plan. The overarching objective is to optimize the use of limited fiscal space, address implementation backlogs, and ensure that new investments fully align with the country's development agenda and long-term economic transformation goals.

Manufacturing, Commerce, and Mineral Development

The manufacturing sector remains a vital pillar of Pakistan's economy, contributing to employment and GDP, particularly exports. In FY2024-25, the overall industrial sector grew by 4.8 percent, surpassing the target of 4.4 percent. Within this, manufacturing grew by 1.3 percent against a 4.4 percent target, while large-scale manufacturing contracted by 1.5 percent (target: 3.5%). In contrast, small and medium enterprises performed strongly, achieving 8.8 percent growth against a target of 8.2 percent.

To support these sectors, the government is implementing targeted development initiatives. For FY2025-26, 10 projects are planned in the manufacturing sector with a budget of Rs. 1904.3 million. Two additional initiatives to facilitate trade and one to promote the mineral sector are allocated Rs. 400 million and Rs. 718.6 million, respectively.

The Geological Survey of Pakistan will conduct nationwide geological mapping and exploration activities in mineral development in FY2025-26. Funded through PSDP and regular budgetary sources, the program will focus on both metallic and non-metallic resources, geotechnical and geohazard studies, and allied research. Coverage will include Azad Jammu & Kashmir and Gilgit-Baltistan, supporting the strategic objective of unlocking the country's mineral potential through data-driven exploration.

Blue Economy

Pakistan's Blue Economy harnesses the potential of its 1,046 km Arabian Sea coastline and 290,000 sq. km Exclusive Economic Zone to drive sustainable economic growth. Core sectors include maritime transport, fisheries, coastal tourism, ship recycling, and emerging areas such as renewable energy and desalination. Strategically located on key global trade routes, Pakistan's major ports, Karachi Port, Port Qasim, and Gwadar Port, serve as regional gateways enhanced by the China-Pakistan Economic Corridor (CPEC). In FY2024-25, Karachi Port handled 40.38 MMT of cargo, Port Qasim 33.77 MMT, and Gwadar Port 42,505.5 MMT. Fisheries exports reached $318.9 million, while ship recycling generated Rs. 221.1 million.

The global Blue Economy, currently valued at US$ 1.5 trillion, is projected to double by 2030. Pakistan aims to contribute US$ 100 billion to its economy by 2047, aligning with the URAAN Pakistan vision and the Sustainable Development Goals (SDGs). For FY2025-26, the development agenda includes port infrastructure upgrades, operationalization of the Blue Economy Centre in Gwadar, and expansion of the Pakistan National Shipping Corporation (PNSC) fleet. Targets include achieving 3.5 million TEUs in container throughput and $400 million in fisheries exports. Despite climate and security challenges, enhanced stakeholder coordination and private sector participation will be critical for advancing the Blue Economy agenda.

II. E-PAKISTAN

Information and Communication Technology – Digital Transformation

Pakistan's ICT sector is at the forefront of economic transformation, propelled by a youthful, tech-savvy population and strategic government initiatives under URAAN Pakistan, which are aligned with the SDGs 2030 Agenda. With nearly 60 percent of the population under 30 and a growing pool of IT graduates, the ecosystem fosters innovation in artificial intelligence (AI), cloud computing, and IoT through dedicated incubation and startup programs.

Investments in broadband expansion, 5G rollout, and satellite technology, such as PakSat MM-1 and the broader Space Vision 2040, bridge the urban–rural divide and enhance digital access, e-governance, healthcare, and disaster management. In FY2024-25, Rs 48,046 million was allocated to the ICT sector, advancing mobile and broadband penetration, particularly in underserved areas. Key policy frameworks, including the

National Cyber Security Policy, Cloud First Policy, and the upcoming AI Policy, enhance cybersecurity, promote cloud adoption, and integrate AI across sectors.

For FY2025-26, the focus will shift toward scaling up startups, expanding freelancing opportunities, enhancing digital connectivity, and promoting local manufacturing. Flagship initiatives such as the PM's IT Startups and Venture Capital Fund, e-Rozgaar, and semiconductor workforce development aim to position Pakistan as a regional ICT hub and drive inclusive digital growth.

Higher Education and S&T – Knowledge and Technology-based Development
Promoting research and development (R&D), fostering innovation, and adopting emerging technologies remain central to Pakistan's scientific and economic advancement. Under URAAN Pakistan, the focus has shifted toward demand-driven R&D and industrial innovation that are aligned with the SDGs.

In FY2024-25, the Ministry of Science and Technology (MoST) was allocated Rs. 6,649.5 million for 30 ongoing projects and one new initiative. Rs. 6534.1 million have been released and utilized. A total of 07 projects are expected to be completed by the end of FY2024-25. Notable outputs included Rs. 402 million in incentive grants benefiting 1,271 SMEs and 75 training programs enhancing the skills of over 3,400 professionals. In FY2025-26 an amount of Rs. 4792.7 million has been allocated for 28 projects.

An amount of Rs. 61.1 billion were allocated for HEC in FY2024-25. The total allocation, Rs. 61.1 billion was authorized and released. Rs. 12.0 billion were earmarked for the Laptop Scheme. An amount of Rs. 42,302 million has been utilized so far. An amount of Rs. 45 billion has been allocated for 141 schemes. Simultaneously, the Higher Education Commission awarded scholarships to over 240,000 students and advanced university–industry collaboration, faculty development, and quality assurance in alignment with the National Economic Transformation Plan 2024–29 and the SDGs.

For FY2025-26, the Annual Plan prioritizes expanding access to higher education, especially for underserved groups, accelerating digital transformation in universities, strengthening research capacity, and enhancing data and performance monitoring through a robust Quality Assurance Framework. In FY2025-26, 170 projects at a total cost of Rs. 394,497.8 million have been earmarked. This includes one 159 ongoing and 11 new projects.

III. ENVIRONMENT & CLIMATE CHANGE

Environment & Climate Change

The Annual Plan 2025–26 prioritizes enhancing resilience to climate shocks, including floods, droughts, and other natural disasters. The 2022 floods caused an estimated $14.9 billion in direct damages and $15.2 billion in indirect losses, affecting one-third of the population. Without adaptive measures, climate change could reduce GDP by 6.5–9 percent by 2050, with water shortages adding a further 4.6 percent in losses.

In FY2024-25, PSDP allocations for the climate sector increased to Rs 5,257 million, supporting initiatives such as the Green Pakistan Programme, which planted 16.49 million trees during the year and 2.23 billion cumulatively (68% of its goal). Additional efforts included biosafety regulation, water-quality monitoring, and urban climate resilience.

For FY2025-26, Rs 3,500 million is proposed for ongoing climate projects, with Rs 2,860 million earmarked for afforestation. The Pakistan Meteorological Department seeks Rs 748.8 million to upgrade meteorological infrastructure and forecasting systems. Complementary initiatives include the $155 million RAM microfinance project, $900.5 million CDREP programme, Green Sukuk, and the Sovereign Sustainable Financing Framework. Aligned with the URAAN Pakistan 5Es Framework, the plan integrates climate adaptation into planning, water and flood management, carbon markets, and early warning systems.

Food Security & Sustainable Development

Food security remains fundamental to Pakistan's sustainable growth, anchored in ensuring availability, access, and stability. Agriculture contributes 24 percent to GDP and employs 37.4 percent of the workforce, while livestock is vital for both income generation and nutrition.

Pakistan faces significant food-related challenges. Ranked 109th out of 127 countries on the 2024 Global Hunger Index, the country confronts serious levels of undernourishment, stunting, and wasting. The agriculture sector supports 70 percent of the country's exports through key crops such as wheat, rice, maize, cotton, sugarcane, and citrus.

The Annual Plan 2025–26, under the URAAN Pakistan framework, focuses on agricultural policy reform, adoption of climate-smart technologies, soft credit facilities, and market deregulation. Strategic actions include digitized disease surveillance, advanced agricultural research, and promotion of aquaculture. These initiatives aim to improve productivity, competitiveness, and climate resilience while ensuring equitable and sustainable food systems.

IV. ENERGY & INFRASTRUCTURE

Sustainable Energy

Under the URAAN Pakistan initiative, the energy sector is undergoing structural reforms to address circular debt, reduce reliance on imported fuels, and enhance transmission and distribution efficiency. The Annual Plan 2025–26 aligns with the 13th Five-Year Plan and SDGs 7, 9, and 13, focusing on energy diversification, infrastructure expansion, efficiency improvements, private investment, and regional cooperation.

In FY2024-25, Pakistan's installed generation capacity rose to 46,605 MW, an increase of 4,667 MW, driven by 2,813 MW from net-metering and 1,162 MW from hydropower. Major additions included the Tarbela 5th Extension (1,138 MW) and the Thar Coal expansion, which contributed to reduced dependence on imported fuels. On the transmission side, significant projects include the 500 KV double-circuit lines from Ghazi Barotha to Faisalabad West, and from Matiari to Moro to Rahim Yar Khan, enabling reliable power transfer from renewable-rich regions to load centers.

The government initiated a 1,000 MW Battery Energy Storage System (BESS) on the NTDC network to enhance grid stability, alongside 400 MVAR reactive power compensation devices and FACTS installations.

For FY2025-26, major projects include Dasu HPP (2,160 MW), Tarbela Extension (1,410 MW), Diamer Basha HPP (4,500 MW), and implementation of the Energy Efficiency and Conservation (EE&C) Plan targeting a reduction of 9 MTOE in primary energy consumption. Additional priorities include updating building codes, integrated energy planning, public–private partnerships (PPPs), strategic gas storage, and gasification of 81 villages located within 5 km of gas production fields.

Water Resources Development

The Annual Plan 2025-26 emphasizes expanding and modernizing water infrastructure to address scarcity, climate change, and environmental degradation. Key goals include enhancing the Indus Basin Irrigation System, increasing storage by 10 MAF, and improving irrigation efficiency.

Major projects such as Diamer Basha and Mohmand Dams, along with canal and drainage improvements, aim to bolster water security and agricultural productivity. Integrated flood risk management under NFPP-IV includes embankments, flood barriers, real-time monitoring, and early warning systems.

By FY2025–26, 23 of 59 water sector projects are expected to be completed. Allocations focus on mega dam construction, canal rehabilitation, water supply systems, and flood defences. Climate-resilient infrastructure and water conservation are key to ensuring long-term sustainability.

Sustainable Transport and Communication Infrastructure

A modern transport system is critical for economic growth, trade, and regional integration. In FY2023-24, the transport and communication sector contributed 20.51 percent to the country's GDP. Infrastructure restoration continues following the 2022 floods, which damaged major routes.

Priority projects include the Lahore–Bahawalnagar Motorway, Sukkur–Hyderabad Motorway, dualization of N-25, and realignment of the Karakoram Highway. Implementation is overseen by a steering committee chaired by the Prime Minister.

The Annual Plan 2025–26 emphasizes updating the National Transport Master Plan, addressing infrastructure gaps, and accelerating PPP/BOT models to build an efficient and resilient transport network that supports logistics, transit trade, and tourism.

Sustainable Urban Development and Housing

Urbanization poses major challenges in housing, service delivery, and spatial planning. The Annual Plan 2025-26 prioritizes sustainable and inclusive urban development to address the housing deficit, unregulated growth, and infrastructure shortfalls.

Key focus areas include affordable housing, infrastructure upgrades, post-flood reconstruction, and institutional reforms in urban planning. Effective coordination among federal, provincial, and local governments, along with private sector engagement, will be critical to ensuring livable, climate-resilient cities.

China–Pakistan Economic Corridor (CPEC)

CPEC aims to enhance connectivity, integrate trade corridors, and foster cross-sectoral development. It positions Pakistan as a pivotal hub linking South Asia, Central Asia, the Middle East, and Africa.

Under the Long-Term Plan (2015–2030), Phase I focuses on infrastructure and energy bottlenecks. It completed eight infrastructure projects (US$ 6.7 billion) and 17 energy projects (US$ 18 billion), adding 8,904 MW to the national grid.

Phase II prioritizes industrial cooperation, agricultural modernization, science and technology collaboration, and socioeconomic uplift. Its five thematic corridors, namely Growth, Innovation, Green Development, Regional Connectivity and Openness, and Livelihood Improvement, align with URAAN Pakistan to promote inclusive and sustainable growth.

V. EQUITY & EMPOWERMENT

Population

The government is adopting cross-sectoral strategies to promote sustainable population planning and women’s empowerment in line with the International Conference on Population and Development (ICPD) Declaration and national development priorities.

The Annual Plan 2025–26 targets a reduction in population growth, stabilization of population size, and universal access to reproductive health services, including family planning. It emphasizes strong political commitment, robust governance mechanisms, and partnerships with development actors and the private sector.

Aligned with the URAAN Pakistan, the Annual Plan 2025-26 prioritizes decentralized implementation, a unified national population policy, and integrating family planning into health, education, and social protection systems. Key focus areas include awareness-raising, addressing socio-economic disparities, and expanding reproductive health infrastructure, particularly in underserved regions.

Health

The Annual Plan 2025–26, aligned with URAAN Pakistan, focuses on equitable, efficient, and outcome-based health reforms. Priorities include improving healthcare access, regulating the pharmaceutical sector, strengthening the health workforce, and promoting digital innovation, all aimed at reducing disparities and improving life expectancy.

Notable initiatives include national campaigns to eliminate hepatitis and diabetes, expanding healthcare coverage via mobile hospitals in remote areas, and modernizing drug regulation through a new testing laboratory to combat counterfeit medicines and enhance pharmaceutical exports.

The plan introduces a unified Hospital Information System under the One-Patient-One-ID initiative in ICT, AJK, and GB, with real-time digital registration of births and deaths to build a national health surveillance system. Emphasis is placed on high-impact PSDP projects and co-financing with provinces to improve service delivery and accountability.

Nutrition

Malnutrition remains a major challenge in Pakistan, undermining health, human capital, and economic growth. Addressing it is essential to achieving SDG 2 and fulfilling global nutrition commitments. The government has prioritized nutrition through policy reforms, increased investments, and improved implementation mechanisms.

Recent progress includes launching the National Multi-sectoral Nutrition Program, aimed at tackling all forms of malnutrition through integrated, multi-sectoral strategies. The Early Childhood Development (ECD) Policy Framework has been developed to support child health and cognitive development. At the same time, the SUN Youth Network engages youth in advocacy, policymaking, and innovative solutions for improved nutrition.

The Annual Plan 2025–26, aligned with the 13th Five-Year Plan, will prioritize reducing malnutrition and enhancing food and nutrition security. Key actions will focus on geographical and sectoral convergence of interventions and strengthening governance mechanisms to ensure more effective delivery and impact.

Basic and College Education

Pakistan’s education sector continues to face challenges, including gender disparities, infrastructure gaps, and a high number of out-of-school children. To address these, 17 federal PSDP initiatives are underway, focusing on teacher recruitment and training, ICT integration, and infrastructure development to enhance access, equity, and quality in basic and college education.

Special attention is being given to girls’ education and underserved regions through the Prime Minister’s directives, including support for Daanish Schools and public-private partnership models. The Annual Plan 2025–26, aligned with the URAAN Pakistan and the SDGs, prioritizes education reforms centered on teacher quality, governance, learning outcomes, digital inclusion, and sustainability. The plan emphasizes continued federal-provincial collaboration to improve enrollment, reduce dropouts, and develop a skilled and resilient youth population capable of driving national development.

Labor, Employment & Skill Development

With a population of 241.5 million growing at 2.55 percent annually (Census 2023), Pakistan faces mounting employment pressures. Nearly 30 percent of the population, about 60 million, is aged 15–29, while 40 percent is under 15, indicating a rapidly expanding youth cohort in the coming years.

To address this, the Technical and Vocational Education and Training (TVET) sector plays a pivotal role in developing a future-ready workforce. In FY2024-25, programs like the Prime Minister’s Skill Development Program expanded youth training in cutting-edge fields such as AI, blockchain, and cybersecurity, focusing on regional balance and gender inclusion.

The Annual Plan 2025–26 seeks to strengthen the quality of training through the National Vocational Qualification Framework (NVQF), clarify institutional mandates, and introduce innovative financing models. In line with the URAAN Pakistan and SDGs, the strategy emphasizes high-tech skills, e-learning, and entrepreneurship to enhance employability, attract investment, and reduce trade imbalances. These efforts aim to boost productivity and position Pakistan’s youth as globally competitive through innovation and adaptability.

Mass Media and National Heritage & Culture

Pakistan’s mass media sector is rapidly evolving with the surge in digital media, which is now a primary platform for communication, information, and entertainment. The sector holds significant growth potential with approximately 90 million internet users and 50 million active social media users. The government has initiated digitalizing terrestrial TV, radio, and cable networks to enhance quality and outreach. For FY2025–26, Rs 6,026.9 million has been allocated to advance these objectives and support the sector's continued modernization.

Inclusive and Equitable Development

The Annual Plan 2025–26 prioritizes the protection and empowerment of marginalized groups, including women, children, persons with disabilities, transgender individuals, the elderly, and low-income workers. In FY2024-25, notable progress included the completion of the Human Rights Information Management System (HRIMS), the establishment of a Transgender Protection Centre, gender sensitization campaigns, and expansion of access to welfare support and vocational training.

Aligned with the "Ethics, Equity, and Empowerment" pillar of URAAN Pakistan, the Annual Plan 2025–26 introduces targeted initiatives such as a Human Rights Awareness Programme, the Women Inclusive Finance Initiative, and the Centre of Excellence for Children with Autism. These interventions focus on institutional strengthening, financial inclusion, and improved service delivery for vulnerable populations.

Balanced Development – Focus on Less Developed Regions

The Annual Plan 2025–26 prioritizes inclusive development in less-developed regions, AJ&K, Gilgit-Baltistan (GB), and KP's Newly Merged Districts (NMDs). In FY2024-25, Rs 121 billion was allocated to these areas for infrastructure, education, health, agriculture, and social welfare. Progress included improved connectivity, power generation, and expanded education and health services.

For FY2025-26, the focus remains on inclusive growth, infrastructure expansion, and environmental sustainability. Special block allocations for AJ&K and GB and continued implementation of the Ten-Year Development Plan for NMDs aim to strengthen service delivery, promote economic diversification, and enhance regional integration. These efforts align with the SDGs and the URAAN Pakistan framework, ensuring resilience and socio-economic uplift in underserved regions.

Moving Towards Just Development – Addressing the Contours of Deprivations

Pakistan has made progress in expanding education access and social protection through flagship programs. However, deep-rooted inequalities persist across regions, genders, and income groups, compounded by climate vulnerabilities and external shocks such as the water availability crisis that threatens agriculture and supply chains.

The Annual Plan 2025–26 focuses on strengthening social protection systems, including digitizing Workers Welfare Fund disbursements, investing in human capital, integrating climate action, and promoting cross-sector partnerships. Key programs like BISP, PPAF, and SMEDA aim to foster inclusion, resilience, and livelihoods.

Aligned with URAAN Pakistan and all 17 SDGs, the Plan promotes export-led growth, digital transformation, environmental sustainability, and social equity as foundations for just and comprehensive development.

Governance and Institutional Reforms

Governance remains a cross-cutting priority and a critical enabler of effective service delivery. The government launched several initiatives in FY2024-25 to strengthen transparency, accountability, and responsiveness. Key reforms aimed to make government institutions more open, citizen-centric, and performance-driven.

For FY2025–26, Rs 17 billion, including Rs 12.8 billion in foreign assistance, has been proposed for governance sector initiatives under PSDP, reflecting a decrease of 39.2

percent over the previous year. The reform agenda focuses on enhancing public sector efficiency through improved public financial management, tax administration, digitization of court processes, e-procurement, and regulatory reforms.

Further initiatives include automation to broaden the tax base, promote ease of doing business through One-Stop-Shop models, and legislative reforms to create a more enabling environment for private sector growth. These measures are expected to improve governance indicators and serve as key enablers for the successful implementation of development programs across sectors, which align with the URAAN Pakistan vision for sustainable socio-economic development.

I. MACROECONOMIC TRENDS AND GLOBAL DEVELOPMENTS

Pakistan entered in FY2023-24, facing multifaceted challenges arising from both global and domestic sources. Globally, geopolitical tensions disrupted supply chains and contributed to sustained global inflation, prompting widespread monetary tightening and BoP deterioration. Domestically, these issues intensified fiscal constraints (leading to twin deficit), increased debt servicing, depleted foreign exchange reserves, exerted pressure on the exchange rate, and placed considerable strain on the external financing requirements and overall external sector. The cumulative impact of these factors led to sluggish economic activity.

In response to these multifaceted challenges, the government undertook a series of reforms and policy measures across key sectors of the economy. A significant milestone was the successful adoption and completion of the IMF Stand-By Arrangement (SBA), which centered on fiscal consolidation, gradual removal of import restrictions, a transition to a market-determined exchange rate, and reforms in the energy sector, SOEs, and institutional frameworks.

These concerted policy efforts and stabilization measures under the IMF program facilitated a transition from economic contraction to a gradual recovery in FY2024-2025. Real GDP growth rebounded to 2.5 percent. Inflationary pressures began to ease off, reflecting the combined impact of fiscal discipline, targeted administrative and relief interventions, and prudent monetary policy adjustments. The fiscal deficit narrowed, driven by the government's commitment to a robust fiscal consolidation strategy.

The government implemented various measures to improve the BoP, stabilize the exchange rate, encourage formal remittance channels, and strengthen investor facilitation mechanisms to enhance external sector resilience. These efforts contributed to a notable improvement in the external sector’s stability, with the current account deficit narrowing significantly.

Macroeconomic Performance Review

Encouragingly, the positive momentum in economic activity, which started in FY2023-24, continues in FY2024-25, driven by effective macroeconomic management. To further strengthen the macroeconomic gains, Pakistan entered a 37-month IMF EFF program worth US$7 billion, focused on prudent policies and reforms to ensure sustained and inclusive growth. The impact of these policy interventions is increasingly visible in the strengthening of macroeconomic stability and performance indicators.

Inflation is on a downward trajectory, reaching a historic low of 0.3 percent in April 2025 compared to 17.3 percent in April 2024. On average, inflation decreased from 26 percent in July-April FY2023-24 to 4.7 percent in the same period of FY2024-25. This substantial drop reflects macroeconomic stability, indicating the successful implementation of the government's measures to control inflation through fiscal consolidation, monetary tightening, and exchange rate stability.

Despite positive momentum, economic growth remained moderate due to a slowdown in commodity-producing sectors and the lingering impact of stabilization policies that contained domestic demand. However, improved investor confidence underpinned by hard-earned macroeconomic stability will likely support higher economic growth in the years ahead.

Effective resource mobilization and a cautious expenditure strategy reduced the fiscal deficit to 2.6 percent of GDP during July-March FY2024-25 from a deficit of 3.7 percent last year. Similarly, an improvement in the primary fiscal surplus was recorded, rising to 3.0 percent of GDP from 1.5 percent a year earlier.

Regarding revenue, FBR tax collection increased by 25.9 percent to Rs 10,233.9 billion during July-May FY2024-25 compared to Rs 8,125.7 billion last year. Despite significant challenges, this performance signifies the success of governments in effectively implementing various tax policies and administrative measures.

FY2024-25 has witnessed a notable achievement in terms of improved external account position. During July-April FY2024-25, the current account posted a surplus of US$1.9 billion against the deficit of US$1.3 billion last year, primarily attributable to a significant rise in exports and remittances. The government's reform measures, and resultant signs of recovery have boosted investors' confidence, which has resulted in a 27.5 percent increase in the incorporation of companies, i.e., 29,142 as compared to 22,848 last year.

Emerging Domestic Economic Trends: Structural Challenges and Opportunities

In FY2024-25, Pakistan's economy has made significant strides in restoring macroeconomic stability. Improvements on key fronts such as fiscal and external accounts, inflation control, and stable exchange rates reflect a trend of stabilizing fundamentals and improving economic sentiment. Further, the approval of the second tranche under IMF- EFF and US$1.3 billion under the Resilience and Sustainability Facility (RSF) signal strong international endorsement of Pakistan's reform agenda and policy direction. Global credit rating agencies affirm this confidence as Fitch and Moody's upgraded Pakistan's Long-Term Foreign-Currency Issuer Default Rating, reflecting renewed confidence in Pakistan's reform trajectory and external sector outlook.

These positive developments restore economic agents' confidence and lay a strong foundation for sustainable growth. However, to sustain this momentum, there is a need to address underlying structural bottlenecks limiting Pakistan's economic potential.

Effective fiscal management triggered a significant rise in revenue relative to expenditure, resulting in improved budgetary discipline and creating moderate fiscal space for priority development expenditures. The sustainable external sector, supported by a significant rise in receipts from remittances and exports, along with inflows from multilateral and bilateral sources, has lessened external financing pressure, reducing pressure on the exchange rate. Moreover, decelerating inflationary pressures allowed the SBP to reduce the policy rate, thus facilitating expansion in credit to the private sector.

On the external front, one of the key achievements is a significant rise in remittances, which provides a crucial cushion to the external account and supports increased household consumption. With a growing youth bulge and a significant diaspora, Pakistan has the potential to further expand remittance inflows through skill development and diversification of overseas employment destinations.

Pakistan is the world's 5^{th} most populous country, with a significantly increasing youth population posing opportunities for a significant demographic dividend in the next 15-20 years. Long-term job creation hinges on accelerating private sector-led growth, particularly in labor-intensive sectors such as agriculture, construction, cottage industry, tourism, wholesale and retail trade, transport and communication, and small and medium-scale manufacturing. To realize this potential, the focus is on improving education outcomes, modernizing technical and vocational training, and creating an enabling environment for entrepreneurship. Special emphasis is on addressing regional disparities in access to quality education, provision of required training/skills, and employment.

Information technology and digital services offer a high-potential avenue for export growth and employment generation. Pakistan’s growing digital talent pool and cost competitiveness have led to a steady increase in IT exports. However, this momentum is limited by infrastructure gaps, inconsistent regulatory frameworks, and inadequate investment in digital skills. Bridging the digital divide, enhancing broadband penetration, and promoting digital financial inclusion, especially among women and rural areas, are critical to unlocking the sector’s full potential.

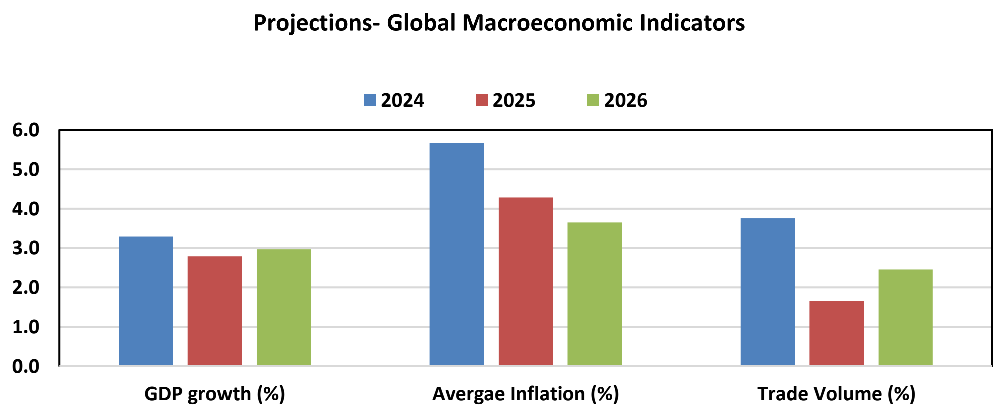
International Developments Review and Global Economic Outlook

The global economy exhibited signs of stabilization in 2024, following a prolonged period of unprecedented disruptions driven by the COVID-19 pandemic and subsequent geopolitical tensions. Inflation, which had reached multi-decade highs, showed a notable decline, while labor markets returned to pre-pandemic normalized levels. In several economies, fiscal policy remains accommodative to support growth, whereas monetary policy maintains a restrictive stance to contain inflationary pressures.

Growth hovered around 3 percent in the past few years, and global output came close to potential. However, major policy shifts are resetting the global trade system, giving rise to uncertainty and testing the global economy's resilience. The degree of the surge in uncertainty varies across countries, depending on exposures to protectionist measures through trade and financial linkages as well as broader geopolitical relationships.

The U.S. continued to operate above its potential in advanced economies due to resilient domestic demand. In contrast, the Euro Area entered a cyclical rebound phase in 2024. However, growth was subdued mainly due to weak domestic demand, except in Germany, where services were the principal growth driver amidst persistent weakness in manufacturing activity. Meanwhile, the lingering effects of the post-pandemic real estate crisis hindered China's economic recovery. Rising trade tensions further disrupted domestic demand and external trade dynamics. In addition to cyclical developments, structural challenges have continued to impact the global outlook. Notably, energy security concerns persist, particularly in European economies such as Germany and Italy, which remain vulnerable to disruptions in the natural gas market.

Fig.I(i)



Source: WEO, April 2025. IMF

Global economic growth is projected to decline from an estimated 3.3 percent in 2024 to 2.8 percent in 2025 and is expected to improve to 3.0 percent in 2026. The decline in 2025 reflects the adverse spillover effects of new trade restrictions. However, this drag on growth is expected to be partially offset by targeted fiscal support measures in major economies such as China and parts of the Euro Area.

Regarding inflation, the global outlook has been revised positively, albeit with inflation remaining above pre-pandemic levels. The full impact of recent tariff measures will depend on their duration and the degree to which firms can absorb or pass on increased import costs. Global headline inflation is expected to decline to 4.3 percent in 2025 from 5.7 percent in 2024 and 3.6 percent in 2026. Furthermore, global trade growth has slowed by 1.7 percentage points, attributable to escalating tariff barriers. Current account imbalances are projected to widen in the short term; however, with the eventual easing of trade restrictions, these imbalances are expected to narrow in the medium term.

Despite the improvements observed, the global economic environment continues to be characterized by considerable uncertainty. Key downside risks include prolonged trade policy uncertainty, rising long-term interest rates, labor market mismatches, and growing challenges to international cooperation. Conversely, potential upside risks include de-escalating geopolitical conflicts, accelerated implementation of structural reforms, and productivity gains driven by technological innovation, particularly advancements in Artificial Intelligence.

Implications for National Development Priorities and Resource Availability

The challenges, both at the global and domestic levels, have significant ramifications for Pakistan's long-term growth prospects. Recent macroeconomic gains have allowed Pakistan to shift its focus from short-term to long-term stabilization and higher inclusive growth. In this regard, URAAN Pakistan is a comprehensive framework that aligns national development priorities with the imperatives of structural reform and resource efficiency. It will serve as a roadmap for addressing deep-rooted structural challenges so that the economy withstands any shock, external or internal.

The development plan aims to enhance productivity and build a competitive, resilient economy capable of achieving sustained growth. To this end, national priorities will center on promoting private investment and strengthening public-private partnerships.

Despite improved fiscal discipline—reflected in increased revenues and controlled expenditures—Pakistan continues to face constraints in financing critical development needs. Limited fiscal space is primarily due to high debt servicing costs, energy subsidies, and low tax elasticity. Consequently, the government's strategic focus is on optimizing revenue generation and rationalizing public expenditure by reducing the state's footprint in the economy. This approach is designed to create greater room for private sector-led growth.

As a developing economy, Pakistan remains vulnerable to external shocks, often intensified by domestic structural inefficiencies. The national development strategy will adopt forward-looking policies to address these vulnerabilities while unlocking new growth opportunities. These include diversifying exports and shifting away from reliance on low-value-added products. Emphasis will be placed on export promotion rather than import substitution, which is critical to achieving sustainable economic growth without imposing pressure on the BoP.

Furthermore, increasing remittances through targeted skill development and labor mobility strategies, coupled with enhancing digital competitiveness in line with global technological trends, will be critical to sustaining medium- to long-term growth.

II. LONG-TERM VISION (URAAN PAKISTAN) AND GOVERNMENT PRIORITIES

The incumbent government launched its economic transformation initiative, URAAN Pakistan, based on the 5Es Framework, against a backdrop of persistent macroeconomic challenges over the past three years. While Pakistan's economic history has been marked by volatility and recurring crises, the country still holds significant untapped potential, particularly in its large and youthful population. Harnessing this human capital is critical to achieving high, inclusive, and sustainable growth.

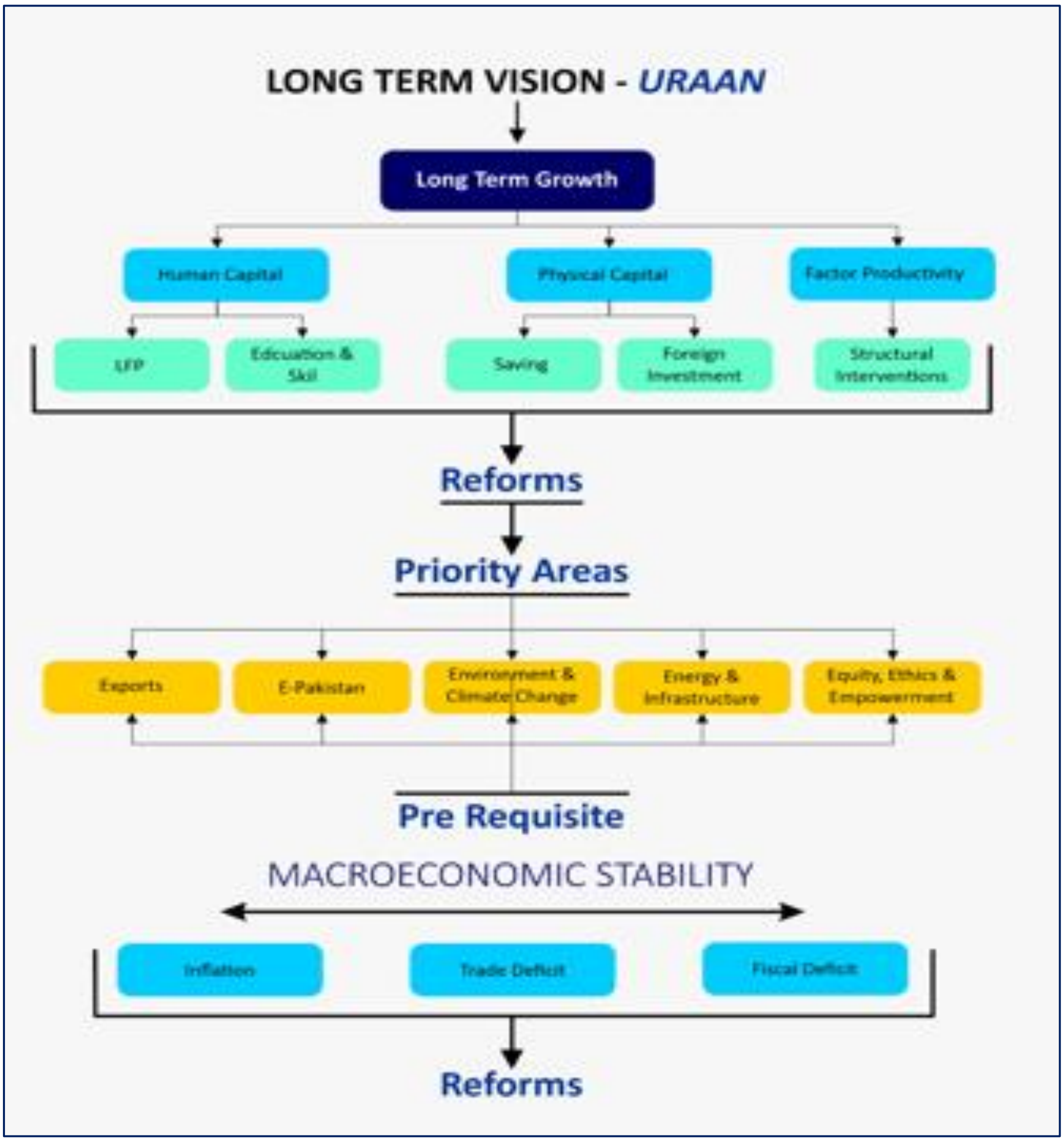
The present government consistently demonstrates its commitment to economic recovery through decisive actions and sound planning. The government intends to position Pakistan among Asia's leading economies, advancing a strategy centered on credible policymaking, institutional reforms, and effective governance. URAAN Pakistan, built on the 5Es Framework, establishes the foundation of a non-inflationary, productivity-led growth model that prioritizes sustainability, inclusivity, and resilience. Together, they represent a unified agenda for moving beyond short-term fixes toward long-term economic transformation.

Growth Framework

URAAN Pakistan is the Government's long-term vision to transform the country into an inclusive, resilient, and globally competitive economy. It presents a strategic blueprint for structural transformation through sustainable growth, social equity, and environmental responsibility. The vision aims to unlock Pakistan's economic potential by enhancing productivity, developing human capital, and diversifying beyond traditional sectors. It marks a shift from a consumption-led to a production and export-driven economy grounded in innovation, investment, and strong institutions. URAAN Pakistan provides the foundation for aligning reforms and investments with long-term national priorities.

This vision will materialize by establishing macroeconomic stability as the essential step to create an enabling environment for implementing targeted reforms across the five priority areas, ultimately unlocking sectoral potential and driving sustainable long-term growth through enhanced human and physical capital.

Fig. II(i): URAAN Pakistan Transformation Strategy



Strategic Objectives

The primary objectives of the URAAN Pakistan include:

- Expanding employment opportunities and improving income levels,
- Enhancing quality of life and social inclusion,
- Promoting equitable access to education, healthcare, and opportunities, and
- Positioning Pakistan as a competitive player in the global economy.

These goals are grounded in a strong commitment to:

- Fiscal discipline and macroeconomic stability,
- Environmental and climate responsibility,
- Digital transformation and innovation, and
- Inclusive growth and equity.

Integration with the Growth Framework
URAAN Pakistan aligns seamlessly with the long-term Growth Framework, which serves as its operational foundation. The framework identifies three primary enablers of growth:

1. **Human Capital** – encompassing education, health, skills, and labor force participation,
2. **Physical Capital** – including domestic savings, infrastructure, and investment (both domestic and foreign), and
3. **Total Factor Productivity** – involving technology adoption, innovation, and structural and sectoral reforms.

The following are the key goals of the National Economic Transformation Plan.

Table II(i): Key Goals for the National Economic Transformation Plan

#	Measure	Unit	2023-24 Baseline	2028-29 Target
Macroeconomics				
1	GDP Growth	percent	2.5	6.0
2	Per Capita Income	US$	1,662.0	2,405.0
3	Investment	percent of GDP	13.1	17.0
4	Inflation	percent	23.4	6.2
5	Exports (G&S)	US$ Billion	39.0	63.0
6	Workers' Remittances	US$ Billion	30.2	40.0
7	Current Account Deficit	percent of GDP	-0.2	-1.0
8	IT Exports	US$ Billion	3.2	10.0
Enabling Environment				
9	Start-ups per annum	No.	300.0	10,000.0
10	Regulatory Framework	percent Readiness	59.1	67.0
11	Operational Efficiency	percent Readiness	65.9	71.0
12	Primary Energy Supply	Million TOE	82.6	114.0
Fiscal				
13	Tax-to-GDP Ratio	percent of GDP	9.5	13.5
14	Public Debt	percent of GDP	67.0	60.0
Social Sector				
15	Education Spending	percent of GDP	2.1	4.0
16	Net Primary Enrollment	Percent	64.0	72.0

17	Access to Higher Education	Percent	9.0	15.0
18	Immunization Coverage	Percent	70.0	80.0
19	Deliveries Assisted by Skilled Birth Attendant	Percent	68.0	85.0
20	Household-Owned Dwelling Unit	Percent	82.0	90.0
21	Households with an Improved Source of Drinking Water	Percent	94.0	100.0
22	Improved Toilet Facility	Percent	68.0	80.0
23	With a Specific Place of Hand Washing	Percent	54.0	70.0
Zero Poverty and Hunger				
24	Food Insecurity	percent	16.0	8.0
25	Multidimensional Poverty	percent Headcount	41.6	21.0
26	National Poverty Headcount	percent	21.4	12.0
27	Infant Mortality Rate	per 1000	51.0	40.0
28	Gender Parity Index	Index	0.9	1.0
Transport Sector (Infrastructure)				
29	Length / Road Density	Km / (no.)	501K / 0.6	517K / 0.7
30	EVM (Electric Vehicles)	percent	0-3.0	25.0
31	Track Length	Kilometers	7,791.0	8,100.0
32	Freight Share Road	percent	96.0	90.0
33	Freight Share Railways	percent	4.0	10.0
Water Resource Sector				
34	Water Availability at Farmgate	MAF	63.3	84.2
35	Increase in Water Storage Capacity	MAF	13.5	23.5
36	Increase in Water Use Efficiency	percent	40.0	70.0

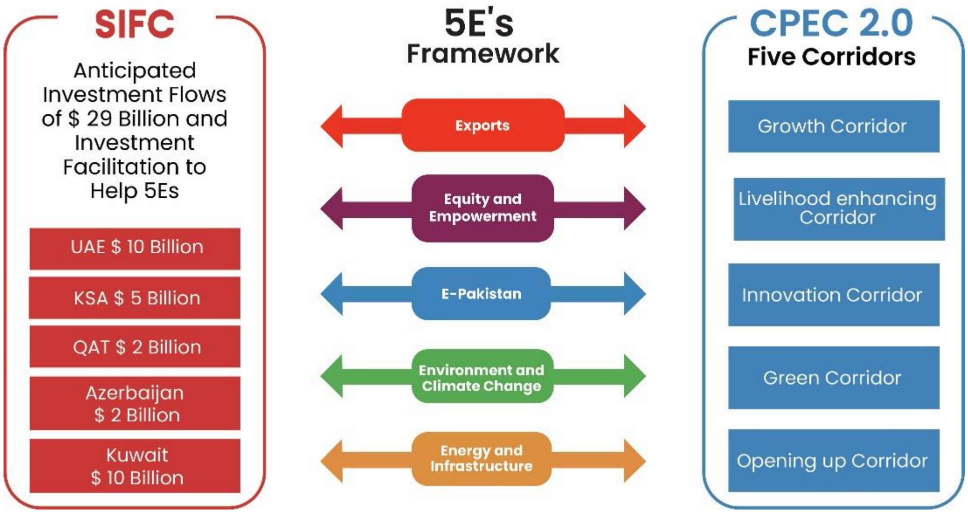
Priority Areas: The 5Es Framework

The 5Es framework identifies five priority pillars to drive non-inflationary, inclusive, and sustainable economic growth. Each 'E' targets a transformative sector, reinforcing the core drivers of long-term resilience and development.

Systemic Improvement

The government is cognizant of the fact that systemic improvement is a critical enabler of the 5Es Framework. It ensures that institutions, policies, and operational systems collaborate to translate strategic intent into fundamental reforms. Without addressing structural inefficiencies, such as fragmented governance, poor coordination, and outdated regulations, the 5Es can become segmented efforts rather than a unified engine for transformation. To maximize the impact, the government's systemic improvement focuses on institutional alignment, regulatory modernization, policy coherence, and capacity development across sectors and government levels. For this purpose, the National Economic Transformation and 5Es Unit (NETU) was established to ensure smooth coordination among all development stakeholders and to undertake regular and robust monitoring using a Results-Based Management (RBM) system. The government is committed to invest in infrastructure & technology, human capital development, institutional reform and execution mechanisms. The Special Investment Facilitation Council (SIFC) is pivotal in aligning investments with national priorities, ensuring efficient resource use, and enforcing results-based accountability.

Fig II(ii): Systemic Improvement



Linkages across the Economy: Corridors of Impact

The implementation of the 5Es is further supported by interconnected Economic Corridors that generate strong backward and forward linkages across sectors:

Backward Linkages:

- The Growth Corridor will stimulate upstream industries like raw materials and logistics.
- The Opening-up Corridor will drive demand for construction and engineering.
- The Green Corridor will support the development of environmental technologies and sustainable supply chains.

Forward Linkages:

- The Innovation Corridor will enable digital services, entrepreneurship, and e-governance.
- The Livelihood Corridor will promote micro-enterprises, skills, and inclusive economic participation.
- The Green Corridor will foster sectors like eco-tourism, renewable energy, and climate-smart agriculture.

These corridors will create a self-reinforcing cycle of investment and development. For instance, export growth (forward linkage) will increase demand for infrastructure and skilled labor (backward linkage), while digital innovation will boost efficiency across all sectors. Inclusive initiatives will enhance human capital and expand private sector competitiveness, forming the bedrock of long-term resilience.

Sectoral Plans

While systemic improvement sets the strategic foundation, its success depends on implementation through well-crafted sectoral plans. These sectoral plans serve as the operational core of URAAN Pakistan, translating high-level objectives into concrete, context-specific actions across sectors. Sectoral plans will ensure that reforms are visionary, executable, measurable, and grounded in local realities, closing the gap between strategy and impact.

Fig II(iii): Sectoral Plans

Exports	E-Pakistan	Environment & Climate Change	Energy & Infrastructure	Equity, Ethics & Empowerment
Implement macroeconomic reforms, mobilize resources, and promote public financial management for an export-led growth economy	Improve digital infrastructure and services to support a techno- economy	Build a water secure future for Pakistan	Transition into green energy solutions	Improve and expand access to education
Augment productivity, quality, and innovation for global competitiveness	Develop startup and funding ecosystem	Enhance food security through Green Revolution 2.0	Develop an efficient and affordable energy infrastructure	Increase health coverage and improve health quality
Improve the investment climate	Develop training, skill building, and promote freelancing	Combat climate change	Promote multimodal regional connectivity	Achieve sustainable population growth and management
Expand and diversify product mix and market access	Develop an artificial intelligence framework	Mitigate and adapt to climate change	Harness Pakistan's mining potential	Ensure social protection
Promote SMEs, entrepreneurship, and specialization	Enhance cybersecurity capabilities	Develop an integrated and coordinated disaster risk management framework	Promote the blue economy	Promote a values-based society
Enhance Pakistan's national brand	Reorient science, technology, and engineering to the economy	Promote reforestation and protection of wild fauna	Drive innovative financing for infrastructure projects	Empower youth, women, and vulnerable Groups

The framework emphasizes that investment and thematic corridors alone are insufficient; therefore, the government has launched well-thought-out sectoral plans to translate direction and funding into results. Core sectors, the government is focusing on strategizing, including Agriculture, Energy, Information & Communication

Technology (ICT), Education, Health, Industry and Environment. Sectoral plans form the operational core of the URAAN Pakistan strategy.

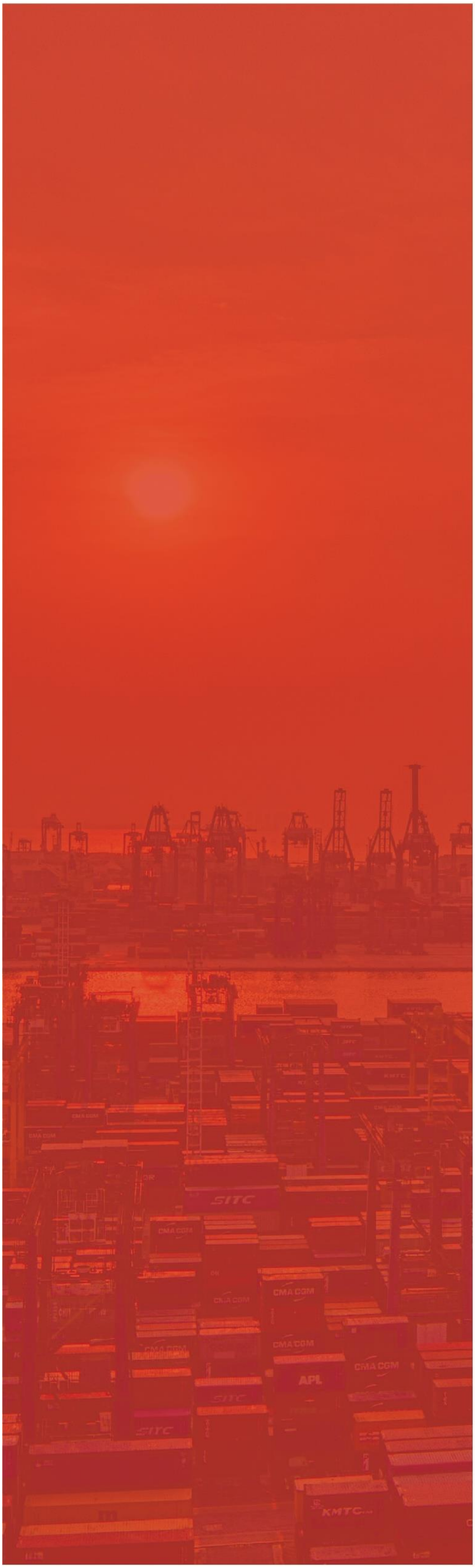
Fig. II(iv) – Cross-Cutting Themes

Agriculture & Food Security	Science & Technology	Industrial Growth	Minerals and Natural Resources	People	Creativity and Entrepreneurship	Services and Social Sector	Blue Economy	Policy and Reforms	Policy and Reforms
Productivity, export, transportation, value addition, longevity, minimal imports	Innovation, FDI for local markets, optimized supply chain	Quality compliance, competitivenes in price, quality and delivery, onewindow for investment (SIFC, BOI, FPCCI)	International tourism promotion at extraction sites	Capacity business on international business environment	Access to capital through angel funding, product mix, incubation centres, SME's	Support and promote through foreign missions, diaspora, and commercial attache's, G2G preferential treatments	Seafood processing and export, connectivity	Brand Pakistan, macro-economic framework, remittances, investment climate, fiscal and regulatory framework	Exchange platforms, chambers of commerce and industry
International market access for fruits, vegetables, meat and value added products	Digital infrastructure, PanPakistan application of IT based solutions in public and private sector	Focus on IT and telecom equipment	Technology for mineral extraction, conversion to jewellery	Training and capacity building on technology applications	Online access to learning material, industry academia linkage	Facilitate ease of doing business, artificial intelligence framework	Tracking and navigation	Conducive regulatory framework, freelancing incentivization	School based elearning programs, cybersecurity capacity
Water security, international standards compliance for exports, responsible tourismt	Tracking and monitoring, medicinal & industrial use of flora & fauna,	Waste management, air quality	Responsible extraction, preserve biodiversity	People readiness and awareness to environment	Tunnel farming and food processing	Essential component of education curricula	Marine life protection	Prescription and implementation, proactive readiness to combat climate change, disaster readiness	Marine faculty, learning database case studies and best practices sharing
Local and renewable fuelst	Integrated systems for demand, generation, transmission, distribution and billing	Energy efficient machines, affordable energy, railroad network	Exploration and extraction, regional connectivity for transportation	Develop human capital for energy efficiency	Multiple usages of generation sources for income e.g. Dams for tourism	Customer focused discos, innovative financing models for infrastructure	Wind power	Cost rationalization	Research and analysis on real time data and monitoring systems
Talent retention, protection and incentivisation of small landholdings	Population segment mapping, navigation and detection equipment	Identify skills gap, technical education	Supporting development in catchment areas	Value based education and society	Proactive public services	Population growth, social protection	Balance between marine life consumption and environment	Uniform curriculum access to quality education and health	Mainstreaming vulnerable groups, women and youth in learning sys

Strategies for Successful Implementation of the 5Es Framework

The successful implementation of the 5Es Framework will depend on activating key enablers, i.e., Ensuring Political Stability, Promoting Peace & Security, Developing Human Capital, Establishing Governance Framework, and Policy & Legislative Reforms. These enablers will provide the foundation to execute the various priorities and objectives laid out in the URAAN Pakistan document.

The Government of Pakistan's long-term development vision, articulated through URAAN Pakistan, underscores a strong and actionable commitment to building an inclusive, resilient, and globally competitive economy. This vision is grounded in national priorities and shaped by a strategic understanding of the country's evolving needs and global opportunities.



EXPORTS

Unlocking Our Export Potential

1. MACROECONOMIC FRAMEWORK – GROWTH, INVESTMENT, AND SAVINGS

Pakistan's economy demonstrated sustained improvement throughout FY2024-25, driven by sound macroeconomic management, strengthened fiscal and external sector stability, and effective inflation control measures. GDP growth in FY2024-25 is recorded at 2.7 percent, slightly higher than 2.5 percent in FY2023-24. The GDP growth target of 3.6 percent in FY2024-25 was missed because of a massive contraction in key commodity-producing sectors, including important crops, which witnessed a 13.5 percent contraction due to adverse weather conditions, reduced rainfall, input challenges, and policy uncertainty.

The industrial sector grew by 4.8 percent in FY2024-25, surpassing the target of 4.4 percent and showing substantial recovery from a 1.4 percent contraction in the previous year. Growth in industry is mainly contributed by the sub-sectors of Small-Scale Manufacturing, Slaughtering, Electricity, Gas & Water supply, and Construction. However, the LSM witnessed a contraction of 1.5 percent, reflecting the ongoing effects of stabilization measures.

The services sector saw moderate growth in FY2024-25, growing by 2.9 percent compared to 2.2 percent during the previous year. Several key sub-sectors performed well: accommodation and food services grew by 4.1 percent, information and communication 6.5 percent, finance and insurance 3.2 percent, and public administration and social security grew by 9.9 percent, each reflecting a rebound from previous trends.

The outlook for FY2025–26 is optimistic, with GDP growth targeted at 4.2 percent. Several factors will help achieve this target. A recovery in agriculture due to better weather conditions and improved input availability, and an industrial rebound supported by a stable energy supply and reduced import restrictions, will boost growth. Moreover, careful implementation of the URAAN Pakistan also provides a promising growth outlook for FY2025-26. The government is committed to achieving sustained growth based on continued fiscal consolidation, controlled inflation, political stability, structural reforms, and improved investors' confidence. External factors such as global commodity prices, remittance inflows, and regional geopolitical stability will also significantly influence economic performance.

Sectoral Performance FY2024-25

Agriculture Sector

Agriculture, a critical component of the commodity producing sector, significantly underperformed, posting a growth of 0.6 percent compared to 6.4 percent last year. A deeper look into the crop sector reveals significant weaknesses, with all major crops showing a sharp contraction of 13.5 percent. Cotton ginning also underperformed substantially and registered a decline of 19.0 percent compared to an expansion of 47.2 percent last year. This underperformance was due to reduced cotton production and closure of ginning factories in the country.

In contrast, minor crops grew by 4.8 percent compared to 0.1 last year, staying above the target and compensating for the contraction in important crops. The livestock sector also outperformed expectations, achieving a robust growth of 4.7 percent compared to 4.4 percent last year. This indicates strong demand and improved animal health and productivity. The growth in the livestock sector is also attributable to milk and poultry production contributions. Forestry and fishing posted growth rates of 3.0 percent and 1.4 percent, respectively. Overall, the agriculture component shows mixed performance, with minor crops and livestock acting as key stabilizing force amid weak important crop outcomes.

Cotton experienced the sharpest decline among major crops, with a 15.7 percent reduction in cultivated area and a 30.7 percent drop in production, reflecting both reduced acreage and significantly lower yields, likely due to adverse weather, pest infestations, and agronomic stress. Maize exhibited a similar trend, where a 12.4 percent decrease in area led to a 15.4 percent fall in output, reflecting diminished productivity. These declines also reflect a shift in farmer's preference toward more lucrative alternatives like sugarcane and rice. Persistent pest issues, particularly pink bollworm and whitefly, further undermined crop performance, despite efforts to improve seed quality and institutional support.

Sugarcane showed a marginal increase in the area by 1.08 percent, yet its production fell by 3.9 percent. This suggests that despite expansion in cultivation, productivity has been affected by factors like reduced input use, irrigation challenges, or climatic stress. Wheat also witnessed a decline in the area of 6.53 percent and an 8.91 percent decrease in production. However, rice showed a reverse trend; despite the increase in the area of 7.21 percent, production dropped by 1.38 percent, indicating lower yields.

Table 1.1: Comparison of Area and Production

Area ('000' Hect) & Production (Million Tons / Million Bales*)						
Crops	**FY2023-24**		**FY2024-25**		**Change (percent)**	
	Area	**Production**	**Area**	**Production**	**Area**	**Production**
Cotton*	2,424	10.2	2,043	7.1	-15.7 %	-30.7 %
Maize	1,641	9.7	1,437	8.2	-12.4 %	-15.4 %
Sugarcane	1,180	87.6	1,193	84.2	1.1 %	-3.9 %
Rice	3,637	9.9	3,899	9.7	7.2%	-1.4 %
Wheat	9,734	31.8	9.099	29.0	-6.5%	-8.9%

Source: PBS

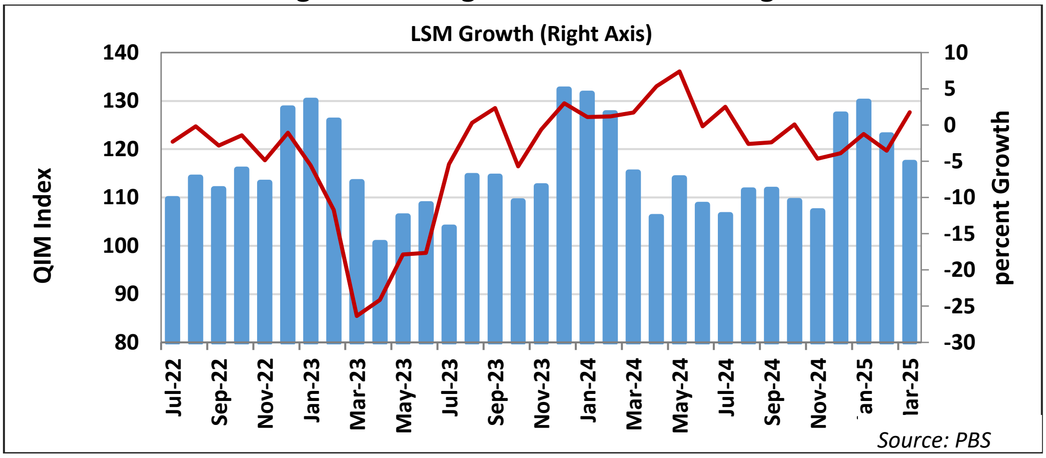
Industrial Sector

The Industrial Sector rebounded in FY2024-25, registering a growth of 4.8 percent compared to a contraction of 1.4 percent last year. The major driving force in pulling the industrial sector from negative growth was Electricity, Gas, and Water supply, which posted growth of 28.9 percent compared to a contraction of 19.9 percent last year. The construction sector also drove industrial growth as it grew 6.6 percent compared to a contraction of 1.1 percent last year. Small-Scale Manufacturing posted growth of 8.8 percent compared to 9.0 percent last year.

Mining & Quarrying contracted 3.4 percent in FY2024-25, compared to a contraction of 4.0 percent last year, mainly due to ongoing challenges in mineral extraction and exploration. Manufacturing also underperformed, with the growth rate slowing from 3.0 percent in the previous year to 1.3 percent in FY2024-25. Large-Scale Manufacturing (LSM) sector was a key contributor to this slowdown, which contracted by 1.5 percent in FY2024-25 compared to modest 0.9 percent growth last year, pointing to persistent weaknesses in industrial output and subdued demand.

The Quantum Index Numbers (QIM) for LSM aligns with this subdued trend. In March 2025, the QIM reached 117.20, a 1.79 percent increase from March 2024. During July–March FY2024-25, the QIM averaged 116.01, indicating an overall LSM contraction of 1.5 percent compared to the same period last year. This decline was driven by mixed performance across industries. Positive growth contributions came from tobacco, textiles, garments, petroleum products, pharmaceuticals, automobiles, other transport equipment, and non-metallic mineral products. However, these were outweighed by significant declines in food, chemicals, cement, iron and steel, electrical equipment, machinery, and particularly furniture, which alone contributed -1.94 percentage points to the growth. These figures underscore the ongoing structural challenges facing Pakistan's industrial base and highlight the need for targeted policy support to stimulate broad-based industrial revival.

Figure 1.1: Large-Scale Manufacturing



Source: PBS

Services Sector

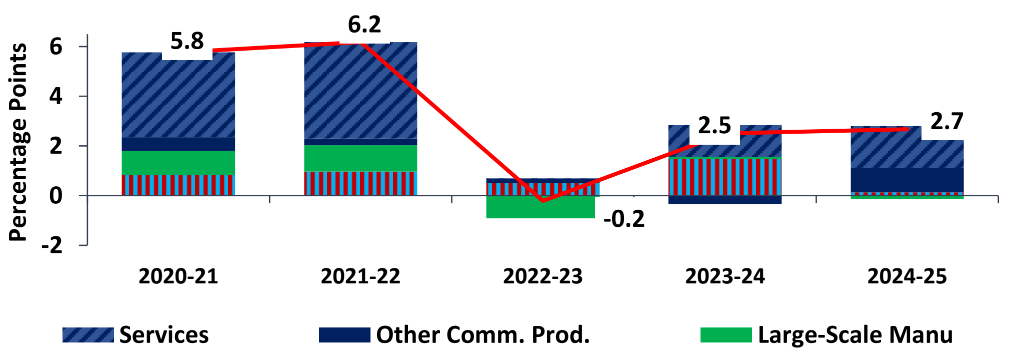
A modest growth in the services sector is witnessed. The sector grew by 2.9 percent in FY2024-25 compared to 2.2 percent in the previous year. The performance of the services sector reflects a broader recovery across key sub-sectors except Wholesale & Retail Trade, growth of which remained subdued to 0.1 percent compared to 3.3 percent last year, due to a slowdown in commodity-producing sectors. Transport, Storage & Communication growth was recorded at 2.2 percent compared to 1.5 percent last year, indicating a gradual pickup in logistics and mobility services.

A notable leap occurred in the Information and Communication sub-sector, which witnessed a growth of 6.5 percent in FY2024-25 compared to 4.3 percent in FY2023-24, driven by digital adoption and tech growth. Finance and insurance rebounded with 3.2 percent growth compared to a decline of 12.7 percent last year, suggesting stabilization in the financial sector. Real Estate activities maintained their growth momentum at 3.7 percent, the same as the previous year. Public Administration and social security witnessed a turnaround, growing at 9.9 percent compared to a contraction of 7.0 percent last year, due to increased public sector activity.

Education sector growth remained modest at 4.4 percent compared to 9.3 percent last year, while the health and social work sector's growth marginally improved to 3.7 percent in FY2024-25 compared to 3.3 percent last year. Accommodation & Food Services held steady growth at 4.1 percent across both years. Similarly, other Private Services also maintained a modest growth of 3.6 percent in both years.

Overall, the services sector demonstrated a broad-based recovery in FY2024-25, with most subsectors improving or sustaining performance compared to FY2023-24. This reflects economic stabilization and a resurgence in demand-driven activities.

Figure 1.2: Sectoral Point Contributions to GDP Growth



Source: PBS

The sectoral contributions to Pakistan's GDP growth from FY2020-21 to FY2024-25, highlight shifting dynamics across agriculture, industry, and services. In FY2020-21 and FY2021-22, the economy posted strong growth of 5.8 percent and 6.1 percent, respectively, with broad-based positive contributions from all major sectors, especially the industrial and services sectors. However, FY2022-23 marked a sharp downturn, with GDP contraction of 0.2 percent. This decline was primarily driven by a significant negative contribution from the commodity-producing sectors, due to the devastating floods and input cost pressures. In FY2023-24, the economy showed signs of modest recovery with growth rebounding to 2.5 percent due to positive growth in the Agriculture and Services Sectors. Similarly, FY2024-25 witnessed a growth of 2.7 percent, with the Industrial Sector contributing the most, followed by the Services and Agriculture.

Savings and Investment

Pakistan's savings and investment trends highlight continued economic challenges. National savings as a percentage of GDP stood at 13.0 percent in FY2022-23, declined slightly to 12.6 percent in FY2023-24, but increased to 14.1 percent in FY2024-25. Domestic savings consistently improved from 6.8 percent in FY2022-23 to 7.0 percent in FY2023-24 and 7.4 percent in FY2024-25, indicating decline in inflation, which supported households to save more. Foreign savings stood at -0.4 percent of GDP in FY2024-25 compared to 0.6 percent in FY2023-24 and 1.0 percent in FY2022-23, indicating a gradual improvement in the current account balance.

Total investment declined from 14.0 percent of GDP in FY2022-23 to 13.1 percent in FY2023-24, with a significant recovery to 13.8 percent in FY2024-25. Fixed investment followed a similar trend, falling from 12.3 percent to 11.4 percent before improving to 12.0 percent in FY2024-25. Public investment dropped significantly from 3.0 percent in FY2022-23 to 2.4 percent in FY2023-24 but rebounded to 2.9 percent in FY2024-25, reflecting renewed development spending. However, private investment remained sluggish, increasing from 9.0 percent to 9.1 percent in FY2024-25

Table 1.2: Structure of Saving & Investment as percent of GDP (Current mp)

	FY2018-19	**FY2019-20**	**FY2020-21**	**FY2021-22**	**FY2022-23**	**FY2023-24**	**FY2024-25 (P)**
National Savings	**11.3**	**13.3**	**13.7**	**10.9**	**13.0**	**12.6**	**14.1**
Domestic Savings	6.4	7.6	6.7	4.2	6.8	7.0	7.4
Foreign Savings	4.2	1.5	0.8	4.7	1.0	0.6	-0.4
Total Investment	**15.5**	**14.8**	**14.5**	**15.6**	**14.0**	**13.1**	**13.8**
Changes in Stocks/ Valuables	1.7	1.7	1.7	1.7	1.7	1.7	1.7
Fixed Investment	**13.8**	**13.1**	**12.8**	**13.9**	**12.3**	**11.4**	**12.0**
Public Investment, including the General Govt	3.1	2.8	3.0	3.5	3.0	2.4	2.9
Private Investment	10.7	10.3	9.9	10.4	9.3	9.0	9.1

Source: PBS and Planning Commission

Economic Outlook 2025-26

The economic outlook for FY2025-26 is optimistic with a growth target of 4.2 percent, reflecting broad-based improvements (Annex-1.1). The government’s ongoing macroeconomic stabilization efforts and implementation of URAAN Pakistan with structural reforms, fiscal consolidation, lower policy rate, and improved investors' confidence are central to a favourable outlook. A rebound in the agricultural sector is expected as the government is focusing on the timely availability of inputs and improved irrigation infrastructure. Industrial recovery, particularly in Large-Scale Manufacturing, will be aided through resolving energy supply issues and enhancing productivity. External sector stability improved external inflows, and the continued IMF program will be key to achieving the growth target. Moreover, political stability, effective governance, a supportive global environment, stable commodity prices, and strong foreign demand will likely contribute to achieving the growth target.

Agriculture sector

The agriculture sector targets a growth rate of 4.5 percent in FY2025-26, with important crops growing by 6.7 percent, rebounding from the contraction in FY2024-25. Minor crops are projected to grow by 3.5 percent, supported by improved weather conditions, adoption of climate-resilient practices, and productivity-enhancing PSDP initiatives. Timely availability of quality seeds, fertilizers, and mechanization is being ensured through policy measures, with provincial governments reinforcing these efforts. Livestock growth is targeted at 4.2 percent, while forestry and fishing aim for 3.5 percent and 3.0 percent growth, respectively. These efforts under URAAN Pakistan will contribute to food security and help sustain low inflation.

Industrial Sector

The industrial sector is targeted to grow by 4.3 percent in FY2025-26, supported by 3.0 percent growth in mining and quarrying and 4.7 percent in manufacturing, including a 3.5 percent increase in LSM. The low base of FY2024-25, improved energy supply, lower interest rates, exchange rate stability, and easing global commodity prices will facilitate this recovery. Continued positive momentum is expected in SMEs, utilities, construction, and slaughtering. Structural reforms under the National Economic Transformation Plan and targeted support from SIFC will further enhance industrial performance.

Services Sector

The services sector targets 4.0 percent growth in FY2025-26. With expected recovery in agriculture and industry, particularly manufacturing, demand for wholesale and retail trade, transport, storage, and communications will rise, contributing to services growth. The sector will continue to build on the resilience demonstrated during FY2024-25.

Investment and Savings

Total investment is targeted to increase from 13.8 percent of GDP in FY2024-25 to 14.7 percent in FY2025-26, driven by economic recovery, improved business climate, and political stability. Fixed investment is expected to rise from 12.0 percent to 13.0 percent of GDP, while national savings are targeted at 14.3 percent of GDP.

Annex-1.1

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

(% Changes)

Sectors/Subsectors	FY2022-23	FY2023-24	FY2024-25		FY2025-26
	Final	Revised	Target	Prov.	Target
1. COMMODITY PROD. SECTORS	**-0.6**	**3.0**	**3.1**	**2.3**	**4.4**
A) AGRICULTURE	**2.2**	**6.4**	**2.0**	**0.6**	**4.5**
Important Crops	0.5	17.1	-4.5	-13.5	6.7
Other Crops	-1.4	0.1	4.3	4.8	3.5
Cotton Ginning	-22.8	47.2	-2.3	-19.0	7.0
Livestock	3.7	4.4	3.8	4.7	4.2
Forestry	17.4	-0.9	3.2	3.0	3.5
Fishing	0.6	0.8	3.1	1.4	3.0
B) INDUSTRY	**-3.9**	**-1.4**	**4.4**	**4.8**	**4.3**
Mining and Quarrying	-3.2	-4.0	5.0	-3.4	3.0
Manufacturing (I+II+III)	**-5.3**	**3.0**	**4.4**	1.3	4.7
I) Large-Scale	-9.8	0.9	3.5	-1.5	3.5
II) Small Scale	9.2	9.0	8.2	8.8	8.9
III) Slaughtering	6.5	6.6	3.8	6.3	4.3
Electricity, Gas and Water Supply	9.7	-19.9	2.5	28.9	3.5
Construction	-10.2	-1.1	5.5	6.6	3.8
II) SERVICES	**0.0**	**2.2**	**4.1**	**2.9**	**4.0**
Wholesale and Retail Trade	-4.0	3.3	4.1	0.1	3.9
Transport, Storage & Communications	3.8	1.5	3.3	2.2	3.4
Accommodation and Food Services Activities (Hotels & Restaurants)	4.1	4.1	4.1	4.1	4.1
Information and Communication	-0.6	4.3	5.7	6.5	5.0
Financial and Insurance Activities	-9.8	-12.7	5.7	3.2	5.0
Real Estate Activities (OD)	3.7	3.7	3.7	3.7	4.2
Public Administration and Social Security (General Government)	-7.0	-7.0	3.4	9.9	3.0
Education	5.7	9.3	3.5	4.4	4.5
Human Health and Social Work Activities	9.4	3.3	3.2	3.7	4.0
Other Private Services	4.2	3.6	5.1	3.6	4.5
GDP (bp)	**-0.2**	**2.5**	**3.6**	**2.7**	**4.2**

Source: PBS & Planning Commission

Annex-1.2

Macroeconomic Framework
(Current Market Prices)

(Rs. Billion)

Items	FY2022-23	FY2023-24	FY2024-25		FY2025-26	% Growth	
	Final	**Revised**	**Target**	**Prov.**	**Target**	**2024-25/ 2023-24**	**2025-26/ 2024-25**
GDP (bp)	79,564	99,590	116,351	106,299	119,837	6.7	12.7
Indirect Taxes (Net)	4,087	5,553	7,799	8,393	9,730	51.1	15.9
GDP (mp)	**83,651**	**105,143**	**124,150**	**114,692**	**129,567**	**9.1**	**13.0**
Net Factor Income from Abroad	5,175	5,815	6,677	7,759	7,895	33.4	1.8
GNP (mp)	**88,826**	**110,958**	**130,826**	**122,451**	**137,462**	**10.4**	**12.3**
External Resources Inflow (net)	812	586	1,131	(426)	605	-	-
Total Resources / Uses	**89,638**	**111,544**	**131,958**	**122,026**	**138,068**	**9.4**	**13.1**
Total Consumption	**77,954**	**97,731**	**114,365**	**106,250**	**118,962**	**8.7**	**12.0**
Total Investment	**11,684**	**13,813**	**17,593**	**15,776**	**19,105**	**14.2**	**21.1**
Fixed Investment	10,254	12,015	15,470	13,815	16,890	15.0	22.3
Public incl. General Govt.	2,474	2,504	3,427	3,362	4,137	34.2	23.1
Private	7,780	9,511	12,043	10,453	12,753	9.9	22.0
Changes in Stocks / Valuables	1,430	1,798	2,123	1,961	2,216	9.1	13.0
National Savings	**10,872**	**13,227**	**16,462**	**16,202**	**18,500**	**22.5**	**14.2**
As Percent of GDP							
Total Investment	14.0	13.1	14.2	13.8	14.7		
Fixed Investment	12.3	11.4	12.5	12.0	13.0		
Public incl. General Govt.	3.0	2.4	2.8	2.9	3.2		
Private	9.3	9.0	9.7	9.1	9.8		
National Savings	13.0	12.6	13.3	14.1	14.3		
External Resources Inflow (net)	1.0	0.6	0.9	-0.4	0.5		
Memo Items							
Inflation	29.2	23.4	12.0	5.0	7.5		
GNP (mp) Per Capita (Rs)	383,779	470,259	543,968	509,174	560,803		

Source: PBS & Planning Commission

2. BALANCE OF PAYMENTS

The external sector has shown notable improvement in FY2024-25. The current account recorded a surplus of US$ 1.88 billion during July–April, marking a significant turnaround despite widening deficits in trade of goods, services, and primary income. The secondary income balance rose to US$ 32.8 billion, driven by a 30.9 percent increase in workers' remittances, which reached US$ 31.2 billion over the same period.

The financial account, however, posted a net outflow of US$ 1.6 billion, reflecting withdrawals by foreign portfolio investors, the general government, deposit-taking corporations, and other sectors. Nevertheless, total foreign investment increased by 16.5 percent, indicating growing investor interest in long-term opportunities.

Foreign exchange reserves reached US$ 16.6 billion as of 31 May 2025 (comprising US$ 11.5 billion held by the State Bank of Pakistan and US$ 5.1 billion in commercial bank reserves), supported by the receipt of the second tranche of SDR 760 million ($ 1.023 billion) under the IMF's Extended Fund Facility (EFF). This has helped stabilize the exchange rate and strengthen market confidence.

Going forward, the opportunities in regional cooperation, digital services, and green economies will be leveraged to improve the external sector by prioritizing strategic initiatives, including enhancing export competitiveness, promoting regional integration, export market diversification, and leveraging digital trade. Continued commitment to implementing structural reforms will also be crucial in supporting the external sector's stability and sustaining economic growth.

URAAN Pakistan sets an ambitious target of achieving US$ 63 billion in annual exports by the end of the plan period. This will be accomplished through a comprehensive export-led growth strategy emphasizing competitiveness, innovation, and diversification. To achieve the target of US$ 63 billion in annual exports, the Plan emphasizes development across high-potential sectors.

One of the core components of the Plan is the transformation of Pakistan into a regional digital hub. Accordingly, it sets targets of achieving US$ 5 billion in annual ICT freelancing exports, 200,000 annual graduates in Computer Science and IT disciplines, establishment of at least one unicorn startup and 100 million subscribers for next-generation mobile services to support telecom sector expansion.

In order to achieve set targets and positioning Pakistan competitively in the global marketplace, the Plan thus aims to enhance productivity and value addition across key sectors, support R&D and innovation for quality improvement, and attract domestic and foreign investment by improving the business climate. It also aims to diversify the export product mix to reduce reliance on traditional commodities while increasing resilience to global shocks.

SMEs are recognized as key enablers of inclusive and sustainable growth. The Plan promotes SMEs' access to finance, markets, and capacity-building programs, entrepreneurship development, particularly among youth and women and aims to strengthen the global positioning of Pakistan's manufactured goods' brands as a mark of quality and reliability.

Performance Review 2024-25

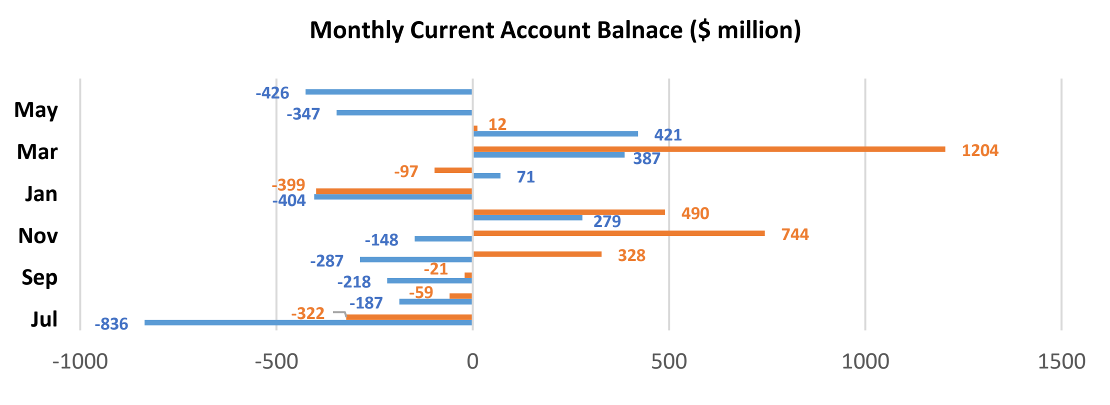
The Annual Plan 2024–25 was formulated during a period when efforts were underway to stabilize the economy, restore confidence, and revive economic activity. As a result, the plan's targets were set anticipating growth in exports, increased import demand driven by projected higher economic growth, improved business environment, and a favorable global outlook. At the start of FY2024-25, the current account deficit (CAD) was set to reach US$ 3.7 billion, exports of goods and services at US$ 40.5 billion, imports of goods and services at US$ 68.2 billion, and workers' remittances at US$ 30.2 billion. Furthermore, net foreign direct investment was projected at US$ 2.2 billion. The actual performance relative to these projections is discussed in the following sections.

Current Account

The current account balance recorded a surplus of US$ 1,880 million during July-April FY2024-25 compared to a deficit of US$ 1,337 million in the corresponding period of the last year, showing a substantial improvement. Although the country experienced a widened trade deficit in goods and services and increased outflow of primary income, the shift from deficit to surplus in the current account may be attributed to a sustained increase in the inward workers' remittances. During the period under review, exports of goods grew by 6.8 percent, whereas imports witnessed a growth of 11.6 percent, leading to a widening trade deficit. Monthly trends in the current account balance are presented in Figure 2.1.

The balance of trade in services deteriorated by 4.0 percent in July-April FY2024-25 compared to the corresponding period of FY2023-24, reaching US$ 2,497 million up from US$ 2,402 million. The exports and imports of services grew by 9.3 percent and 7.9 percent, respectively. Primary income balance during July-April FY2024-25 deteriorated by US$ 803 million due to significant surge in repatriation of profits/dividends on foreign investment.

Figure 2.1: Monthly Current Account Balance (US$ million)



Source: SBP

Workers' remittances have recorded a robust growth across major source destinations including Saudi Arabia, UAE, USA, UK, GCC and other EU countries. This, along with a notable rise in other current transfers, has contributed to an improvement in the secondary income balance. A summarized position of the current account balance is given in Table 2.1. Annex-I presents the overall position of the Balance of Payments.

Table 2.1: Current Account Balance Position (US$ million)

Items	July-April		Change	
	FY2024	FY2025^P	Absolute	%
Current Account Balance	**-1,337**	**1,880**	**3,217**	↑
Exports of Goods FOB	25,530	27,276	1,746	6.8%
Imports of Goods FOB	43,505	48,619	5,114	11.8%
Balance on Trade in Goods	***-17,975***	***-21,343***	**-3,368**	**-18.7%**
Exports of Services	6,341	6,933	592	9.3%
Imports of Services	8,743	9,430	687	7.9%
Balance on Trade in Services	***-2,402***	***-2,497***	**-95**	**-4.0%**
Balance on Trade in Goods and Services	***-20,377***	***-23,840***	**-3,463**	**-17.0%**
Primary Income Debit	7,080	7,921	841	11.9%
Balance on Primary Income	***-6,324***	***-7,127***	**-803**	**-12.7%**
Balance on Goods, Services and Primary Income	***-26,701***	***-30,967***	**-4,266**	**-16.0%**
Workers' Remittances	23,851	31,210	7,359	30.9%
Balance on Secondary Income	***25,364***	***32,847***	**7,483**	**29.5%**

Source: *State Bank of Pakistan*

Trade Account

The balance of trade in goods deteriorated by 18.7 percent to US$ 21.3 billion during the period July-April FY2024-25, compared to US$ 18 billion in the same period last year. Although exports recorded positive growth during July-April FY2024-25, the faster increase in imports mainly resulted in a widening of the trade deficit in goods. The trade account deteriorated due to a more rapid increase in imports compared to exports, especially in goods. While services exports grew, they were not enough to offset the substantial goods trade deficit. This imbalance reflects stronger domestic demand for imports and structural challenges in export competitiveness.

Exports

Exports receipts (fob) witnessed an increase of 6.8 percent, reaching US$ 27.2 billion during July-April FY2024-25 compared to US$ 25.5 billion in the corresponding period of the last year.

As per PBS data, Textile Group, which accounts for 55 percent of total exports, recorded a growth of 8.4 percent during July-April FY2024-25 and reached US$ 14.8 billion compared to US$ 13.7 billion in the corresponding period last year. This growth is mainly driven by increased value-added exports and enhanced volume. During July-April FY2024-25, major developments in the top 4 textile exports are summarized in Table 2.2.

Table 2.2: Major Developments in Textile Sector (US$ million)

Items	July – April FY2023-24	July - April FY2024-25	% Change in July - April 2024 - 2025
Knitwear	3,566	4,118	15.5
Readymade garments	2,888	3,394	17.5
Bed wear	2,290	2,569	12.2
Cotton cloth	1,557	1,550	-0.4

Source: Pakistan Bureau of Statistics

Food and other manufacturers are two major groups other than textile exports, contributing around 22.9 percent and 13.0 percent, respectively, in total export receipts during the period under review. The exports of the food group marginally decreased by 1.04 percent to US$ 6,164 million from US$ 6,229 million last year, mainly due to a decline in the unit value price of rice. Export receipts of other manufacturer group increased by 6.61 percent to US$ 3,501 million from US$ 3,284 million.

During July-April FY2024-25, food and other manufacture group witnessed the following developments: within food group, rice has major share of around 48 percent followed by other food items (13.4%), sugar (6.6%), Meat (6.9%), Oil seeds, nuts and Kernels

(5.8%), and, fish and fish preparation (6.0%). The exports of rice decreased by 9.71 percent from US$ 3,282 million to US$ 2,963 million. The increase is witnessed in export receipts of sugar (1,831 %), tobacco (143.09%) and Fish and fish preparations (8.40%), whereas a decline is seen in export receipts of leguminous vegetables (pulses) by 100%, spices (16.84%), vegetables (13.45%), and other food items (14.0%). Within other manufacturing groups, Chemical & Pharmaceutical products have a major share of 38.0% percent, followed by leather manufacture (13.9%), surgical goods (10.7%), engineering goods (9.6%), and sports goods (8.9%). There was an increase in export receipts of jewelry (64.4%), handicrafts (105.7%), engineering goods (16.2%), cement (24.0%), and footwear (11.8%).

The export data reported by PBS shows that the quantity effect has a share of around 66.7 percent of the total export value. The total effect recorded a net increase of US$ 1,314 million due to a rise in quantum effect by US$ 876 million, which was higher than the price effect of US$ 438 million. The price and quantum effects of major export items are given in Table 2.3.

Table 2.3: Price & Quantum Effects of Selected Export Items (Jul-April, FY2024-25)

Commodities	% Change in		(US$ Million)		
	Unit price	Quantity	Price Effect	Quantum Effect	Total Effect
Rice	-9.7	-0.02	-317.9	-0.7	-318.6
Oil seeds, Nuts & Kernels	-28.3	29.10	-143.6	114.2	-29.4
Fruits	47.9	-36.22	83.8	-99.4	-15.7
Cotton Yarn	-0.4	-31.61	-2.6	-267.4	-269.9
Cotton Cloth	5.2	-5.37	76.6	-83.7	-7.0
Knitwear	7.2	7.69	277.4	274.2	551.6
Bed Wear	1.5	10.51	38.4	240.7	279.1
Readymade Garments	10.4	6.44	319.9	186.1	506.0
Footballs	7.3	-17.09	12.5	-35.6	-23.1
Leather Garments	-5.1	1.19	-10.8	2.5	-8.3
Plastic Material	11.25	13.75	41.3	44.3	85.6
Pharmaceutical Products	4.1	37.66	15.4	103.0	118.3
Cement	-7.8	34.51	-21.4	70.6	49.2
Footwear	26.4	-11.54	31.0	-15.3	15.7

Source: Calculation based on data released by Pakistan Bureau of Statistics

Imports

The Imports (fob) recorded a substantial increase of 11.8 percent to US$ 48.6 billion during July-April FY2024-25 from US$ 43.5 billion in the corresponding period last year.

Petroleum group imports (PBS) slightly fell by 3.4 percent to US$ 13.2 billion during July-April FY2024-25 compared to US$ 13.8 billion in the corresponding period last year, mainly reflecting the price effect. Non-petroleum imports witnessed an increase of 12.4 percent in July-April FY2024-25 and were recorded at US$ 35.0 billion compared to US$ 31.1 billion in the corresponding period last year. A broad-based increase was witnessed in major import groups: machinery group (14.4%), transport group (33.3 %), textile group (63.5 %), metal group (13.2 %) and agricultural & other chemicals group (4.1 %) whereas food group imports recorded a marginal increase of 0.56 percent, primarily owing to non-import of wheat during the current fiscal year. During July-April FY2024-25, major commodities showed a mixed trend in terms of price and quantum effect.

Non-petroleum imports witnessed an increase of 12.4 percent in July-April FY2024-25 and were recorded at US$ 35 billion compared to US$ 31.1 billion in the corresponding period last year. During July-April FY2024-25, the major commodities showed a mixed trend in terms of price and quantum effects (Table 2.4):

Table 2.4: Price & Quantum Effects of Selected Import Items (Jul–April, FY2024-25)

Commodities	% Change in		(US$ Million)		
	Unit price	Quantity	Price Effect	Quantum Effect	Total Effect
Tea	1.2	-6.3	6.3	-34.3	-28.1
Soybean Oil	-1.0	142.1	-2.7	165.7	163.0
Palm Oil	13.4	10.1	338.1	232.0	570.1
Pulses	6.2	25.7	53.6	176.6	230.2
Petroleum Products	-12.5	7.1	-708.9	376.4	-332.5
Petroleum Crude	-13.5	14.9	-707.7	680.4	-27.3
Raw Cotton	-15.9	300.4	-200.2	943.2	743.0
Synthetic Fibre	-19.9	36.3	-107.6	144.2	36.5
Fertilizer Manuf.	22.3	-31.0	94.2	-189.8	-95.6
Plastic Materials	0.6	9.3	13.1	176.7	189.8
Medicinal Products	67.9	-32.4	406.9	-286.7	120.1
Iron and Steel Scrap	-0.1	1.3	-1.0	13.2	12.2
Iron and Steel	-5.5	19.5	-108.3	323.6	215.3

Source: Calculation based on data released by Pakistan Bureau of Statistics

Ministry of Commerce is pursuing several initiatives to enhance exports under the Strategic Trade Policy Framework (STPF) 2020–2025. For expanding market access, progress has been made on the Pak-GCC Free Trade Agreement (FTA) and a successful biennial review of the EU GSP+, while Preferential Trade Agreements (PTAs) are operational with Türkiye, Uzbekistan, and Azerbaijan. Transit trade arrangements have been developed with Afghanistan, Uzbekistan, and Tajikistan, alongside signing 14 food export protocols with China and ongoing market access discussions with the US. For trade promotion, Pakistan has organized key international exhibitions such as TEXPO and the Engineering Show, hosted B2B sessions with countries like Saudi Arabia, Malaysia, and China, and launched the Rebranding Pakistan Initiative to boost its global image.

For trade facilitation, the Minimum Export Price for rice was removed to improve competitiveness, a new Trans-Shipment Policy was introduced, and the National Trade and Transport Facilitation Committee (NTTFC) was revitalized. On the tariff reform front, over 6,500 tariff lines have been rationalized, including 2,198 brought to 0% duty, providing more than PKR 92 billion in relief under the National Tariff Policy 2019–24. To utilize the Export Development Fund (EDF) efficiently, different proposals are under consideration with EDF, such as upgrading PCSIR facilities, enhancing exports of the Manufacturing and Mining Sector, EU Medical Device Regulations (MDR) compliance for surgical instruments, and financing SME programs to foster industrial growth and innovation

The efforts of the Ministry of Industries and Production are aligned with the URAAN Pakistan priorities, focusing on value addition, export growth, and import substitution. It prioritizes sectors like electric vehicles and solar equipment manufacturing, while supporting productivity through the National Productivity Master Plan, energy audits, green productivity, and smart manufacturing.

Services Account

Trade in services deficit widened by 4.0 percent to US$ 2,497 million during July-April FY2024-25, up from US$ 2,402 million for the same period of FY2023-24. Imports of services increased by 7.9 percent to US$ 9,430 million, less than the export of services, which grew by 9.3 percent to US$ 6,933 million. The rise in imports reflects higher demand for foreign services such as transport, travel, financial services, charges on intellectual property, IT, and government goods & services, driven by increased goods imports and economic activity. Stronger services' export growth was mainly driven by ICT services, other business services, and transport.

Pakistan's ICT industry exports recorded a growth of 21.1 percent during July-April FY2024-25 and stood at US$ 3,142 million, which accounts for 45.3 percent of services exports. This sector is a key focus of the current government, aimed at boosting the economy, creating jobs, and improving the quality of life. The sector receives strong support through incentives and initiatives that include infrastructure development, global marketing, skills training, freelancer support, and international certifications. Additionally, targeted efforts under the umbrella of the National Heritage & Culture Division are underway to promote cultural tourism, aiming to enhance Pakistan's soft image and attract greater foreign tourist inflow, thereby contributing to broader economic growth. SBP amended foreign exchange regulations for IT exporters to invest abroad, acquire foreign entities, and operate in multiple jurisdictions without prior bank designation (Table 2.5).

Table 2.5: Services Sector Performance US$ Million

Export and Import of Services During July-April FY2024-25 (US$ Million)				
Items	**Jul-April**		**Change**	
	FY2024	**FY2025^{P}**	**Absolute**	**Percentage**
I. **Exports of Services**	6,341	6,933	592	9.3
Transport	631	801	170	26.9
Travel	633	620	-13	-2.1
Telecommunications, Computer, and Information Services	2,594	3,142	548	21.1
Other Business Services	1,308	1,380	72	5.5
Government Goods and Services n.i.e.	993	751	-242	-24.4
II. Imports of Services	8,743	9,430	687	7.9
Transport	3,921	4,020	99	2.5
Travel	1,925	2,081	156	8.1
Insurance and Pension Services	370	295	-75	-20.3
Financial Services	418	602	184	44.0
Telecommunications, Computer, and Information Services	314	425	111	35.4
Other Business Services	1,189	1,072	-117	-9.8
Government Goods and Services n.i.e.	403	590	187	46.4

Source: SBP

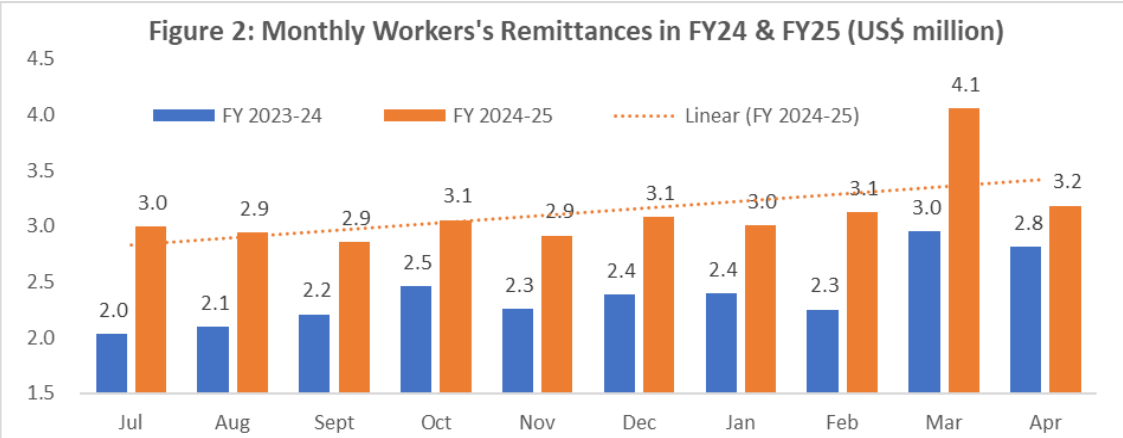
Primary Income Account

Primary income deficit widened by 12.7 percent to US$ 7,127 million in July-April FY2024-25 compared to US$ 6,324 million in the corresponding period of FY2023-24. This can be attributed to a surge in repatriation of profits/dividends on foreign investment and a modest increase in interest payments on foreign loans. The inflows of profits/dividends on foreign investments during July-April FY2024-25 recorded a significant surge of 108.5 percent to US$ 1,841.3 million from US$ 882.6 million in the corresponding period last year. The improvement in Pakistan's economic conditions and external sector has allowed foreign businesses operating in the country to repatriate their profits and dividends more freely.

Secondary Income Account

The overall secondary income account balance improved by 29.5 percent to US$ 32.8 billion during July-April FY2024-25 compared to US$ 25.4 billion during the corresponding period last year. In July-April FY2024-25, remittances were recorded at US$ 31.2 billion compared to US$ 23.9 billion, depicting an increase of 30.9 percent, which was broad-based from major destinations. The significant rise in remittance inflows can be attributed to several government measures, including a crackdown on illegal channels and efforts to discourage informal payment channels. Initiatives such as the Roshan Digital Account and the Pakistan Remittance Initiative (PRI) have also helped secure money transfers for overseas Pakistanis. Other contributing factors include a narrowing gap between open market and interbank exchange rates, a stable exchange rate regime, increasing migration of workers abroad, and positive economic growth in host countries. Figure 2.2 shows monthly trends in Workers Remittances for July-April FY2023-24 and FY2024-25.

Figure 2.2: Monthly Worker's Remittances for FY2023-24 and FY2024-25



The SBP incentivized Exchange Companies (ECs) to maximize their efforts for increasing remittance inflows. It has introduced fixed and variable components of incentive in the subject scheme. According to this scheme, in the case of fixed components, ECs will be provided a base rate of PKR 2 for each US$ of home remittances surrendered to SBP designated bank(s). On the variable component: (a) ECs will be paid PKR 3 for each incremental US$ surrendered to SBP designated bank(s), for growth in home remittances up to 5 percent orUS$25 million (whichever is lower), in comparison to the previous year; and b) PKR 4 per US$ will be paid against incremental remittances above 5 percent or over US$ 25 million, in comparison to the previous year. Moreover, SBP made certain revisions in the Reimbursement of Telegraphic Transfer (T.T) Charges Scheme against Home Remittances to further incentivize the ADs and MFBs to maximize their efforts for increasing remittance inflows.

M/o OP&HRD is promoting overseas employment, mainly to the Middle East, while ensuring migrant welfare. The new *National Emigration & Welfare Policy* focuses on safe migration, skills development, diaspora engagement, worker protection, and reintegration. Key initiatives include digitizing emigration processes, bilateral agreements, and setting up Centers of Excellence to build a competitive workforce. Collaboration with the All-China Federation of Trade Unions (ACFTU) supports workforce training through language scholarships and industrial seminars.

Capital and Financial Account

Capital Account Balance deteriorated by 25.5 percent, reaching US$ 120 million in July-April FY2024-25 compared to US$ 161 million during the same period in FY2023-24. The financial account recorded a net outflow of US$ 1,636 million during July–April FY2024-25 compared to a net inflow of US$ 4,202 million during the corresponding period of last year. The net outflow under financial accounts has been observed since foreign portfolio investment was lower than the outflow for general government, deposit-taking corporations, and other sectors. This was largely because of lower-than committed disbursement of official loans and higher amortization of external debt. Net foreign portfolio investment recorded an outflow of US$ 575.5 million in July-April FY2024-25 compared to an outflow of US$ 798.6 million in the corresponding period of last year. On the other hand, foreign direct investment (FDI) declined by 2.8 percent to US$ 1,785 million from US$ 1,827 million same period last year. The sectoral breakup shows that the financial sector, power, oil and gas exploration, electrical machinery, and electronics were the major recipients of FDI.

The IMF-backed reforms aim to stabilize Pakistan's BoP by addressing key issues related to external debt, foreign exchange reserves, and trade deficits. The government remains committed to implementing structural reforms and maintaining fiscal discipline to ensure sustainable economic growth. The slight drop in FDI reflects lingering investor uncertainty, but the focus on productive sectors signals confidence over the medium-term. Overall, Pakistan’s external financing position has improved materially, driven by institutional support rather than grant-based inflows. The overall BoP position observed a deficit of US$ 423 million during July-April FY2024-25 against the deficit of US$ 2,400 million same period of last fiscal year.

Exchange Rate and Foreign Exchange Reserves

Pak rupee and US dollar parity stood at Rs 278.7 during July-April FY2024-25 compared to Rs. 283.9 during the corresponding period of last year, thus recording an appreciation of 1.9 percent. In April 2025, the Real Effective Exchange Rate (REER) index declined to 99.4 compared to 104.4 in April FY2023-24 as inflation came down to a historic low.

Pakistan’s total liquid foreign exchange reserves rose by US$ 2.6 billion to US$ 16.6 billion on 31st May 2025 from US$ 14 billion on end-June 2024, reflecting greater external sector stability. The overall rise in official reserves helped strengthen external buffers and growing macroeconomic confidence. Recently, SBP has further received the second tranche of SDR 760 million (US$ 1,023 million) from the IMF under the EFF Program, which has further improved the situation of FERs of Pakistan.

External Debt

Pakistan's total external debt and liabilities stood at US$ 130.3 billion at the end of March 2025 compared to US$ 131 billion at the end of June 2024. Within total external debt, public external debt was recorded at US$ 99.2 billion against US$ 98.3 billion at the end-June 2024. During July-March FY2024-25, debt repayment of US$ 7.5 billion was made compared to US$ 6.5 billion during the corresponding period of the last year. Whereas interest payments during July-March FY2024-25 were recorded at US$ 3.99 billion, slightly higher compared to US$ 3.95 billion in the corresponding period of last year. Break-up is given in Table 2.7.

Table 2.7: External Debt & Liabilities Stock and Debt Servicing (Principal & Interest)

(US$ million)

ITEM	External Debt Stock (End month)			Principal Repayment		Interest Payment	
	March 2024	June 2024	March 2025	July -March		July -March	
				FY2023-24	FY2024-25	FY2023-24	FY2024-25
A. Public Debt (a+b+c)	**98,501**	**98,256**	**99,230**	**5,171**	**5,436**	**2,888**	**2,953**
a. Government Debt	**78,943**	**78,147**	**79,130**	**3,930**	**4,246**	**2,178**	**2,193**
b. To IMF	**7,740**	**8,378**	**8,277**	**1,241**	**1,190**	**461**	**467**
i. Federal Government	4,758	4,516	3,878	588	696	259	205
ii. Central Bank	2,982	3,862	4,399	653	494	202	261
c) Foreign Exchange Liabilities	**11,818**	**11,731**	**11,823**	**-**	**-**	**249**	**293**
B. Other External Debt and Liabilities	**32,614**	**32,789**	**31,079**	**1,355**	**2,033**	**1,063**	**1,032**
Total (A+B)	**131,115**	**131,045**	**130,310**	**6,526**	**7,470**	**3,951**	**3,985**

Source: State Bank of Pakistan

Outlook FY2025-26

Better economic growth is expected to generate a higher exportable surplus for the next fiscal year. World output and trade growth is projected to lower global fuel prices, resulting in a respite on petroleum group imports. It is also expected that the reciprocal tariff on Pakistan by the USA which is currently on hold for 90 days will be lifted after negotiations. Under the mandate of URAAN Pakistan, following developments are targeted in the external sector of Pakistan's economy:

Box 2.1 – Initiatives to Attract FDI and Economic Cooperation

During FY2024-25, several key initiatives implemented to boost FDI and improve the investment climate including:

- **Bilateral Investment Treaties (BITs)** Negotiations on Bilateral Investment Treaty (BIT) initiated with Saudi Arabia, Qatar, and Hungary to promote and provide legal protection of investment make by nationals and companies of other countries.
- **Reform Packages:**
  - Ultra-Fast Track (UFT) and Reforms Package-1: 100 Reforms proposals relating to 24 Ministries/Depts. Authorities identified and submitted to Cabinet Committee on Regulatory Reforms for Review and approval.
  - Regulatory simplification; expected cost savings of Rs. 300+ billion
  - Reform Package-1 targets simplification of 135 key RLCOs to remove regulatory hurdles and cut compliance costs
- **Legislative Review:**
  - Amendments to Companies Act 2017 for unlisted firms
- **Investor Facilitation:**
  - Launch of Business Facilitation Centre (BFC)
  - Mapping 341 RLCOs from 41 federal entities to streamline usiness processes by documenting legal basis, application flows, fees, and renewal details.
- **International Engagement:**
  - MoUs signed with AD Ports, IFZA
  - BITs advanced with Saudi Arabia, Qatar, Hungary
- **Key Initiatives (FY2025-26)**
  - BIT consultations with Canada, Australia, and Belarus to strengthen investment frameworks.
  - **Proposed Reform Initiatives (2025–26):** Reform Package 2: Financial Sector & Deregulation; Reform Package 3: SME, Entrepreneurship & Internal Market; Reform Package 4: Export & Market Competitiveness
  - **Pak-China B2B JVs Roadshows – Phase 2:** BoI will launch Phase 2 of sectoral roadshows in China to attract joint ventures in potential sectors.
  - Collaboration with All-China Federation of Trade Unions (ACFTU)

- Exports are targeted at US$ 35.3 billion for FY2025-26, aligned with the National Economic Transformation Plan 2024–29. As a core component of the 5Es Framework, the government pursues an export-led growth strategy by promoting sectors such as agriculture, IT, manufacturing, minerals, services, and the blue and creative economies. However, textile products continue to dominate Pakistan's export portfolio.

- Workers' remittances will likely sustain growth momentum, reaching US$ 39.4 billion in FY2025-26. This growth will be achieved by promoting formal remittance channels, expanding into European and emerging labor markets, enhancing language and skills training, increasing overseas employment, and raising the skilled migrant share from 44 percent to 50 percent through collaboration with TVET institutions and universities.
- Similarly, IT exports are set to sustain double-digit growth during FY2025-26, reaching US$ 5 billion, owing to the Government's commitment under the 5Es

to promote E-Pakistan. the target will be achieved through growing the number of computer science and IT graduates to 200k per year, achieving at least one Pakistani unicorn, and broadening next-generation mobile services subscribers. To promote IT exports and foster cooperation on the external front during FY2025-26 various initiatives are planned including Semiconductor Pilot Program, Revamping IT Industry Landscape, Prime Minister's Initiatives Support for IT Startups, Specialized IT Trainings and Venture Capital, National Semiconductor HR Development Program Phase-I, Pakistan Digital Workforce Acceleration & Export Growth Initiative, GDPR-Driven ISO Compliance & IT Exports Enhancement Program, Technology Marketing Export Program, Technology Park Development Park in Quetta & Bahawalpur.

- A Joint Working Group under PSEB aims to continue facilitating remittances and ensuring long-term policy consistency and fiscal incentives to support sustainable and holistic growth of the IT industry. The "Tech Connect" initiative aims to strengthen international collaboration and accelerate the development of Pakistan's tech ecosystem. It is a free registration platform for foreign nationals and Overseas Pakistanis to connect with PSEB-registered companies.
- Foreign investment is likely to improve further, keeping in view, positive economic outlook, improvement in credit ratings, and streamlining investment processes by facilitating collaboration among various government departments.
- The overall current account deficit for FY2025-26 is projected to remain at US$ 2.1 billion.

Box. 2.2 - Pakistan's Export Drive: Key Export Policy Initiatives (FY2025–26)

- **Focus areas**: Export facilitation, market access, trade diplomacy, and tariff rationalization
- Support through Export Development Fund (EDF), e-Commerce Policy, and Pakistan Single Window (PSW)
- B2B events, MoUs, and international exhibitions to market Pakistani products
- FTAs/PTAs under negotiation or expansion with China, Turkey, Afghanistan, GCC, and more
- Export protocols with China, Iran, Russia, etc. for agri products (e.g., mangoes, rice, beef)
- Strategic Focus Areas: a) **Non-textile sectors**: Minerals, blue economy, halal food, pharmaceuticals; b) **Sustainability** through Green manufacturing, SDG-aligned policies, carbon-neutral certification; c) **Regulatory alignment** with SPS protocols, EU standards, and compliance upgrades; d) **Trade intelligence** through Data-driven policy and global trend analysis

Annex-2.1

Balance of Payments

(US$ million)

Items	Actual	Jul-Apr			FY2024-25		FY2025-26 Target
	FY2023-24	FY2023-24	FY2024-25	% Change	Target	Revised Estimates	
Current Account Balance	-2,072	-1,337	1,880	↑	-3,707	1,525	-2,116
Balance on Trade in Goods	-22,177	-17,975	-21,343	-18.7	-24,941	-25,452	-29,929
Export of Goods FOB	30,980	25,530	27,276	6.8	32,341	32,851	35,282
Import of Goods FOB	53,157	43,505	48,619	11.8	57,283	58,303	65,211
Balance of Trade in Services	-3,110	-2,402	-2,497	-4.0	-2,738	-3,201	-4,465
Exports of Services	7,691	6,341	6,933	9.3	8,169	8,287	9,550
Imports of Services	10,801	8,743	9,430	7.9	10,907	11,488	14,015
Exports of Goods & Services	38,671	31,871	34,209	7.3	40,510	41,138	44,832
Balance of Primary Income	-8,986	-6,324	-7,127	-12.7	-7,648	-8,617	-8,498
Balance of Secondary Income	32,201	25,364	32,847	29.5	31,620	38,795	40,777
Workers' Remittances	30,251	23,851	31,210	30.9	30,278	37,452	39,437

Source: *SBP & Planning Commission*

3. FISCAL, MONETARY & CAPITAL MARKET DEVELOPMENT

The fiscal policy is focused on achieving economic stability and growth through the efficient utilization of resources and improving revenue generation. In this regard, considerable progress has been made to resolve major challenges, such as circular debt in the power sector, losses by PSEs, and a low tax-to-GDP ratio. The government is determined to make deep and sustained policy interventions to further progress on these fronts.

The country witnessed a significant easing in monetary conditions following a sharp decline in inflation during FY2024-25. The SBP maintained a cautious policy stance throughout the year and began monetary easing in June 2024 as inflationary pressures subsided. Factors such as improved food supplies, stable exchange rate, and falling global commodity prices contributed to the disinflationary trend. Consequently, the policy rate was reduced to 11 percent by May 2025 to support growth. The government continued the reform process to develop the capital market. Owing to enhanced investor confidence in an improved economic and political environment, the performance of the Pakistan Stock Exchange scaled new heights during FY2024-25.

During FY2025-26, fiscal and monetary policies would remain focused on revival and ensuring overall macroeconomic stability. In this regard, various initiatives in the fiscal and financial sectors will be introduced in line with the SDGs and URAAN Pakistan. The capital market development plan focuses on various reforms, increasing investor confidence through initiatives aimed at improving the ease of doing business, and capitalizing on key industries and corporations to supplement the government's efforts in achieving the targets under URAAN Pakistan.

Performance Review FY2024-25

Fiscal Developments

Fiscal performance during July-March 2024-25 remained on track, with key indicators marked noticeable improvement compared to the same period last year. A summary of fiscal developments during July-March FY2024-25 is given in Table 3.1 (Details are given in Annex 3.1).

Total revenue during July-March FY2024-25 stood at Rs. 13,367 billion, registering a growth of 36.7 percent over total revenue collected during the corresponding period of last year. Tax revenue at Rs. 9,137.3 billion recorded a growth of 25.8 percent. As a percent of GDP, total revenue and tax revenue rose to 11.7 and 8.0, respectively. In line with fiscal consolidation efforts, increased tax rates and the withdrawal of various tax exemptions contributed to higher tax collection.

Table 3.1: Summary of Consolidated Fiscal Operations

	Rs. Billion			Percent of GDP	
	Jul-Mar FY2023-24	**Jul-Mar FY2024-25**	**Growth (%)**	**Jul-Mar FY2023-24**	**Jul-Mar FY2024-25**
Total Revenue	**9,780.4**	**13,367.0**	**36.7**	**9.3**	**11.7**
Tax Revenue	7,262.5	9,137.3	25.8	6.9	8.0
-FBR's Taxes	6,711.5	8,453.1	25.9	6.4	7.4
Non-Tax Revenue	2,517.9	4,229.7	68.0	2.4	3.7
Total Expenditure	**13,682.8**	**16,337.0**	**19.4**	**13.0**	**14.2**
Current	12,333.3	14,588.2	18.3	11.7	12.7
Development	1,158.1	1,535.6	32.6	1.1	1.3
Fiscal Balance	**-3,902.4**	**-2,970.0**	**-23.9**	**-3.7**	**-2.6**
Primary Balance	**1,615.4**	**3,468.7**	**114.7**	**1.5**	**3.0**
Memo Item					
GDP (Current Market Prices)	105,143	114,692			

Source: Finance Division

The FBR tax collection stood at Rs. 8,453.1 billion with 25.9 percent growth, which was contributed by growth in both direct and indirect taxes by 26.4 percent and 25.5 percent, respectively. Direct taxes were the major contributors, as there was a significant increase in banks' profit-before-tax, driven by investment in government securities at higher interest rates. Moreover, there was a boost in the case of withholding taxes, which primarily stemmed from personal income tax (PIT) through an uptick in progressive tax rates.

Within indirect taxes, customs duties, sales tax, and federal excise duty recorded growth of 14.8 percent, 27.9 percent, and 33.6 percent, respectively. Provincial tax collection was recorded at Rs. 684.3 billion with 24.2 percent growth, contributed by growth in tax revenues of all the provinces. The provincial taxes with major growth contributions were made by GST on services and Motor Vehicle Tax.

Non-tax revenue at Rs. 4,229.7 billion recorded a substantial growth of 68 percent. Federal non-tax revenue stood at Rs. 4,026.7 billion recorded a phenomenal growth of 70.7 percent, mainly due to historically large one-off SBP profit transfer (Rs. 2500 billion), Petroleum Development Levy (Rs. 833.8 billion), royalties on oil & gas (Rs. 139.6 billion) and dividends from investments (Rs. 138.9 billion). However, markup receipts on federal loans to PSEs declined by almost half due to the high base effect on account of large receipts last year. Provincial non-tax revenues reached Rs. 203 billion, recording a growth of 27.8 percent, mainly because of a significant growth in profits from hydroelectricity.

Total expenditure during July-March 2024-25 stood at Rs. 16,337 billion with a growth of 19.4 percent over the comparable period of last year. Current and development expenditures grew by 18.3 percent and 32.6 percent, respectively. The growth in current expenditure was driven by domestic debt servicing and grants, which increased by 20.3 percent and 31 percent, respectively. On the other hand, foreign debt servicing recorded a decline of 7.6 percent. Non-interest current expenditures grew by 14.9 percent, mainly due to higher spending on grants and defence as well as higher provincial current expenditures. Grants rose mainly due to an increased number of BISP beneficiaries. On the other hand, there was a lower disbursement of subsidies, mainly due to a decline in power sector subsidies, which accounted for around 90 percent of total subsidies.

The growth in development expenditure was mainly contributed by provincial ADPs expenditures growing at 38.1 percent, whereas federal PSDP posted a lower growth of 14.5 percent. Development expenditures of all four provinces increased, with Balochistan taking the lead, growing at 93 percent, followed by Punjab (45.7 %), Khyber Pakhtunkhwa (38 %), and Sindh (12.5 %). Net lending to Public Sector Enterprises (PSEs) witnessed an expansion of Rs. 7.5 billion compared to a net retirement of Rs. 15.3 billion during the corresponding period of last year.

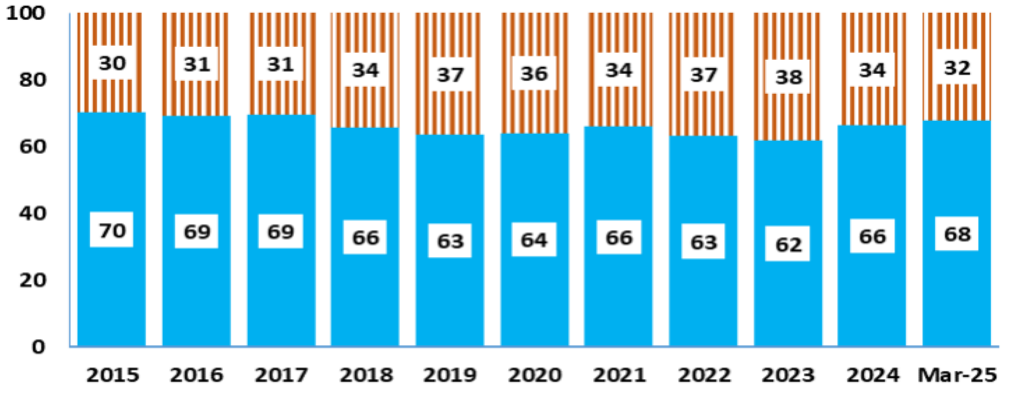
Overall fiscal deficit during Jul-March FY2024-25 stood at Rs. 2,970 billion (2.6 % of GDP) as compared to Rs. 3,902.4 billion (3.7 % of GDP) during the corresponding period of last year and is significantly less than the annual target of 5.9 percent of GDP. Federal deficit stood at Rs. 4,023.4 billion (3.5 % of GDP), whereas the provincial surplus stood at Rs. 1,053.3 billion (0.9 % of GDP). Primary surplus was targeted at 2.0 percent of GDP for FY2024-25. It increased to 3.0 percent during July-March FY2024-25 from 1.5 percent last year, indicating a remarkable achievement as the government curtailed subsidies and controlled other expenses through various initiatives, including pension reforms.

To finance the fiscal deficit, the government relied more on domestic borrowings to the tune of Rs. 2,950.5 billion. However, net domestic borrowings declined by 13.4 percent due to a substantial decrease in bank borrowings despite a sizable expansion of non-bank borrowings. Net external borrowings stood at Rs. 19.5 billion compared to Rs. 493.8 billion during the same period last year.

Public Debt

Pakistan's stock of gross public debt stood at Rs. 76,007 billion at the end of March 2025. The debt-to-GDP ratio during this period decreased from 67.8 percent to 66.3 percent. The government continued to rely primarily on domestic financing sources. Thus, domestic debt stood at Rs. 51,517.9 billion, posting an increase of Rs 4.36 billion from June 2024 and constituting 68 percent of the total debt. External debt stood at Rs. 24,489.1 billion, reflecting an increase of Rs 403 billion from June 2024. The share of external debt in total debt declined to 32 percent as of March 2025, down from 34 percent recorded in June 2024 (Figure 3.1). External debt remained within the maximum limit of 40 percent set by the Medium-Term Debt Management Strategy.

Figure 3.1: Share (%) in Gross Public Debt



Source: SBP

During FY2024-25, the government effectively managed its debt portfolio by extending the Average Time to Maturity (ATM), increasing reliance on lower-cost Shariah-compliant instruments, and strategically re-profiling debt. The government strategically shifted from short-term Treasury Bills to long-term fixed and floating rate Pakistan Investment Bonds (PIBs), which extended the government's domestic debt portfolio's maturity profile to 3.3 years, helped reduce short-term interest rates, and addressed both refinancing and rollover risks. This prudent approach, combined with buyback initiatives and efficient yield curve management, is estimated to save the government approximately PKR 1 trillion in debt servicing costs in FY2024-25, with further optimization of gross financing needs anticipated in the coming years.

Monetary Developments

A confluence of domestic and global supply shocks in the shape of global commodity price super cycle, flood-induced domestic food shortages, and an increase in energy prices had pushed the CPI inflation to a multi-decade peak of 29.2 percent in FY2022-23. In response to the rising inflationary pressures and to anchoring inflation expectations, the SBP raised the policy rate by a cumulative 1500 bps to 22 percent by June 2023. The domestic demand contraction owing to the contractionary monetary policy and eased supply situation of food commodities eased inflationary pressures somewhat in FY2023-24, with inflation falling to 23.4 percent.

The SBP followed a cautious approach and maintained tight monetary policy throughout most of FY2023-24, keeping its policy rate unchanged at 22.0 percent. The cumulative decline in inflation allowed the cut in the policy rate to 20.5 percent in June 2024. The tight monetary policy stance in FY2023-24, together with easing supply constraints, benign global commodity prices, stable exchange rate and fiscal consolidation, helped sustain disinflation since the start of 2024. As the underlying inflationary pressures began to subside with dissipating second round impact of earlier shocks to food and energy prices and inflation expectations softened, the SBP started monetary policy easing cycle from June 2024. Inflation saw an almost consistent decline since January 2024, falling to 0.3 percent in April 2025. With a faster-than-expected decline in inflation and reduced pressures on the rupee, the policy rate was prudently reduced to 11 percent in May 2025.

The SBP took several initiatives to enhance financial inclusion and monetary policy transmission during FY2024-25 including: i) removal of minimum deposit rate for institutional and corporate deposits, ii) profit sharing on saving deposits of Islamic Banking Institutions (IBIs), and iii) launch of National Financial Inclusion Strategy (NFIS) 2024-28

Broad Money (M2)

Broad money (M2) expanded by Rs. 1,357.5 billion (3.78 %) during 1st July 2024 to 2nd May 2025 compared to an expansion of Rs. 2,178.3 billion (7.04 percent) during the same period last year (Table 3.2). Liquidity in the banking system was mainly generated by an increase in Net Foreign Assets (NFA) of the banking system, which expanded by Rs. 1,211.8 billion compared to an expansion of Rs. 590.0 billion during the corresponding period of last year. Net Domestic Assets (NDA) of the banking system registered a lesser expansion of Rs. 145.6 billion (0.4 %) compared to an expansion of Rs. 1,588.3 billion (4.9 %) during the corresponding period of last year, primarily due to the government's net retirement of loans to SBP, retirement of loans under commodity operations and less net borrowings from scheduled banks for budgetary support.

Table 3.2: Monetary Aggregates

(Rs. Billion)

	Factors Affecting Broad Money (M2)	Stocks at End-June 2023	Stocks at End-June 2024	Monetary Impact from 1st July to	
				03-May-24	02-May-25
A.	**Net Foreign Assets of the Banking System**	**-1,797.1**	**-1,138.0**	**590.0**	**1,211.8**
	(i) State Bank of Pakistan	-881.3	-71.4	677.6	645.7
	(ii) Scheduled Banks	-915.9	-1,066.6	-87.7	566.1
B.	**Net Domestic Assets of the Banking System (1+2+3)**	**32,740.2**	**37,019.8**	**1,588.3**	**145.6**
	(i) State Bank of Pakistan	10,696.3	10,274.4	-666.7	356.4
	(ii) Scheduled Banks	22,043.9	26,745.4	2,255.1	-210.7
1	**Net Government Sector Borrowings (a+b+c)**	**23,712.8**	**31,078.8**	**5,166.7**	**1,605.4**
	a. Borrowings for Budgetary Support	22,244.1	29,723.9	5,422.3	1,936.4
	(i) From SBP	5,240.8	4,527.7	-622.4	-280.9
	(ii) From Scheduled banks	17,003.3	25,196.2	6,044.7	2,217.3
	b. Commodity Operations	1,485.9	1,378.3	-252.7	-329.1
	c. Others	-17.2	-23.4	-2.9	-1.9
2	**Credit to Non-Government Sector (a+b+c+d)**	**11,190.7**	**11,543.4**	**1.2**	**1,269.2**
	a. Credit to Private Sector	8,353.9	8,866.9	239.9	751.5
	b. Credit to Public Sectors Enterprises (PSEs)	2,291.4	2,191.5	-133.5	-0.6
	c. PSEs Special Account-Debt Repayment with SBP	0.0	0.0	0.0	0.0
	d. Credit to NBFIs	545.3	485.1	-105.2	518.3
3	**Other Items (net)**	**-2,163.2**	**-5,602.5**	**-3,579.5**	**-2,729.0**
Broad Money (M2) (A+B)		**30,943.0**	**35,881.8**	**2,178.3**	**1,357.5**
Growth				7.04%	3.78%

Source: State Bank of Pakistan

For budgetary support, net government sector borrowings from scheduled banks stood at Rs. 2,217.3 billion, substantially lower than last year's net bank borrowings of Rs. 6,044.7 billion, which was due to a lower fiscal deficit.

Financing for commodity operations witnessed a net retirement of Rs. 329.1 billion during the period under review as compared to its net retirement of Rs. 252.7 billion during the same period last year. This was mainly driven by repayment of loans availed for wheat procurement. It primarily reflects the impact of reforms in commodity operations to stem the accumulation of commodity debt. These measures included rationalization of wheat procurement, gradual abolition of minimum support price (MSP), timely payment of subsidies, and transitioning to targeted subsidies.

An impressive growth of 8.5 percent was observed in credit to the private sector during the period under review compared to a growth of 2.9 percent last year. The relative ease in the overall cost of production, together with some uptick in demand and continued momentum in exports, induced higher production in some of the major LSM groups during this period, which increased working capital requirements of the industry at lower interest rates. In addition to demand-driven increase, a new tax based on banks' Advances-to-Deposits Ratio (ADR) also nudged banks to extend more credit to the private sector.

Inflation

Inflation fell sharply during FY2024-25. Average CPI inflation is recorded at 4.7 percent during July-April 2024-25 compared to 26.0 percent in the comparable period of last year. It was mainly contributed by a substantial decline in food inflation (Table 3.3). CPI inflation stood at 0.3 percent YoY in April 2025 compared to 17.3 percent in April 2024. Urban and rural food inflation was recorded at -1.9 percent and -4.6 percent, respectively, in April 2025.

Table 3.3: Average Inflation (%)

	July-April	
	FY2023-24	**FY2024-25**
CPI National	26.0	4.7
CPI Urban	26.3	5.7
Food	26.8	1.1
Non-Food	25.9	9.1
Core	16.9	8.8
CPI Rural	25.6	3.3
Food	26.5	-1.5
Non-Food	24.5	8.3
Core	24.0	11.6
Wholesale Price Index	22.4	2.2
Sensitive Price Indicator*	34.3	7.4

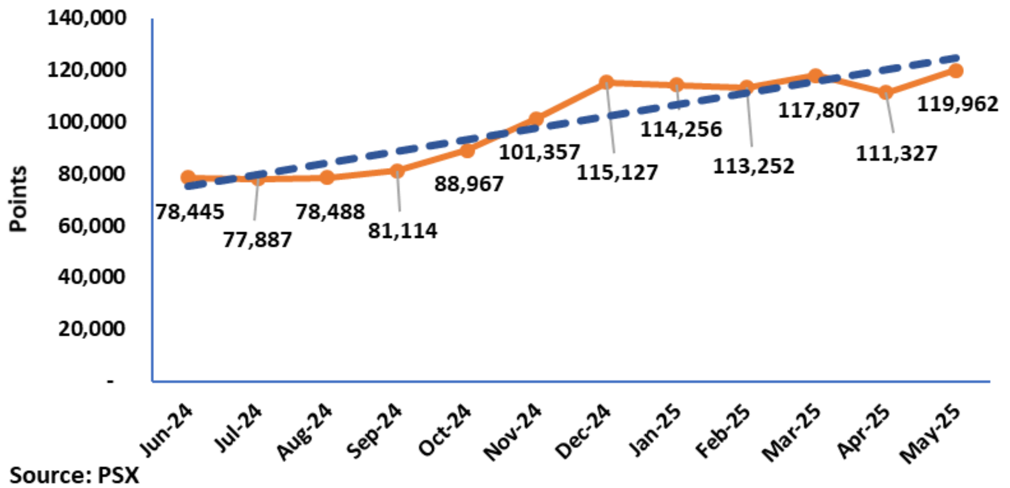
** SPI for all expenditure groups combined*
Source: Pakistan Bureau of Statistics

Food inflation declined due to an adequate supply of key domestically produced food items on account of a strong rebound in crop output, easing global prices with a stable exchange rate, moderate domestic demand conditions, and a high base effect. In contrast, energy inflation fell with stabilization and subsequent downward adjustments in electricity tariffs. Though still high, core inflation moderated as transportation and production costs dropped, reflecting a fall in energy prices and stabilization of the rupee.

Capital Market

Performance of Pakistan Stock Market: The Pakistan Stock Exchange (PSX) has sustained strong performance for the second consecutive year, with the KSE-100 index posting an impressive 84 percent gain in 2024. The index closed at 115,126.9 points at the end of December 2024, rising from 62,451 points at the end of December 2023, and continued its upward momentum in 2025. Although heightened military tensions with India caused a temporary dip, the KSE-100 index quickly regained momentum, recording an all-time high closing of 119,962 points as of May 15, 2025.

Figure 3.2: Performance of KSE-100 during 2024-25



Source: PSX

Initiatives undertaken during FY2024-25

- **Government Debt Securities (GDS) Issuance via PSX:** Pakistan conducted its first-ever GDS auction through the PSX on December 8, 2023, issuing a Shariah-compliant one-year Ijara Sukuk. Following its success, 19 additional auctions have raised Rs 2.3 trillion. Various sovereign Sukuk instruments—discounted, fixed-rate, and variable-rate—are now actively traded on PSX.
- **Financial Disclosure by SECP-Licensed Unlisted Companies:** Unlisted licensed companies are now mandated to disseminate audited financial statements via PSX's "Financial Portal for Unlisted Companies" to ensure transparency, support investor confidence, and facilitate future listings.

- **Regulatory Framework for Securities Managers:** A new framework has been introduced to license securities managers, enabling eligible brokers to offer portfolio management services to investors.
- **Corporate Briefing Session Framework Revamp:** The framework for Corporate Briefing Sessions has been overhauled to align with international best practices, promoting enhanced transparency and informed investment decisions.
- **Launch of Online-Only Securities Broker:** SECP has licensed Tamkeen Securities (Pvt) Ltd as the first fully digital, online-only broker, allowing investors to open accounts and trade entirely online, thereby promoting digitization and financial inclusion.
- **Adoption of International Sustainability Standards:** SECP has notified phased adoption of IFRS S1 and S2 sustainability standards. Implementation will begin with listed companies from July 2025, expanding to unlisted licensed public interest entities by 2027. Auditor assurance on sustainability disclosures will be required from the second reporting year.
- **Strategy for Commodities Futures Market Development:** SECP, in collaboration with federal/provincial governments, SBP, multilateral institutions, and market participants, is advancing the development of commodity futures markets and modern warehousing infrastructure to enhance agri-commodity trading and expand the EWR ecosystem.
- **Development of the Electronic Warehouse Receipt (EWR) Regime:** The SECP is supporting the integration of warehousing infrastructure into the EWR system through Naymat Collateral Management Company Limited (NCMCL). This includes warehouse accreditation, recapitalization, and strategic planning to enable secure storage, improve farmer financing access, and strengthen risk management for financial institutions.

Outlook FY2025-26

Fiscal Policy

The fiscal policy during FY2025-26 will focus on raising the tax-to-GDP ratio as a step towards achieving the target of 13.5 percent in 2028-29 under URAAN Pakistan and to meet the targets under SDGs for greater equality (Target 10.4) and strengthen domestic resource mobilization (Target 17.1). Efforts will be made to contain the fiscal deficit within a manageable limit through additional resource mobilization, strengthening the measures for broadening the tax base, rationalization of current expenditure, measures for curtailing circular debt in the energy sector, and switching from general to targeted subsidies, while prioritizing development spending. The priority of the government's debt strategy would be a gradual shift towards a long-term debt maturity profile, accessing concessional external loans to resolve BOP/forex issues, discouraging foreign commercial borrowings and diversifying financing avenues.

Monetary Policy and Inflation

During FY2025-26, monetary policy stance will be aligned with the objectives of anchoring inflationary expectations and growth revival. Aligned with SDG Target 9.3, monetary policy will aim to enhance access to financial services, particularly affordable credit, for small-scale industries and enterprises, integrating them into value chains and markets.

To enhance the effectiveness of monetary policy, the SBP plans to implement a flexible near-inflation-targeting regime. Further, the SBP plans to improve the implementation mechanism for effective transmission of monetary policy by introducing new products, including Shariah-compliant monetary and liquidity management tools, and modernization of the existing tools.

Capital Market Reforms / Initiatives

The major planned initiatives include: i) Revisions to the Securities Act, 2015, ii) Transition to T+1 Settlement Cycle, iii) Launch of Environmental, Social, and Governance (ESG) Index at PSX, iv) Strengthening Broker Regulations, v) Development of Derivatives Market, vi) Registration of Research Analysts, vii) Operationalization of Capital Market Development Fund, viii) Capital Market Infrastructure Institutions (CMIIs) Governance Reforms, ix) Review of Public Offering Regime, x) Launch of Registration and Trading Platform (RTP), xi) Amendments to REIT Regulations, 2022, xii) Agricultural Commodities Market Development, xiii) Agri-Commodity Futures at Pakistan Mercantile Exchange (PMEX), and xiv) Scaling Up the Electronic Warehouse Receipt (EWR) System.

Annex 3.1

Consolidated Fiscal Operations (July-March 2024-25) (Provisional)

(Billion Rs.)

	Jul-Mar FY2023-24	Jul-Mar FY2024-25	Percent Change	As a Percent of GDP	
				Jul-Mar FY2023-24	Jul-Mar FY2024-25
Total Revenue	**9,780.4**	**13,367.0**	**36.7**	**9.3**	**11.7**
A) Tax Revenue	**7,262.5**	**9,137.3**	**25.8**	**6.9**	**8.0**
a) Federal	6,711.5	8,453.1	25.9	6.4	7.4
FBR's Taxes	6,711.5	8,453.1	25.9	6.4	7.4
- Direct Taxes	3,264.7	4,127.8	26.4	3.1	3.6
- Indirect Taxes	3,446.8	4,325.2	25.5	3.3	3.8
Customs Duties	807.8	927.5	14.8	0.8	0.8
Sales Tax	2,237.1	2,860.7	27.9	2.1	2.5
Federal Excise Duty	401.9	537.0	33.6	0.4	0.5
b) Provincial	551.0	684.3	24.2	0.5	0.6
B) Non-Tax Revenue	**2,517.9**	**4,229.7**	**68.0**	**2.4**	**3.7**
a) Federal	2,359.0	4,026.7	70.7	2.2	3.5
b) Provincial	158.9	203.0	27.8	0.2	0.2
Total Expenditure	**13,682.8**	**16,337.0**	**19.4**	**13.0**	**14.2**
A) Current Expenditure	**12,333.3**	**14,588.2**	**18.3**	**11.7**	**12.7**
a) Federal	9,123.7	10,581.9	16.0	8.7	9.2
Markup Payments	5,517.8	6,438.8	16.7	5.2	5.6
Defence	1,222.4	1,424.0	16.5	1.2	1.2
b) Provincial	3,209.6	4,006.3	24.8	3.1	3.5
B) Development Expenditure & Net Lending	**1,142.8**	**1,543.2**	**35.0**	**1.1**	**1.3**
a) Development Expenditure	1,158.1	1,535.6	32.6	1.1	1.3
- Federal PSDP	270.1	309.4	14.5	0.3	0.3
- Provincial ADPs / PSDPs	887.9	1,226.2	38.1	0.8	1.1
b) Net Lending to PSEs	-15.3	7.5		-0.01	0.01
Statistical Discrepancy	206.8	205.7	-0.5	0.2	0.2
Fiscal Balance	**-3,902.4**	**-2,970.0**	**-23.9**	**-3.7**	**-2.6**
Financing	**3,902.4**	**2,970.0**	**-23.9**	**3.7**	**2.6**
a) External (Net)	493.8	19.5	-96.1	0.5	0.02
b) Domestic (Net)	3,408.6	2,950.5	-13.4	3.2	2.6
- Bank	3,786.6	1,331.5	-64.8	3.6	1.2
- Non-Bank	-378.0	1,619.0		-0.4	1.4
Primary Balance	1,615.4	3,468.7	114.7	1.5	3.0
Federal Deficit	4,337.8	4,023.4	-7.2	4.1	3.5
Provincial Surplus	435.4	1,053.3	141.9	0.4	0.9
GDP (Current Market Prices)	**105,143**	**114,692**			

Source: Finance Division

4. PUBLIC SECTOR DEVELOPMENT

The Public Sector Development Programme (PSDP) serves as a crucial investment tool of the government for catalyzing socio-economic development across the country. It plays a central role in fostering a conducive environment for investment, promoting environmental sustainability, and enhancing the overall quality of life for citizens and contributes to achieving balanced regional development by strategically directing public investments toward underdeveloped and priority areas. Owing to constraints on public financial resources, the PSDP ensures its optimal allocation to high-impact sectors aligned with national development priorities. Special emphasis is placed on projects that fall within development plans/strategies like “URAAN Pakistan”. In this context, sponsoring agencies have been actively encouraged to identify and propose programmes and projects that are aligned with these strategic priorities and that can meaningfully contribute to an economic revival.

Review of PSDP 2024-25

The National Economic Council (NEC), in its meeting held on 10th June, 2024 approved Federal PSDP for the FY2024-25 at Rs. 1,500 billion, including Rs. 100 billion targeted to be channelized through PPP mode. However, the size of PSDP 2024-25 was reduced to Rs. 1,100 billion. Priority has been accorded to completion of ongoing projects, with nearly 83 percent of resources allocated to such projects and only 17 percent designated for new initiatives. The infrastructure sector has been given top priority, receiving about 60 percent of allocations, followed by the Social Sector with 18 percent, and balanced regional development for AJ&K, GB, and the merged districts of KP with 13 percent of proposed allocations for FY2024-25. Approximately 9 percent of resources are allocated to other sectors such as IT & Telecom, Science & Technology, Governance, as well as Production. The summarized position of PSDP 2024-25 is as under:

Table 4.1: Summary of PSDP 2024-25

(Rs. Billion)

S#	Description	Total
i.	Number of Projects	1,071
ii.	Approved Cost of Projects	13,427
iii	Expenditure by 30.06.2024	3,216
iv	Throw-forward on 01.07.2024	10.216
v	Original Allocation	1,400
vi	Revised Allocation	1,100
vii	Likely utilization of PSDP	1,096

Finance Division issued release strategy for development funds for the year 2024-25 @ 15 percent, 20 percent, 25 percent and 40 percent for quarters Q1, Q2, Q3 and Q4, respectively. M/o PD&SI as per release strategy by the Finance Division authorized 95 percent funds amounting to Rs 1036 billion for July-May FY2024-25 to the respective

Ministries/ Divisions. The Prime Minister of Pakistan on 10th March 2025 reviewed the progress of the PSDP 2024-25, particularly with a focus on performance of the Ministries. The 4th Quarter authorization of funds to Ministries /Divisions was made to those Ministries /Divisions who achieved the threshold of 50 percent of utilization against the previous releases in line with the directions of the Prime Minister. The authorization of release to the Government of AJ&K and the Government of Gilgit Baltistan was made on a biannual basis as a special case, keeping in view the working season and weather in these areas.

To assess the financial & physical progress of budgeted projects and to resolve impeding issues, quarterly, mid-term and special reviews were held with Secretaries / PAOs during the financial year. The sponsors were urged to accelerate utilization against the released funds and to ensure timely completion of fast-moving projects. However, sponsoring Ministries/Divisions/Agencies, during review meetings, highlighted the issues of change of executing agencies due to winding up of Pak-PWD, insufficient rupee cover for foreign aided projects, loan recovery at source deduction against Cash Development Loans by Finance Division from releases of development budget, skewed release strategy and inadequate allocation as compared to requirement of the projects as key obstacles in execution of the projects.

First Quarter Review of PSDP 2024-25 was held from 27 November to 5 December 2024 and Midyear Review of PSDP 2024-25 was conducted during January 13 to 17, 2025 under the Chairmanship of Minister for PD&SI/ Deputy Chairman, Planning Commission and Secretary, M/o PD&SI with representatives of Ministries/ Divisions and Provinces/ Area Governments etc.

During the Midyear Review, Ministries/ Divisions reported 267 projects costing Rs 1,505 billion to complete by end of CFY. An allocation of Rs 149 billion was earmarked for these projects in PSDP 2024-25. On recommendation of IMF's PIMA and C-PIMA, one-time review of all technically approved projects was conducted to reduce the set of active projects to high priority projects that can be completed in a timely manner. A total 183 projects mostly of DDWP level were initially identified as problematic and slow moving hence recommended for capping or closing by June 2025. By capping /closing such projects, around Rs 1,000 billion could be saved and fiscal space could be created for fast moving ongoing projects as well as new high impact priority projects. A special review of PSDP 2024-25 was also held on 24th March 2025 to sensitize the Ministries /Divisions about the low pace of utilization and capping of projects.

While approving the PSDP FY2024-25, the NEC, inter alia, authorized the Planning Commission to make necessary adjustments / re-appropriations to provide additional funds to fast-moving projects within the overall size of PSDP FY2024-25. Moreover, the Financial Management and Powers of PAOs Regulations, 2021, empowered Ministries /Divisions to undertake re-appropriations within their budgeted portfolio. Ministries/Divisions made re-appropriations of Rs 84 billion to fast-moving projects within respective portfolios particularly for core / mega projects, foreign aided projects, near completion and fast-moving projects. Whereas, TSGs of about Rs 83 billion was approved by the ECC/Cabinet during the year mainly for shifting of projects from one development grant to another development grant. The utilization position of PSDP FY2024-25 upto 3rd June, 2025 is given in Table-4.2:

Table 4.2: Allocation & Utilization: PSDP FY2024-25

(Rs. Billion)

Component	Original Allocation	Revised Allocation	Authorization	Release/ Disbursement	Utilization 03-06-2025
Rupee Component	1,084	880	1,036	640	482
Foreign Loan	316	220		124	124
Total	**1,400**	**1,100**	**1,036**	**764**	**606**

Proposed PSDP FY2025-26:

Given the resource constraints, PSDP needs realignment to set its direction with focus on funding of core, high impact projects and programmes of national significance. Such investment may increase overall productivity and competitiveness for achieving a sustained, inclusive and exports led economic growth. Pakistan with IMF programme undergoes some limitations. Thus, challenge ahead is to leverage the limited resources in a way to achieve maximum returns from each project to satisfy goals and objectives outlined in national economic transformation plan, 5Es based five-year plan and "URAAN Pakistan" while overcoming challenges.

Ministries/Divisions through PSDP Call Circular dated 29th January 2025 were requested to propose project-wise demands for PSDP FY2025-26 in line with "URAAN Pakistan" keeping in view, guidelines/priorities provided in the PSDP Call Circular regarding on-going, foreign aided, core/ strategic important projects, provincial nature projects, new projects, including general guidelines, besides provision of PFM Act 2019, NEC guidelines/decisions dated 29th January 2024 for inclusion of projects in PSDP FY2025-26.

Ministries / Divisions initially demanded over Rs. 3,271 billion including rupee cover of Rs 1,054 billion for 1588 projects including Rs 510 billion for 468 new projects. The throw-forward of ongoing projects was Rs 10,212 billion which needs to be addressed on priority to provide funds as per approved annual phasing in PC-Is under PSDP FY2025-26. To thoroughly scrutinize and prioritize the portfolio of each Ministry/Division, Priority Committee meetings were conducted during April 22, 2025 to May 7, 2025 under the Chairmanship of Secretary, M/o PD&SI with representatives of Ministries/ Divisions/Provinces. Deliberations helped identify core and significant projects including foreign aided projects for PSDP FY2025-26 as well as new initiatives. In order to overcome following challenges, corrective measures and guiding principles for preparation of PSDP FY2025-26 were worked out:

Challenges for Federal PSDP FY2025-26

- PC-Is for 90 percent of the on-going projects have been revised with time and cost over-runs due to thin spread allocations
- To meet up the demand for rupee cover (i.e demand of Rs. 1,052 billion)
- Less fiscal space for core and high impact projects due to limited IBC
- Inclusion of provincial nature & small projects at the cost of strategic projects
- Thin spread allocations result into revision of projects with time over run
- Completion of projects under defunct Pak PWD (Rs 60 bn throw-forward)
- Increasing demands for allocation of funds from various stakeholders

Corrective Measures for PSDP FY2025-26

- Projects with high impact targeted for completion within 3-4 years
- Foreign funded and core / high impact projects assigned priority for financing
- ECNEC / CDWP approved projects assigned priority over DDWP level projects
- Moratorium on approval of DDWP level projects during IMF period
- No new provincial project except in least developed districts as per policy
- Periodic / monthly reviews of respective portfolio by all PAOs
- Extensive review and monitoring of PSDP funded projects.
- Pruning the sick and non-performing portfolio either for early completion or closure at reduced scope / cost
- About 80 percent on-going projects may be completed in 03 years provided sufficient fiscal space is indicated by the Finance Division

Guiding principles for PSDP FY2025-26

- Provision of adequate rupee cover to foreign aided projects
- Protect strategic / high impact projects while allocating funds
- Projects with 70 percent plus progress be focused for timely completion
- Protect block allocations of Gilgit Baltistan, AJ&K, Merged Districts of KP etc.
- No under / token funding to avoid further throw-forward and cost escalations
- Projects which enhance national productivity & align with URAAN Pakistan
- Provincial nature projects to be financed by Provincial Governments

Ministry of Planning, Development & Special Initiatives in consultation with Ministries/ Divisions worked out bare minimum demand of Rs 1,650 billion for PSDP FY2025-26. However, Finance Division initially conveyed IBC of Rs. 921 billion for PSDP FY2025-26. Keeping in view the fiscal space and priorities, individual IBCs were worked out and conveyed to all Ministries/Divisions to furnish the project-wise budgetary demands within the two scenarios of IBCs in order of priority while setting demands into six categories i) essential rupee cover for foreign aided projects ii) critical national projects iii) near completion projects with 70+ percent progress iv) strategic new projects v) wait list projects and vi) closed/completed projects. The Minister for PD&SI / DCPC reviewed the proposed portfolio with Secretaries/PAOs of Ministries/Divisions on 21st May, 2025 and stressed to prioritize the schemes given the resource constraints as the scenario of

Rs 1,650 billion could not be agreed by the Finance Division. In response to IBC and given categories, the demand of Ministries/Divisions was rationalized and worked out accordingly.

Meanwhile, the Prime Minister constituted a Committee under the Deputy Prime Minister to review PSDP FY2024-25 and proposed PSDP FY2025-26. The Committee held meeting on 23rd May, 2025. To thoroughly scrutinize the portfolio of each Ministry/Division, the Deputy Prime Minister constituted a three members sub-Committee under the chairmanship of the Advisor to the Prime Minister on Public and Political affairs and Minster for IPC. The sub-Committee held exhaustive review of ongoing PSDP portfolio with each Minister including Secretary concerned from 26 to 29th May, 2025 in the Prime Minister's Office. The recommendations of the sub-committee and the Committee under DPM were considered while finalizing the PSDP 2025-26.

The Finance Division firmed up the IBC of Rs. 1,000 billion for PSDP FY2025-26 after consultation with IMF. Based on working of the said Committee project-wise allocations were reviewed which was around 1,200 billion. The priorities were reviewed and reset. Accordingly, Ministry/project-wise budgetary proposals were reduced and adjusted within the revised IBC of Rs. 1,000 billion and circulated for submission to the APCC

The proposed project-wise PSDP FY2025-26 was discussed in the Annual Plan Coordination Committee (APCC) on 2nd June, 2025 wherein the demands of the projects were discussed in detail. The APCC reviewed the entire portfolio in the context of socio-economic objectives, sectoral and regional priorities set under URAAN Pakistan and the 13th Five-Year Plan vis-à-vis fiscal constraints. The demands of the provinces for the important projects under federal PSDP were addressed to the extent possible. The recommendations of the APCC regarding proposed PSDP FY2025-26 were incorporated in the Summary for the National Economic Council (NEC), which were considered by the NEC in its meeting held on 04th June 2025.

The Public Sector National Development Outlay as approved by National Economic Council in its meeting is Rs 4,224 billion for the FY2025-26 including Provincial ADPs of Rs. 2,869 billion and SOEs Investment of Rs. 355 billion. Breakup of outlay FY2025-26 is given in Table 4.3, whereas Ministry-wise summary is at Annex-I.

Table 4.3: Summary of National Development Outlay FY2025-26

(Rs Million)

Agency/Programme	Rupee	F. Aid	Total
A. Total (Federal)	771,000	229,000	1,000,000
i. Ministries/Divisions	581,000	102,000	683,000
ii. Corporations (NHA, Power)	190,000	127,000	317,000
B. Provincial ADPs	2,067,000	802,000	2,869,000
C. Federal State Owned Enterprises	355,000	-	355,000
National Development Outlay (A+B+C)	**3,193,000**	**1,031,000**	**4,224,000**

Sectoral Strategy / Priorities: PSDP FY2025-26:

The priority has been assigned to Infrastructure sector being the primary responsibility of the Federal Government with over 63 percent of allocation. Within infrastructure, priority given to transport & communication i.e. 33 percent of allocation, followed by energy and water with 12 percent and 10 percent of allocation respectively. Social Sector with 17 percent allocation giving priority to education including higher education with 6 percent of allocation, followed by health 2 percent and others. Balanced regional development (AJ&K, GB and Merged districts of KP) with 15 percent of proposed allocations for FY2025-26. About 6 percent resources are earmarked for other sectors like IT & Telecom, S&T, Governance and Production sectors etc.

Sector-wise summary of PSDP FY2024-25 and PSDP FY2025-26 is given in Table 4.4

Table -4.4: Sector-wise PSDP FY2024-25 and Proposed PSDP FY2025-26

(Rs. Billion)

Sector/Sub-sector		FY2024-25	FY2025-26
A.	**Infrastructure**	**661**	**629**
i.	Energy	169	122
ii.	Transport & Communications	268	333
iii.	Water	135	102
iv.	Physical Planning & Housing	89	72
B.	**Social**	**200**	**167**
i.	Health	35	17
ii.	Education including HEC	83	59
iii.	SDGs Achievement Programme	50	70
iv.	Other Social Sectors	32	21
C.	**Special Areas (AJ&K, GB)**	**75**	**82**
D.	**Merged Districts of KP**	**70**	**66**
E.	**Science & I.T**	**62**	**37**
F.	**Governance**	**17**	**11**
G.	**Production Sectors**	**15**	**8**
i.	Food & Agriculture	8	5
ii.	Industries	7	3
	Total (A to G)	**1,100**	**1,000**

5. MANUFACTURING, COMMERCE AND MINERAL DEVELOPMENT

Pakistan's manufacturing sector is a vital pillar of the economy, contributing 11.79 percent to the overall GDP in FY2024-25, encompassing large-scale manufacturing, small-scale manufacturing, and slaughtering. The sector's share in GDP has slightly reduced over the past decade. The commerce sector is integral to trade and exports, with manufactured goods accounting for 70-80 percent of total exports (SBP, 2024). The mineral sector, despite the fact that Pakistan is blessed with rich deposits of natural resources, has remained underexploited, with a meagre contribution of less than 2 percent to GDP. Similarly, this sector struggles with infrastructural deficits and a minimal export focus.

A strategic overhaul is proposed to address related issues, aiming to enhance productivity, competitiveness, and export orientation, in the "Exports" chapter of URAAN Pakistan. The strategy is to harness the manufacturing sector's strengths, enhance global trade partnerships, unlock the mineral sector's potential to boost GDP contributions, aligning with the SDGs Agenda 2030 (i.e., SDGs 9, 12, 15 & 17) to foster sustainable industrialization and responsible production for robust export-led economic growth.

Performance Review FY2024-25
Sectoral Review
During 2024-25, the overall industrial sector grew by 4.77 percent against a targeted rate of 4.4 percent, manufacturing sector by 1.34 percent against targeted rate of 4.4 percent, Large Scale Manufacturing (LSM) by -1.53 percent against targeted rate of 3.5 percent and Small-Scale 8.81 percent against targeted rate of 8.2 percent.

Table 5.1: Growth during the FY2024-25

Sector/ Subsector	Target Growth 2024-25 (in %)	Actual Growth 2024-25 (in %)
1. Industrial	4.4	4.8
1.1 Manufacturing	4.4	1.3
1.1.1 Large Scale	3.5	-1.5
1.1.2 Small Scale	8.2	8.8

Source: PBS

Overall, Large-Scale Manufacturing Industries (LSMI) recorded a negative growth of 1.47% during July 2024 to March 2025 compared to the same period in the previous fiscal year. Key sectors dragging down LSMI output from July 2024 to March 2025 include Food (-0.09), Chemicals (-0.45), Non-Metallic Mineral Products (-0.68), Cement

(-0.37), Iron & Steel Products (-0.51), Electrical Equipment (-0.47), Machinery and Equipment (-0.17) and Furniture (-1.94). The decline was driven by weak domestic demand and high energy costs. On the positive side, Tobacco (0.17), Textile (0.35) Garments (1.14), Petroleum Products (0.30), Pharmaceuticals (0.13), Automobiles (0.68), Other transport Equipment (0.14), showed growth, reflecting some resilience in export-oriented and consumer-driven industries. However, these gains were insufficient to offset the broader contraction, underscoring the sector's struggles with structural issues like energy shortages, high production costs, and limited market diversification during this period.

Overall exports from July to April FY2024-25 witnessed an increase of 6.8 percent, rising from US$ 25.5 billion in the same period last year to US$ 27.3 billion. The textile sector gained momentum, with exports rising by 7 percent. The manufacturing and engineering sector recorded the fastest export growth at 11 percent, while the food group saw a decline of 7 percent in exports. There was an increase in exports in both traditional and non-traditional markets, with exports increasing in the EU by 11 percent, the Americas by 12 percent, Africa by 4 percent, South Asia by 14 percent, CARs and Afghanistan by 46 percent and the Middle East by 6 percent.

The U.S. imposed a 29 percent tariff on April 02, 2025 (suspended for 90 days), which will result in reduced demand for Pakistan's products in the U.S. market because of a price hike, and there is a possibility of a 10-15 percent loss in overall exports. However, Pakistan can reap benefits from the fact that tariffs imposed on Pakistan are lower than those on its direct competitors like Bangladesh (37 percent), Vietnam (46 percent) and China (54 percent). Although other countries, such as India (27 percent) and Turkey (10 percent), face lower tariffs, Pakistan is likely to benefit due to its significantly lower per unit price over its direct competitors in textiles exports.

During FY2024-25, the Mining & Quarrying sectors registered negative growth of -3.38 percent against the target of 5 percent. This negative growth is because of a major decline in the production of coal (-12.4 %), gas (-6.7 %), and crude oil (-19.8 %). During the period under review, the Geological Survey of Pakistan (GSP) conducted various field studies through PSDP and its regular budget. Moreover, the Mineral Wing Petroleum Division provided facilitation regarding out-of-court settlement of the Reko-Diq Copper-Gold Project as well as consulted provincial mines & minerals departments to pitch the tangible project proposals for Saudi investors under the Pak-Saudi MoU. They also initiated consultation, albeit at a preliminary stage right now, on the critical minerals potential of Pakistan and its implications for the future socio-economic development of the country, especially in high-tech sectors.

To facilitate investment and to tap the true potential of the mineral sector, the GoP has established the Special Investment Facilitation Council (SIFC) as the highest coordinating body / single window facility. The mineral sector is one of the key thematic areas of SIFC for attracting investment and reaping the benefits of this sector. Though substantial and tangible outcomes have not yet been achieved, keeping in view the SIFC's dedication and potential negotiations with friendly countries to invest in the mineral sector, it is expected that tangible outcomes will be materialized very soon.

It is pertinent to mention here that as per constitutional provisions, minerals other than oil, natural gas and nuclear energy minerals/substances are a provincial subject. Provincial governments are responsible for the regulation of mineral exploration and production activities and the grant of mineral titles/leases of blocks/sites for these operations. The federal government is mandated with a facilitation role – geological surveys & mapping, oil & gas regulation, formulation of national mineral policy, and coordination for the minerals sector at national and international levels.

Financial Review
In PSDP 2024-25, the Industries and Production Division was allocated Rs. 4,268.7 million for 13 projects, in which Rs. 1,494.043 million were released till April 2025. Out of the released amount, Rs. 700.0 million were utilized. There were 2 projects of the Commerce Division with the allocation of Rs. 2,205.3 million, with no releases and utilization due to revision of the projects. Similarly, there was 01 development project of the Petroleum Division (Mineral Wing) in PSDP 2024-25, which was allocated and released Rs. 400.8 million till April 2025, whereas utilization out of this released amount was Rs 95.4 million.

Ongoing Initiatives
There are eight (08) projects of the Industries and Production Division, two (02) projects of the Commerce Division and one (01) project of the SIFC Division, which will be carried forward and will remain under implementation in FY2025-26. Details of the projects are as follows:

Table 5.2: Ongoing Projects for PSDP 2025-26

(Rs. million)

S. No.	Name of the Project	Total Cost	Allocation in PSDP 2024-25	Releases in 2024-25	Utilization till April 2025
Industries and Production Division					
i.	Establishment of 132 kV Grid Station at Bin Qasim Industrial Park (BQIP), Karachi	1,493.1	1,303.5	340.0	265.7
ii.	Establishment of the Hub Special Economic Zone	3,008.2	750.0	448.6	62.1
iii.	Industrial Designing & Automation Centers at Karachi, Lahore, & Sialkot.	973.0	300.0	145.0	77.1
iv.	National Strategic Programme for Acquisition of	3,206.9	300.0	135.0	80.9

	Industrial Technology (NSPAIT)				
v.	Establishment of High Tensile Sheet Metal Dies Manufacturing and Titanium Coating Setup at KTDMC, Karachi.	400.0	223.1	43.5	0.7
vi.	Support Centre for Dental and Surgical Equipment (SCDS), Sialkot	720.4	250.0	112.0	38.0
vii.	Acquisition of Land for Establishment of SME facilitation centres at various locations (Lahore, Karachi, Peshawar & Quetta)	1,250.0	462.3	20.0	18.1
viii.	Product Development Center for Composites-Based Sports Goods, Sialkot	529.8	102.4	24.0	6.2
Commerce Division					
i.	Expo Centre Quetta	2,500.0	1,455.3	-	-
ii.	Export Accelerator for SMEs	3,000.0	750.0	-	-
SIFC Division					
i.	Invest Pakistan	1,098.6	542.6	-	-

Objectives of the PSDP-funded projects include technology transfer/ upgradation, infrastructure development, establishment of facilitation centres for SMEs, provision of energy, expo centres for export enhancement, skills development of SMEs to boost exports and upgradation of a mineral testing laboratory. All of the above projects are aligned with SDGs, 5Es Framework and URAAN Pakistan.

The following ongoing initiatives of the Industries and Production Division and Petroleum Division (Mineral Wing) are expected to be completed/ closed by June 2025:

- 1000 Industrial Stitching Units Phase-I (All over Pakistan);
- Business Skill Development Centre for Women at D.I.Khan;
- Development of Karachi Industrial Park (KIP) on 1500 Acres of PSM Land at Karachi, including Feasibility;
- Research Regulatory Insight & Advocacy Assistance for SMEs; and
- Strengthening the Engineering Industry.
- Instrumental Up-gradation of Geoscience Advanced Research Laboratories (GARL), GSP, Islamabad, to be used in Economic Mineral Exploration

Policy Initiatives/ Programs 2024-25

Policy consistency over the medium term is critical for the private sector to formulate and implement its investment plans. The following are the policies launched in the year 2024-25 for creating an enabling environment for the manufacturing, commerce and mineral sectors:

Business Ready (B-Ready)

EoDB was replaced last year by the World Bank with a new flagship program called Business Ready (B-Ready), which aims to assess the business environment and advocate for policy reforms. Board of Investment (BoI) is the lead agency of the B-Ready project in Pakistan and has started activities in coordination with federal and provincial stakeholders to compile data for the first B-Ready report. B-Ready focuses on ten topics, which are as follows:

(i) Business Entry	(ii) Business Location	(iii) Utility Services
(iv) Labor	(v) Financial Services	(vi) International Trade
(vii) Taxation	(viii) Dispute Resolution	(ix) Market Competition
(x) Business Insolvency		

The first B-READY report, covering 50 economies, was launched in October 2024. Pakistan is ranked at different levels for each topic compared to the other 50 countries, detailed in the report. However, the gist of all topics is that on a scale of 100, Pakistan scored 65.9 for Operational Efficiency, 44.97 for public services, and 59.1 for the regulatory framework.

According to the B-Ready 2024 Report, "Pakistan scores highest in Business Entry, Financial Services, and Utility Services. Within these areas, domestic and foreign firms do not encounter business entry restrictions, the economy implements good practices in terms of the types of movable assets, debts, and obligations that can be secured, and provides regulations for monitoring of tariffs and service quality for internet". However, "Pakistan scores lowest in Dispute Resolution, International Trade, and Market Competition. Within these areas, the economy underperforms in terms of court transparency, lags in the implementation of Trusted Trader programs, and lacks digitization of intellectual property services.

The sectoral targets are aligned with URAAN Pakistan and SDGs to foster economic growth and global integration. Simplifying tariffs enhances trade competitiveness and supports equitable global trade systems (SDG 17.10). Streamlined regulations and investment incentives attract foreign capital and technology, boosting inflows (SDG 17.5), while reduced remittance transaction costs increase household incomes and foreign exchange reserves (SDG 17.3). Broadening the tax base strengthens fiscal capacity for public services (SDG 17.1), and adopting sustainable industrial and agricultural practices improves food security and productivity (SDG 2.4, 9.B). Furthermore, building capacity in emerging technologies like AI fosters innovation and economic diversification (SDG 9.5, 9. C, 8.2) while securing global trade agreements expands market access and technological cooperation (SDG 17.16, 17.12, 17.6, 8.A). Simplified regulations also promote SMEs and job creation, enhancing the ease of doing business (SDG 8.3, 9.3) and positioning Pakistan as a competitive player in the global economy.

Foreign Direct Investments (FDI), remittances and exports are three key avenues that cradle the solution to the country's economic woes, with exports a standout amongst these, which can help address concerns. Improvement in exports encapsulates a key theme of the country's future economic growth direction. Pakistan's growth model must be reoriented toward export-led growth in order to tackle the chronic boom-and-bust cycles and provide a stable macroeconomic environment, which will, in turn, cultivate an environment amenable to FDI. Keeping in view its importance, and as one of the five pillars/nodes of URAAN Pakistan, the export chapter has been given due consideration and deliberations in the subject document. A detailed Action Matrix pertaining to the industrial sector's export targets are at Annex-5.1.

National Productivity, Quality and Innovation Summit 2024

The National Productivity, Quality and Innovation Summit was held on November 21-22, 2024, wherein experts from industry, academia, and think tanks gave detailed insights into the different aspects of Productivity, Quality and Innovation. The primary objective of the PQI Summit was to focus on two critical aspects of productivity:

- To share the National Productivity Master Plan, a comprehensive roadmap developed to address the productivity challenges faced by Pakistan and propose solutions.
- To foster a deeper understanding among stakeholders about the role of a productivity measurement system and incentivization strategies. It emphasized best practices for improving labor and capital productivity, which are essential for enhancing overall economic performance.

The productivity session at the PQI Summit explored several key themes that are integral to understanding and improving productivity across various sectors, which included:

- Regional Scenarios and Latest Productivity Techniques
- Current Productivity Challenges
- Dissemination of NPMP
- Strategic Initiatives by Development Sectors
- SME Transformation
- Milestones for Productivity Enhancement in Pakistan
- Productivity in Export-Oriented Sectors

Outlook FY2025-26

Allocation in the Public Sector Development Programme (PSDP) serves as a critical tool for the Government of Pakistan to accelerate the pace of development across key sectors, including manufacturing, commerce, and minerals. As articulated in URAAN Pakistan, the PSDP allocations are strategically designed to support the nation's shift toward an export-led growth model, a cornerstone of the plan's "Export" pillar. This framework aims to untap Pakistan's true economic potential by enhancing productivity, fostering innovation, and expanding trade opportunities for exporters, investors, and entrepreneurs. Table 5.3 below compares PSDP fund allocations over the years for development projects in these sectors, reflecting a commitment to bolster infrastructure, technology upgradation, and SME facilitation—key priorities under URAAN Pakistan. By channeling resources into initiatives like special economic zones, export accelerators, and mineral exploration, the government seeks to address chronic economic challenges, aligning with the broader vision of sustainable economic transformation outlined in the 5Es strategy.

Table 5.3: Allocation in PSDPs

(Rs. million)

Ministry/Division	2021-22	2022-23	2023-24	2024-25	2025-26
Industries and Production Division	2,916.1	2,850.0	3,000.0	4,268.7	1904.3
Commerce Division	1,613.5	1174.4	1100.0	2,205.3	400.0
Petroleum Division – Mineral sector	323.0	320.6	302.6	400.8	718.6

Source: PSDP

Major Challenges

Manufacturing, Commerce and Mineral sectors have been constrained by challenges such as limited product and market diversification, inconsistent policies, tariff barriers, restricted credit access (especially for SMEs), low productivity, high business costs, energy shortages, inadequate infrastructure, outdated technology, and a lack of innovation and R&D. A strategic overhaul is planned to address these issues, aiming to boost productivity, competitiveness, and export orientation, leveraging manufacturing and mineral potential to elevate their GDP shares and propel economic growth.

Policies for FY2025-26

To enhance Pakistan's export competitiveness and improve overall export performance, work on the Strategic Trade Policy Framework (STPF) 2025-30 and the National Tariff Policy 2025-30 is in the process by the Ministry of Commerce and will be finalized by June, 2025 after approval from the Cabinet.

Sectoral Strategy for FY2025-26

The government mainly focuses on export-led growth through SME sector development, skill development of the workforce, technology upgradation, industrial infrastructure development/ establishment of SEZs, facilitating innovation, enhancing productivity and competitiveness of locally manufactured products in the international markets, encouraging foreign direct investment (FDI), promoting exports through new/better market access, competitive incentives and facilitating G2G, B2C, B2B, C2C interactions. In short, the strategy for the upcoming year would be comprehensive and adaptive, balancing urgent economic stabilization measures with short-, medium- and long-term reforms for growth and economic development. Ensuring political stability, effective governance, and regional cooperation is foundational for overcoming the challenges and achieving sustainable growth. The plan would be flexible and responsive to the domestic landscape. Regular review mechanisms and public engagement will be necessary for success.

Programmes for FY2025-26

Government in any economy acts as a facilitator in order to enable and provide a feasible environment for businesses to flourish. Therefore, some of the sector-specific focus areas are suggested for the facilitation of businesses and regular review of the implementation of the Annual plan:

- Pakistan has a significant advantage in textiles. Ministry of Commerce needs to focus on upgrading the textile industry through public-private partnerships for modern machinery, encouraging investment in value-added products (such as apparel and home textiles, technical textiles, etc.), and improving the textile supply chain as well. Further, promote the manufacturing of consumer electronics, home appliances, and electrical components by offering incentives for technological development, training, and market access by utilizing EDF sources.
- Localized production of electric vehicles (EVs) and related infrastructure will be emphasized by the Ministry of Industries & Production.
- The Ministry of Industries & Production must focus on strengthening Pakistan's pharmaceutical and chemical industries by offering R&D grants and incentives to manufacture high-value products for both local and international markets.
- Similarly, for sustainable green manufacturing, the following needs emphasis:
    - The Ministry of Industries & Production, through Industrial Policy, must encourage manufacturers to adopt eco-friendly technologies, such as energy-efficient machines and waste-recycling systems, to reduce the environmental impact of production processes.
    - Promote circular economy practices within the manufacturing sector to minimize waste and maximize resource efficiency. This could involve improving product design for recyclability and promoting the reuse of materials.
    - Encourage manufacturers to source raw materials responsibly, especially in industries like textiles and construction, to reduce the environmental footprint of production.
- Manufacturers need to strengthen domestic supply chains for raw materials, particularly for industries like steel, chemicals, and textiles. This will reduce dependence on imports and improve the competitiveness of local manufacturers.
- Similarly, the Ministry of Industries & Production has to Support the development of integrated supply chains that link manufacturers with raw material suppliers, transportation networks, and retailers to improve efficiency and reduce costs of production through advisory councils' sessions.
- Industrial policy must create an enabling environment for collaboration between the private and public sectors. Public-private partnerships can be used for infrastructure development, technology transfer, and innovation.
- Establishment of advisory services to help businesses navigate regulatory frameworks, adopt modern technologies, and access financing opportunities is also an area for consideration by the Board of Investment.

The federal government, in view of fast-tracking industrialization in the country and to boost exports, proposes some key initiatives as listed below in Table 5.4:

Table 5.4: Proposed Projects for PSDP 2025-26

S. No.	Name of the Project	Estimated Cost (Rs. Million)	Status
Industries & Production Division			
i.	Development of Block-A (500 acres) of Phase-I (1500 acres) of the Karachi Industrial Park (Federal SEZ) on Approx. 6400 Acres of Pakistan Steel Mills Land, Karachi	7,404.0	CDWP 21.02.2025
ii.	1000 Industrial Stitching Units (Phase-II)	1,950.0	CDWP 21-05-2025

Besides PSDP-funded projects, GSP, from its regular budget, has designed a number of annual field programmes /projects like minerals investigation, geological mapping, geophysical exploration, geochemical exploration of precious metals, groundwater studies, etc., for the year 2025-26. These activities will be carried out in different parts of the country. To develop Pakistan's manufacturing sector, the government is adopting a comprehensive and cohesive approach that addresses infrastructure, policy reforms, human capital, technology adoption, and market access. The key is to foster a competitive environment where both small and large manufacturers can thrive, create jobs, and boost exports. By focusing on modernizing industries, adopting sustainable practices, and leveraging regional trade agreements, Pakistan can build a robust and diversified manufacturing sector that will contribute significantly to the nation's economic growth.

Annex-5.1

Implementation Matrix

Key Actions	Key Deliverables	Responsibility
Establish task forces	Formation of 5+ task forces with operational reports	MoIP (Lead), MoC, provincial industries
Launch SME financing initiatives	20 percent increase in SME lending, support for 300+ SMEs	MoF (Lead) SMEDA, MoIP, SBP, trade bodies
Implement digital customs processes.	Customs clearance time reduced by 20 percent, trade volume increased by 10 percent	FBR (Lead), MoC, TDAP
Formalize SMEs into the economy.	Formalization of 50,000+ SMEs, streamlined registration process	SMEDA (Lead), MoF, FBR, SECP
Provide export incentives	Tax credits for 100+ exporters (R&D, energy efficiency), 10 percent cost reduction	MoF (Lead), FBR, MoC, MoIP, trade bodies
Promote quality certifications	50+ firms certified (ISO, Halal, CE), access to high-value markets	MoC (Lead), TDAP, MoST, trade bodies
Strengthen national branding and marketing	10+ Pakistani brands recognized globally, participation in 5+ international fairs	MoC (Lead), TDAP, trade bodies
Promote digital trade platforms	200+ exporters onboarded to platforms (e.g., Alibaba), 15 percent digital export growth	MoC (Lead), MoIT&T, TDAP

6. BLUE ECONOMY

Pakistan's Blue Economy leverages its strategic maritime assets, including a 1,046 km coastline along the Arabian Sea and a 290,000 sq.km Exclusive Economic Zone (EEZ), to foster sustainable economic growth. Encompassing maritime transport, fisheries, coastal tourism, ship recycling, and emerging sectors like renewable energy and desalination. The Blue Economy is pivotal for job creation, food security, and regional trade integration. Positioned at the crossroads of global trade routes, Pakistan's ports Karachi, Port Qasim, and Gwadar serve as gateways to South Asia, the Middle East, and Central Asia, amplified by the China-Pakistan Economic Corridor (CPEC), which enhances connectivity through Gwadar's deep-water port.

The global Blue Economy's valuation exceeds US$ 1.5 trillion annually, with the potential to reach US$ 3 trillion by 2030. The sectoral strategy aligned with URAAN Pakistan, and SDGs aims to capture a significant share, targeting a US$ 100 billion contribution by 2047. This strategy is supported by institutional reforms, such as the Blue Economy Project Management Unit (PMU), which coordinates cross-sectoral policies, and the planned Blue Economy Coordination Centre in Gwadar, a hub for research and investment.

Stakeholder collaboration is central, involving provincial governments (Sindh, Balochistan), private partners (e.g., AD Ports, COSCO), and international organizations (e.g., IMO, FAO). Sindh's focus on Karachi and Port Qasim aligns with trade-driven ADP priorities, while Balochistan's Gwadar development supports CPEC's regional vision. Challenges include environmental degradation (e.g., 10% annual mangrove loss), overfishing (30% fish stock depletion), and infrastructure deficits, necessitating green technologies and regulatory harmonization. Draft National Maritime Policy and Fisheries Policy aim to address these, fostering sustainable growth and global competitiveness.

Performance Review FY2024-25

The Blue Economy sector exhibited robust performance in FY2024-25, benchmarked against regional competitors like India (1.4 billion tons port throughput) and Sri Lanka (7.1 million TEUs). Below is a detailed breakdown of sub-sector performance, highlighting key metrics, regional comparisons, and contributions to economic growth.

Maritime Transport (Ports and Shipping)

- **Karachi Port Trust (KPT):** Handled 40.38 million metric tons (MMT) of cargo, representing 78.2 percent of FY2023-24's 51.65 MMT, with imports at 25.2 MMT (62%) and exports at 15.2 MMT (38%). Container traffic reached 1.8 million TEUs, competitive with Sri Lanka's 7.1 million TEUs. KPT's Container Port Performance Index (CPPI) ranking of 56 reflects investments in automated cargo handling and berth upgrades, outperforming Port Qasim. Sindh’s ADP prioritized KPT’s modernization, contributing to a 2% increase in provincial trade revenue.

- **Port Qasim Authority (PQA):** Processed 33.8 MMT, with exports growing 3.2 percent to 7.6 MMT, driven by LNG imports (7.412 MMT, 27.3% of total imports). PQA handled 1.2 million TEUs, lagging behind KPT due to lower digitalization (CPPI rank: 157). Investments in LNG infrastructure supported energy security, aligning with Sindh’s industrial growth goals.
- **Gwadar Port:** Managed 42,505.5 tons, focusing on Free Zone development under CPEC. Cargo volumes grew 10 percent year-on-year, signalling its emerging role as a transhipment hub. Balochistan’s ADP allocated Rs. 2 billion for port access roads, enhancing regional connectivity.
- **Pakistan National Shipping Corporation (PNSC):** Achieved a Rs. 15.4 billion profits, resilient despite a 16 percent decline in slot business due to global supply chain disruptions. PNSC operated 12 vessels, transporting 5.6 MMT of cargo, primarily oil and bulk commodities. Dual-fuel vessel trials aligned with IMO Tier II standards, positioning PNSC competitively against regional fleets like India’s SCI (Rs. 20 billion profit).

Fisheries

- Exported 152,600 metric tons valued at $318.9 million, a 4.04 percent increase from FY2023-24. Key markets included the EU (40%), Southeast Asia (30%), and China (20%), with shrimp and tuna driving growth. Compared to India’sUS$7.4 billion fisheries exports, Pakistan’s focus on EU-compliant certifications boosted competitiveness. Sindh’s Korangi Fish Harbour (KoFHA) processed 60 percent of exports, while Balochistan’s Gwadar and Pasni ports handled 25 percent. Overfishing has depleted 30 percent of fish stocks, prompting the draft National Fisheries Policy enforcement.

Ship Recycling

- Gaddani recycled 12 ships, generating Rs. 221.1 million, adhering to Hong Kong Convention (HKC) standards. The sector employed 8,000 workers, with Balochistan investing Rs. 500 million in worker safety and waste management. Compared to India’s Alang (50 ships recycled), Gaddani’s output was modest but greener, with 90 percent material reuse. Challenges included high compliance costs, offset by tax incentives.

Coastal Tourism

- Contributed 5 percent growth, generating Rs. 1.5 billion in revenue. Sindh promoted Keenjhar Lake and Manora Island, attracting 1.2 million visitors, while Balochistan developed Ormara and Kund Malir beachfronts, drawing 300,000 tourists. Compared to Sri Lanka’s US$ 2 billion tourism revenue, Pakistan’s sector is nascent but growing, supported by provincial marketing campaigns.

Table 6.1 Sub Sector Comparison

Sub-Sector	Indicator	Value	Regional Comparison
KPT	Cargo Handled	40.38 MMT	India: 1.4 BMT
PQA	Cargo Handled	33.769 MMT	Sri Lanka: 7.1M TEUs
Gwadar	Cargo Handled	42,505.5 MT	Emerging hub
PNSC	Profit	Rs. 15.44B	India SCI: Rs. 20B
Fisheries	Export Value	US$ 318.9M	India: US$ 7.4B
Ship Recycling	Revenue	Rs. 221.1M	India Alang: 50 ships
Coastal Tourism	Revenue	Rs. 1.5B	Sri Lanka: US$ 2B

Source: KPT, PQA, GPA, PNSC, MFD, Provincial Tourism Depts (2025)

Pakistan's combined port throughput of 74.2 MMT reflects 3.3 percent annual growth, trailing India but surpassing Bangladesh (60 MMT). Sindh's support for KPT and PQA aligns with trade-driven priorities, while Balochistan's focus on Gwadar strengthens CPEC integration. Challenges include port congestion, limited digitalization, and environmental degradation (10% mangrove loss), addressed through infrastructure upgrades and draft policies.

Outlook and Programs FY2025-26

The Ministry of Maritime Affairs (MoMA) projects a 4.2 percent growth in port demand for FY2025-26, with containerized cargo rising from 3 million to 8.4 million TEUs. Programs focus on infrastructure, sustainability, and policy reforms, with Rs. 27.3 billion in PSDP funding and private investments. Below are sub-sector-wise programs and targets.

Maritime Transport (Ports and Shipping)

- **KPT Modernization:** Add six berths (2,250 meters) at the Deepwater Enclave (Rs. 13 billion) to handle 2 million TEUs annually. Reconstruct Oil Pier-I (Rs. 3 billion) and implement Integrated Road Connectivity (Rs. 33.6 billion) to reduce congestion. AD Ports' US$ 50 million investment will upgrade terminal automation.
- **PQA Development:** Construct two LNG terminals (Rs. 1.5 billion) to increase LNG handling to 8 MMT, supporting energy imports. COSCO's US$ 30 million investment will enhance digital cargo tracking, aiming for a CPPI rank improvement to 120.
- **Gwadar Expansion:** Develop Free Zone Phase-II (Rs. 3.9 billion) to attract $300 million in logistics and manufacturing investments. Complete Eastbay Expressway Phase-II (Rs. 9.4 billion) and port dredging (Rs. 2 billion) to handle 100,000 tons of cargo. DP World's US$ 20 million commitment will bolster transhipment facilities.

- **PNSC Fleet Expansion:** Procure four Aframax/LR-2 dual-fuel tankers (US$ 200 million, private financing) compliant with IMO Tier III standards, increasing cargo capacity to 7 MMT. Retrofit two existing vessels for green fuels (Rs. 1 billion).
- **Target:** Achieve 3.5 million TEUs across ports and 10 percent PNSC market share in regional shipping.

Fisheries

- Upgrade Korangi Fish Harbour (KoFHA) with auction hall modifications (Rs. 424 million) and jetty rehabilitation (Rs. 414.7 million) to process 200,000 MT. Establish cold chain facilities in Gwadar (Rs. 300 million) for EU compliance. Train 5,000 fishers in sustainable practices (Rs. 100 million).
- Finalize National Fisheries Policy to enforce quotas and reduce overfishing by 15 percent. Target US$ 400 million in exports, expanding to Saudi Arabia and Brazil.
- **Target:** Increase export volume to 180,000 MT, with 50 percent EU market share.

Ship Recycling

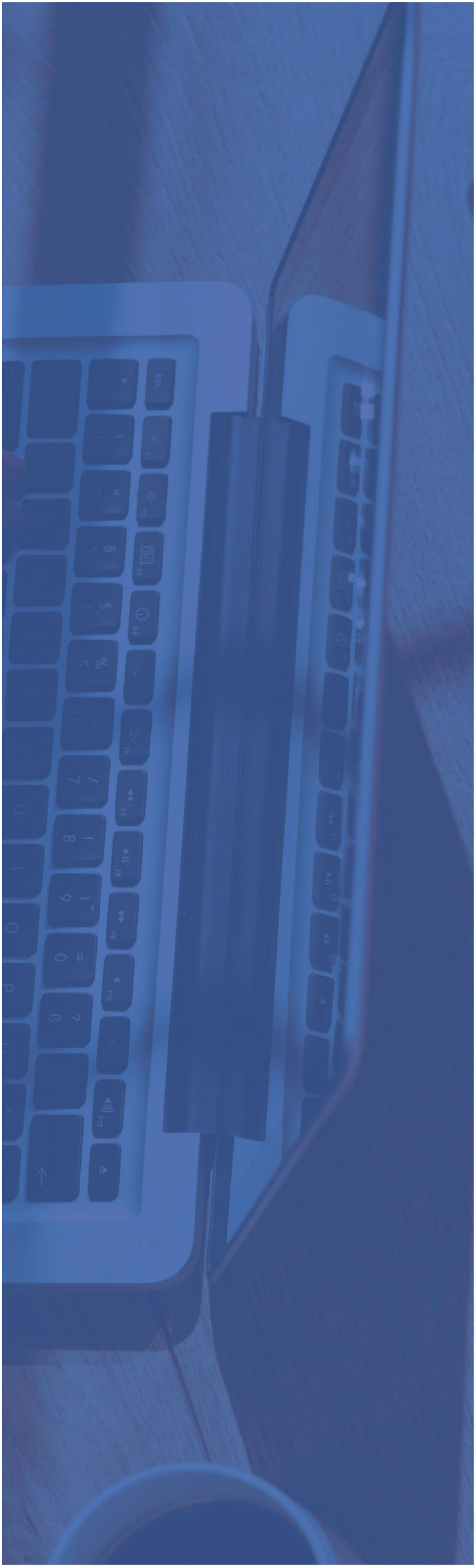
- Modernize Gaddani yards (Rs. 12.2 billion) with HKC-compliant facilities, including a Treatment, Storage, and Disposal Facility (TSDF) and worker welfare systems. Process 20 ships, generating Rs. 2 billion, with 95 percent material recycling.
- Partner with IMO for green technology training (Rs. 200 million). Expand workforce to 10,000 with safety certifications.
- **Target:** Recycle 20 ships, achieving 10 percent regional market share.

Coastal Tourism

- Develop Sindh's Keenjhar Lake and Manora Island with eco-friendly resorts (Rs. 1 billion) to attract 1.5 million visitors. Balochistan will upgrade Ormara and Kund Malir infrastructure (Rs. 800 million) for 500,000 tourists.
- Launch digital marketing campaigns (Rs. 200 million) targeting domestic and GCC markets. Align with SDG 8 (Decent Work) by training 2,000 tourism workers.
- Target: Generate Rs. 2 billion in revenue, with 10 percent growth.

Cross-Sectoral Initiatives

- Establish Blue Economy Centre Phase-II in Gwadar (Rs. 1.3 billion) for research, innovation, and investor matchmaking, targeting US$ 500 million in FDI by 2027.
- Finalize National Maritime Policy 2025 to harmonize regulations and promote green technologies (e.g., solar-powered port systems, Rs. 500 million).
- Address climate challenges (mangrove loss, coral bleaching) through restoration projects (Rs. 300 million) and naval patrols to counter piracy (Rs. 400 million).
- Align with SDG 14 (Life Below Water) via sustainable fisheries and marine conservation, supporting a 2 percent GDP contribution increase.



E-PAKISTAN

Leading the Digital Revolution

7. INFORMATION AND COMMUNICATION TECHNOLOGY – DIGITAL TRANSFORMATION

Pakistan's Information and Communication Technology (ICT) sector rapidly emerges as a cornerstone of economic and social transformation, positioning the country for a digitally empowered future. With a fast-expanding digital economy, a dynamic and youthful population, and a government focused on comprehensive digitalization, the sector is at the heart of the country's URAAN Pakistan. Central to this transformation is the strategic alignment of ICT advancements with the SDGs, ensuring that technological progress drives inclusive, equitable, and sustainable development.

A key enabler of this transformation is Pakistan's vast and growing human capital and the country produces over 25,000 IT graduates annually. Through initiatives such as National Incubation Centers (NICs), Technology Parks, and Startup Accelerators, Pakistan is fostering an innovation- driven culture that nurtures digital entrepreneurship and tech-based employment. Collaborative efforts between academia and industry are accelerating the development of a future-ready workforce. By aligning curriculum with the demands of the Fourth Industrial Revolution (4IR), skill development in artificial intelligence, cloud computing, cybersecurity, and the Internet of Things (IoT) is being prioritized.

Connectivity lies at the heart of Pakistan's digital growth strategy. Efforts to enhance broadband penetration and roll out robust 5G infrastructure are essential to bridging the digital divide between urban and rural areas. Government-led digital inclusion initiatives are expanding access to underserved regions, ensuring that the benefits of digital transformation reach all segments of society. Digital public services, including e-governance, telemedicine, digital education, and fintech, are transforming service delivery and promoting transparency and efficiency. Pakistan is also advancing its position in space and satellite technology. The launch of PakSat MM-1 has strengthened national capabilities in broadband, remote health services, and e-learning.

Review 2024-25

For F Y 2024-25, a total of Rs. 52,189.0 million was allocated for 45 projects in the domains of information technology, telecom and space technologies etc. These projects are also meant to improve the digital landscape as well as contribute to various SDGs. The breakup of the allocation and utilization is as under;

Table -7.1: Allocation and Expenditure of PSDP Funds- 2024-25

(Rs. Million)

Ministry/Division	No. of Projects	PSDP Allocation 2024-25	Expected Expenditure up to June 2025
Information Technology and Telecom	21	23,929.0	23,929.0
SUPARCO	5	24,117.0	24,117.0
Defense Division	3	1,918.5	1726,691.0
Law & Justice	4	183.0	146.4
Interior Division	5	630.0	504.0
Finance Division	1	418.4	292.9
Human Rights Division	1	8.4	6.7
Planning, Development, and Special Initiatives	2	425.0	340.0
Science and Technological Research Division	3	560.0	448.0
Total	**45**	**52,189.0**	**51,511.0**

A brief overview of key initiatives is as under:

The National CERT (NCERT), launched under the PSDP project "Cyber Security for Digital Pakistan," is a cornerstone initiative aimed at fortifying the country's digital ecosystem through proactive cyber defense and incident response. Beyond enhancing national cybersecurity, NCERT significantly contributes to the achievement of multiple Sustainable Development Goals (SDGs). Under SDG 8 (Decent Work and Economic Growth), it fosters a secure environment for micro, small, and medium enterprises (MSMEs) to operate digitally, access global markets, and drive inclusive entrepreneurship. It also supports efficient production systems through the secure adoption of digital technologies, addressing Target 8.4 on sustainable resource use.

Pakistan Cloud First Policy: Pakistan has introduced its Cloud First Policy, establishing the first Cloud Office under the Ministry of IT&T. The Cloud Security Accreditation Criteria is being finalized, and the Cloud Procurement Framework has been developed by PPRA in collaboration with MOITT. Additionally, the National Freelancing Facilitation Policy draft has been completed and sent for Federal Cabinet approval.

National Artificial Intelligence Policy: The National Artificial Intelligence (AI) Policy, developed through broad-based consultations with stakeholders from academia, industry, and the public sector, represents a strategic framework to position Pakistan as a competitive player in the global AI landscape. Currently in the finalization stage, the policy lays the foundation for ethical, inclusive, and innovation-driven adoption of AI technologies across all sectors.

The Task Force on Artificial Intelligence: The National AI Roadmap and Implementation Plan by NCAI outlines a comprehensive strategy for AI integration across key sectors in Pakistan, focusing on governance, education, R&D, infrastructure, sector-specific applications, international collaboration, and public service reforms. It aims to establish Pakistan as a global AI hub by fostering innovation, driving economic growth, and ensuring responsible AI adoption.

Pakistan Multi-Mission Communication Satellite System (PakSat MM-1): PAKSAT-MM1 is Pakistan's first multi-mission satellite, launched on May 30, 2024, and becoming operational on October 17, 2024. It is designed to provide a range of services, including television broadcasting, internet connectivity, and tele-education, supporting the Digital Pakistan initiative. Equipped with the Pakistan Space-Based Augmentation System (SBAS), PAKSAT-MM1 enhances the country's capabilities in communication and navigation.

Outlook 2025-26

For 2025-26, Rs. 29,914 million has been earmarked for ICT sector-related projects, and it is envisioned that there would be a substantial rise in the following domains, primarily due to government initiatives and support for IT programs:

- Establishment of IT Startups and Tech. Ventures
- Increase in the number of freelancers and increased earnings quantum
- Enhanced internet connectivity is available in remote regions of Pakistan, including GB and AJK
- Incentives for local manufacturing of IT equipment and products
- Upscaling of the technical skills of youth in IT domains
- Focus on market-oriented job skills

During the next FY2025-26, it is planned to launch a Digital Pakistan initiative aimed at spurring innovation and implementing an IT-driven culture with a focus on the adoption of ICT services to improve public services delivery and enhance connectivity infrastructure, e.g., broadband access, cellular connectivity, etc. Breakup of ICT Sector allocations is as under in table 7.2:

Table 7.2: PSDP Allocation FY 2025-26

Ministry/ Division	No. of Projects	Allocation (Rs. Million)
Information Technology	15	15,751
SUPARCO	6	5419
Law & Justice Division	2	197
Interior Division	5	6,316
Finance Division	1	165
Planning & Development	2	270
Science & Technology	2	346
Defence Division	3	1,449
Total	**36**	**29,914**

Following is a glimpse of key projects for 2025-26, which would impact the sectoral performance indicators:

Project 1: Prime Minister's Initiative Support for I.T Startups, Specialized I.T Trainings, and Venture Capital (Rs. 5000 million)

The project consists of 3 components, including the following:

- The Pakistan Start-up Fund, aligned with the Digital Pakistan Policy, aims to drive venture capital investment by reducing investor risks and providing equity-free financial support to startups. It supports sectors like fintech, retail, AI, and Machine Learning, fostering innovation and IT/ITeS exports. Serving as a bridge between investment and innovation, the fund plays a key role in strengthening Pakistan's startup ecosystem.
- Bridge Start Pakistan is a government-supported initiative aimed at showcasing local startups on the global stage. It focuses on securing investments, expanding markets, and enhancing global competitiveness to drive job creation, economic diversification, and
- knowledge exchange. By positioning Pakistan as a centre for innovation, the program seeks to attract international partnerships and investments, strengthening the country's entrepreneurial ecosystem.
- E-Rozgaar Pakistan aims to tackle youth unemployment by leveraging Pakistan's strong position in IT outsourcing. The government plans to establish 250+ co-working spaces nationwide as virtual tech hubs for innovation and skill development. To strengthen the IT industry, 20,000 students from HEC-recognized universities will receive specialized technology training at a cost of Rs. 1,000 million. Additionally, a hands-on Industry- Placement Programme will place 10,000 ICT students in their final semesters into industry roles, offering practical experience and a Rs. 30,000 stipends. This initiative aims to build a highly skilled workforce, driving growth and innovation in Pakistan's IT sector.

SUPARCO is embarking for new heights in the sector of Space technology in FY2025-26 with some major projects as follows:

Project 2: The Pakistan Remote Sensing Satellite-2 (PRSS-O2) (Rs. 19,591.8 million)

The Pakistan Remote Sensing Satellite-2 (PRSS-O2) is part of Pakistan's efforts to enhance its space-based capabilities for remote sensing and Earth observation. Developed by SUPARCO (Space and Upper Atmosphere Research Commission), PRSS-O2 is designed to provide high- resolution optical imaging for various applications, including land mapping, agriculture monitoring, urban planning, disaster management, and environmental monitoring. The satellite is equipped with advanced electro-optical technology, enabling it to capture detailed multi- spectral images. It is a significant step in Pakistan's "Space Vision 2047" initiative, which aims to achieve self-reliance in satellite development and launch capabilities.

Project 3: Revamping the IT Industry Landscape (Rs. 6,950 million)
The project aims to increase IT exports by US$ 800 million to US$ 1.2 billion, aligning with national objectives to enhance revenue and sector capabilities. It comprises three key components:

Component-I: HR/ Skills Development: Focused on leadership, skill enhancement, and industry experience, this component reserves a 2 percent quota for public sector IT professionals.

Table 7.3: Key Training Programmes

S. No.	Sub-Component	Number
1.	Soft Skills and Leadership Skills	550
2.	Industry/ Academia Bridge	4,400
3.	Master Trainers	1,000
4.	Bootcamps/ Short Courses	6,000
5.	BPO/LPO/KPO	1,000
6.	Apprenticeship (High End Professional	8,000
	Total:	**20,950**

Component-II: Ecosystem Development: Aims to address gaps in the domestic IT ecosystem through research and consultancy, including: Harmonization between STZA & STPs/ITPs

- IT-specific insurance policies
- Capital market engagement policy
- Ease of doing business reforms
- IP rights and tax reforms
- Study on PSEB's organizational capability

Component-III: Marketing & Branding: This component focuses on creating a comprehensive marketing strategy to promote Pakistan's IT industry both domestically and internationally.

- A Multi-Country Marketing Campaign under the Umbrella of Tech Destination Pakistan
- Print/Web Content Regarding the Pakistani IT Industry to be Published
- Billboard & Video Advertisements
- Overall Social Media Strategy Campaigns
- Partner with Social Media Influencers in The Tech Space for Industry Publications: Promote White Papers and Reports Through Social Media and Email Marketing Campaigns
- For Industry Publications: Promote White Papers and Reports Through Social Media and Email Marketing Campaigns.

Project 4: National Semiconductor HR Development Program (NSHRDP) PHASE-I (Rs 4,844 million)
This project aims to establish a fabless chip design ecosystem in Pakistan by developing manpower, opening design centres, fostering start-ups, and conducting indigenous chip design R&D, positioning the country to benefit from the growing semiconductor industry over the next decade. The National Semiconductor HR Development Program (NSHRDP) PHASE-I will be executed through three (03) components, which are as follows:

Component I: Semiconductor Education & Research Clusters (SERCs): The Semiconductor Education and Research Clusters (SERCs) aim to build the capacity of engineering universities across Pakistan for semiconductor education and research at the undergraduate (UG) and postgraduate (PG) levels. A total of 2,200 students will be trained, nearly 1,500 at the UG level and about 700 at the PG level. In this regard, three SERCs (SERC- North, SERC-Centre and SERC-South) will be formed to cover the entire country.

Component II: Up-Skilling Training Programs (USTPs): This component aims at up-skilling already graduated engineers in the field of chip design. While the first SERC component focuses on incorporating IC-related courses/ projects in degree programs at selected universities, this component aims to broaden the talent pool through an inclusive but competitive process of launching training programs across the country.

- Level-1: Foundation Training (2 months) – 6,000 professionals
- Level-2: Specialized Tracks (3-6 months) – 3,000 professionals
- Level-3: Expert Training (3-6 months) – 1,200 professionals

Component III: Centralized Electronic Design Automation (EDA) Tools: Development of Electronic Design Automation software tools used in the semiconductor industry for designing and analyzing electronic systems. EDA tools procured under the program will be hosted at a central location. All tools procured under the project will be made accessible to the students/ trainees of partner institutions in the SERCs and USTPs.

The other major projects included in the PSDP 2025-26 are as follows:
- Digital Economy Enhancement Project (WB Funded) (Rs 8,279 million)
- Expansion of Cellular Services in AJK and GB Phase -IV (SCO) (Rs. 1,997 million)
- Expansion of Safe City Islamabad. (Rs. 7,499.3 million)
- Gwadar Safe City Project. (Rs. 7486.8 million)
- Strengthening of M/o PD&SI in I.T (Rs. 1,374.5 million)
- Pakistan Manned Space Mission (Rs. 2243.2 million)
- Development of Pakistan Lunar Exploration Rover (PLExR) for Chang’E-8 Mission (Rs.2,535 million)

8. HIGHER EDUCATION, SCIENCE & TECHNOLOGY

Higher education institutions play a vital role in a knowledge economy by producing skilled workers, fostering innovation, and contributing to economic growth. Universities shape the workforce, conduct cutting-edge research, and collaborate with industry to develop new technologies and products. Science and Technology are central to this process, as they drive innovation and enable the rapid exchange of information through tools like the internet and AI. The transition to a knowledge-based economy requires significant investments in education, research & development, and Information and Communication Technology (ICT).

Higher education initiatives aligned with URAAN Pakistan, and SDGs are designed to accelerate the growth of Human Capital by enhancing quality, access, and improving the relevance of higher education in fostering a knowledge-based economy. These include performance-based funding, quality assurance reforms, digital enablement of universities, faculty development, and socio-economic impact through research. The major interventions include quality assurance frameworks, research commercialization, support to emerging technologies, scholarships for underprivileged students, and faculty capacity-building programs.

Performance Review FY2024-25

In FY2024-25, Rs. 61.1 billion was allocated to HEC for 159 development projects, including Rs. 12.0 billion for the PM's Youth Laptop Scheme (Phase-IV).

Key initiatives launched include:

- Establish five national centers in emerging fields (nanotechnology, quantum computing, manufacturing, brand development, and growth center).
- PM's Youth Laptop Scheme (Phase-IV)
- PM's National Volunteer Corps
- National Institute of Intelligence and Security Studies (NIISS)
- National Cyber Security Academy (NCSA)

Of the total allocation, Rs. 61.1 billion was authorized and released. Rs. 12.0 billion were earmarked for the Laptop Scheme. Upto 15th May 2025, Rs. 42,302 Million were utilized.

Summary of PSDP 2024-25 is given in Table 8.1 below:

Sr #	Descriptions	No. of Projects	Total Cost	Throw-Forward as on 1st July, 2024	PSDP Allocation 2024-25	Releases FY2024-25	Expenditure up to 15th May 2025
1	Ongoing Schemes	140	350,169.0	206,308.0	50,347	50,347	31,611
2	New Schemes	19	93,224.0	93,204.0	10,768	10,768	10,691
	G. Total (A+B)	**159**	**437,926.4**	**293,142.1**	**61,115**	**61,115**	**42,302**

Furthermore, during the current FY2024-25, 30 projects have been planned for completion. Out of which, funding for 18 projects has already been completed.

Human Resource Development:
HEC continues to build capacity by offering local and foreign scholarships in emerging fields, targeting students and faculty of public sector universities. Currently, 17 scholarship projects with an allocation of Rs. 8.3 billion are underway, supporting quality education at undergraduate and postgraduate levels. Approximately 18,500 scholarships are being offered, including 14,000 for local and 4,500 for foreign universities.

In FY2024-25, around 600 foreign scholarships were awarded, and 147 scholars completed their PhDs and returned. Over 1,000 indigenous scholarships were granted, primarily to students from FATA, Balochistan, and Gilgit-Baltistan. Moreover, around 700 scholarships were awarded to Afghan and Sri Lankan students to strengthen regional ties. This will help in achieving SDG-4, Target 4(b), which advocates for the expansion of global scholarship opportunities for developing countries. Pakistan, despite being itself a developing country, is not only offering indigenous and foreign scholarships for its citizens but also for other developing countries, as stated above. Under the Interim Placement of Fresh PhDs Program, 150 scholars were trained and placed in public universities.

HEC developed a business intelligence and data analytics platform for university ranking based on five major and 61 minor KPIs, with results shared with 152 HEIs. For the Unified Information System (UIS), data entities and attributes across 17 divisions were identified, and a draft RFP, along with master data, was prepared. Under Higher Education Statistics (HES), 85 percent of the data for 2022-23 was finalized. Employability data for the last five years was collected from over 160 HEIs. Relevant data was also submitted to the Pakistan Institute of Education (PIE) as per UNESCO requirements and provided for the Economic Survey 2022-23 and Medium-Term Performance-Based Budget (FY2024-25 to FY2026-27). Additionally, 2,683 Ph.D. Country Directory (PCD) applications were approved as of March 25, 2025.

Research & Development:

- Under the National Research Programme for Universities (NRPU), around 7,000 researchers participated in the competition, with Rs. 696.8 million disbursed for 1,081 ongoing projects, and 316 projects were completed. Under the Technology Development Fund (TDF), 38 projects were awarded, and the first instalments were released. Business Incubation Centres (BICs) were established at IBA Karachi and the University of Balochistan under the Innovative and Startup Funding (ISF) initiative.
- Under the Higher Education Development in Pakistan (HEDP) initiative, around Rs. 2.9 billion was released for ongoing projects under the Grand Challenge Fund (GCF), Local Challenge Fund (LCF), Technology Transfer Support Fund (TTSF),

Rapid Technology Transfer Grant (RTTG), and Centres of Excellence (CoEs). A total of 76 projects have been completed (with closures in progress), five projects officially closed, and 17 are ongoing with progress reports under review. Additionally, 6 Innovator Seed Fund (ISF) awards were successfully completed, while 37 are under process for administrative closure.

- Four new Offices of Research Innovation and Commercialization (ORICs) were recognized at Agriculture University Peshawar, Iqra National University Peshawar, DHA Suffa University Karachi, and Bahauddin Zakariya University Multan. HEC coordinated with industrial associations, chambers, and representatives to identify priority areas for industrial research grants. ORICs were also supported in establishing research linkages with industry and public sector organizations, including NIC Islamabad, NADRA, and SECP.
- The Access to Scientific Instrumentation Program (ASIP) policy framework was revised to align with evolving research needs and streamline the grant process. A total of 172 applications were approved, enabling MS and PhD students to access advanced scientific testing and analysis services not available at their home institutions.
- National Centres and Research Support Programs: Eight National Centres continued operations under PSDP, with revised PC-I approvals and Rs. 500 million endowments each for NCCS, NCRA, NCAI, and NCBC. National Steering Committee meetings were held to monitor progress. Under the Pak-France PERIDOT Program, 3 projects were selected from 41 applications, and disbursements were made to 8 ongoing projects. A total of 164 Travel Grants and 94 Seminar Conference Grants were awarded, with Rs. 39 million disbursed. For Research Journals, 1,147 applications were received, 587 recommended, and the policy was revised. Capacity-building workshops are underway in six cities with over 1,000 participants expected.
- The Digital Library saved US$ 376,562 through renegotiated contracts and introduced demand-driven acquisition, with usage reaching 23 million. In the HEC Research Awards, 151 applications were reviewed, and the 10th Awards Ceremony is planned for May 2025. Under the Pak-UK Gateway Project, the final instalment of Rs. 9 million was released to ICRG after a successful review. The PM’s National Innovation Award (PMNIA) completed two rounds, granting 100 awards, with 70 awardees entering incubation at 18 centres. These initiatives will facilitate achieving SDGs targets 4.3, 4(b), 9.5, 9(a), and 9(b).

Prime Minister’s Youth Programs (Talent Hunt and Sports Activities)

The Talent Hunt Youth Sports League registration drive was successfully executed through a comprehensive media and outreach strategy. The campaign involved local sports clubs, the Pakistan Sports Board, provincial sports boards, and national federations, ensuring wide participation and representation from across the country. These initiatives are contributing towards SDG targets, including 4.7 and 10.2. Detail is at Table 8.2:

Table 8.2: Registration Drive-Sports

Sports	Description	Total
Table Tennis	Completed	5,267
Handball	Completed	4,300
Judo	Completed	2,638
Cricket	On-going	28,740
Boxing		1690
Grand Total		**42,635**

Table 8.3: Registration of Players for onward Activities in CFY24-25

Sports	Men	Women	Total
Boxing	1,440	250	1,690
Cricket	26,009	2,731	28,740
Grand Total	**27,449**	**2,981**	**30,430**

Source: Higher Education Commission, Islamabad.

Higher Education Development in Pakistan

The IT Component of the Higher Education Development Program (HEDP) aims to modernize Pakistan's higher education sector by implementing key initiatives. These initiatives are contributing towards SDG targets including 4.3, 4.4, 4.7, 4(b), 8.2, and 9(b). These initiatives include:

- Capacity building through the National Academy of Higher Education
- Development of a framework for improvement in financial autonomy in public sector universities and capacity building of financial managers
- Capacity building for implementation of a 4-year bachelor program and establishment of Quality Enhancement Cells in Affiliated Colleges
- Procurement of a License for the upgradation of SAP in the Higher Education Commission
- Support for Research Grants
- Cloud and HCP Services
- Communication, and Monitoring, and evaluation of the project
- Upgradation of ERP Solution at HEC and provision of ERP to public sector universities
- Student Life Cycle System (SLCS)
- Identity Access Management and degree attestation and verification through Blockchain
- Prefabricated Containerized Data Centre
- Extension of PERN (Pakistan Education Research Network) for Affiliated Colleges

Outlook 2025-26

The outlook for FY2025-26 has been worked out in line with the objectives and targets of URAAN Pakistan, which emphasizes increasing access to higher education and particularly producing IT, engineering, and cutting-edge technologies graduates as per market needs. It also underlines the need for the promotion of new startups, which can lead to economic development. The spending on higher education will hence be targeted towards these main objectives of URAAN Pakistan.

Public Sector Development Program (PSDP):
During FY2024-25, a total of 30 projects have been completed. Whereas the PSDP 2025-26 includes 170 projects at a total cost of Rs. 394,497.8 million. This includes 159 ongoing and 11 new projects. Details at Table 8.4 Below:

Table 8.4: PSDP Allocation for FY2025-26

(Rs. Million)

S. No.	Descriptions	No. of Projects	Allocation
i.	Ongoing Schemes	159	38,488.2
ii.	New Schemes	11	1000
	Total FY2024-25-26	**170**	**39,488.2**

Source: Higher Education Commission, Islamabad.

- **Human Resource Development:** In FY2025-26, 1000 scholarships will be awarded for foreign studies, and 2300 for local studies. New proposals include 100 split PhD scholarships for emerging technologies and 12,000 scholarships for orphans; gender-based initiatives, as well as programs for youth with physical challenges, establishment of sub-campuses, and digital transformation of HEIs, minorities, and differently abled students. in line with SDG-4, Target 4(b). The initiatives under the existing programmes will be continued. The scholarships' distribution of New Projects for FY2025-26 is as follows (Table 8.5):

Table 8.5: Number of Scholarships to be awarded

<table>
<tr><th>S.N</th><th>Name of Projects</th><th colspan="2">FY-2025-26</th></tr>
<tr><td>1</td><td>PhD Scholarship program for selected top-ranked HEIs Emerging Technologies/field</td><td>Split Scholarship 100</td><td>Overseas Scholarship 400</td></tr>
<tr><td>2</td><td>Undergraduate Scholarship program for Family 1st Child, Orphans, Gender Based (Pink scholarship), Minorities, and Differently-abled students</td><td colspan="2">Orphans 4000
First Child 4000
Pink Scholarship 2000
Minorities 800
Differently Abled 400</td></tr>
</table>

Source: Higher Education Commission, Islamabad.

- **Prime Minister's Youth Programs:** The Cricket and Boxing Talent Hunt will engage 150,000 young athletes aged 15-25 nationwide, with trials and coaching camps to select top performers for national and international competitions. The initiatives aim to foster youth talent and provide career development opportunities in both sports. These initiatives will contribute towards SDG targets, including 4.7 and 10.2.

Table-8.6: PM Programs for 2025-26

Sr.	Proposed Project	Scope	Proposed Cost (Rs. Million)
1.	Prime Minister's Scheme for Enabling Youth with Physical Challenges at HEIs through Electric Wheelchairs, Laptops for Blinds, Audio Visual Aids – HEC	Provision of wheelchairs, customized laptops for blinds and upgradation of audio-visual aids.	1,075.0
	PM's National Volunteer Corps	The project will coordinate the volunteers from all regions of the country at national level and train them for their availability in times of needs like disasters, wars, emergencies and development initiatives.	2,301.5
3.	Green Youth Movement, Prime Minister's Youth Programme	To train youth for climate friendly green initiatives, their capacity building and encouraging green initiatives	238.2
4.	Youth Development Center (YDC), Prime Minister's Youth Programme	The project targets capacity building, career guidance and employment of youth by skill development	456.0

Source: Higher Education Commission, Islamabad.

- **Research & Development (FY2025-26):** Under the National Research Programme for Universities (NRPU, ongoing projects continued to receive disbursements, along with on-site evaluations and monitoring.
  - For the Technology Development Fund (TDF), Phase II of the programme will be launched, alongside the introduction of the Knowledge Transfer Partnership (KTP) model to reinforce the triple helix approach to enhance innovation through academia-industry collaboration.
  - For FY2025-26, HEC will launch a new call for Business Incubation Centers (BICs), recognize private sector BICs, revise policies, and continue capacity building and performance evaluations. The focus will remain on strengthening Offices of Research, Innovation, and Commercialization (ORICs), increasing travel and seminar grants, expanding Digital Library access, and launching calls under programs like PERIDOT, HEC Research Awards, and Research Journals. Moreover, Phase-II of the Pak-UK Education

Gateway and two rounds of the Prime Minister's National Innovation Award are planned, emphasizing commercialization, international collaboration, and innovation support. The above initiatives will contribute towards SDG targets including 4.3, 4.7, 9.5, 9(a), and 9(b).

Science & Technology Sector

Aligned with URAAN Pakistan and SDGs, the S&T sector focuses on demand-driven R&D through its 15 R&D organizations. To strengthen exports, it supports pharmaceuticals, biotechnology, and precision agriculture, including the local production of active pharmaceutical ingredients (APIs) and industrial cannabis for high-value markets. Under E-Pakistan, it is advancing STEM education, AI-driven healthcare, and digital governance. MoST is also investing in green technologies, such as biodegradable materials and industrial hemp cultivation, while driving renewable energy innovations, solar PV testing, AI-based energy solutions, empowering SMEs, expanding access to scientific instrumentation, and fostering industry-academia collaborations.

Performance Review 2024-25

Under the Public Sector Development Programme PSDP 2024-25, an amount of Rs. 6,649.5 million was allocated to the Ministry of Science & Technology. This allocation included 30 ongoing projects and 1 new scheme. Rs. 6534.1 million have been released and utilized. A total of 07 projects are expected to be completed by the end of FY2024-25. The following are some of the key highlights:

- **Support to Small & Medium Enterprises (SMEs)** in adopting emerging trends and meeting international standards to enhance competitiveness, productivity, and quality. Under the Incentive Grant scheme for certification, 1,851 applications have been received from SMEs nationwide. Of these, 1,271 firms have been approved for grants totaling Rs. 402 million, while 267 applications were rejected due to non-compliance with eligibility criteria. The remaining applications are under verification, including certification and on-site assessments.
  For SME capacity building, MoST and its affiliated organizations designed training programs in consultation with Chambers of Commerce, trade associations, and stakeholders prior to PC-I finalization. The training component was outsourced to M/s Bureau Veritas Pakistan (Pvt.) Ltd. through open bidding. The firm delivered 75 two-day training sessions (non-examination based) covering 19 certification standards at key industrial hubs. Approximately 3,400 SME personnel across the country benefited from the program. These efforts contribute towards SDG targets including 9.1, 9.3, 9.4, and 9.5.
- **Capacity Building, Awareness and HRD in S&T Sector:** To promote science education, enhance human resource development, and support the implementation of the National Science, Technology and Innovation Policy 2022, several PSDP-funded projects continued during FY2024–25 with allocated financial resources.

- The STEM programme initiated in school aims to strengthen school capacity, enhance science teacher skills, and empower students toward careers in science, engineering, and entrepreneurship. Under the project, 54 FABLABs were established in educational institutions, 230 STEM modules were developed in collaboration with stakeholders, 40 Master Trainers were trained to educate 200 STEM teachers, and over 300 low-cost module prototypes were created. This initiative partially contributes towards SDG targets 4.2, 4.3, and 4.7.
- Under the PSF Competitive Research Programme, 119 research projects, including 31 bilateral projects with China and Turkiye, have been funded, securing Rs. 1,071 million from partner countries. The initiative supported 199 scientists, trained 193 S&T graduates and engineers, and established 56 academia-industry linkages. Outcomes include 132 research publications, 10 patents, and Rs. 14 million in revenue from product development, notably the Angiographic Catheter. This effort helps to realize SGD targets 4.3, 4.4, 9.5, and 9(b).
- Under the PSDP project "Extension of Display Exhibits, Collection Repositories Improvement and Research Facilities Enhancement at PMNH," science awareness is being promoted among students and the public through non-formal means such as museum visits, science centers, and caravan exhibitions. This relates to SDG targets 9.5 and 9(b).
- The PSDP project "Data Repository of Scientific Instrumentation" facilitates affordable access to advanced equipment for researchers across Pakistan. Over 300 scientists and professors are connected through this initiative, promoting collaborative research and industrial growth. It has supported 396 students from 52 universities, especially in less-developed areas, with access to instruments like SEM, TEM, and DNA sequencers. Research activities have been revitalized in institutions such as PCSIR, NUST, LUMS, and COMSATS, with applications worth Rs. 20 million.
- The National University of Science & Technology (NUST) retains its top position in Engineering & Technology in Pakistan and has improved its global ranking to 127 in the QS World University Rankings (2025), rising 17 positions. It is also ranked among the top 200 globally in Computer Science, Mathematics, Chemical Engineering, and Electrical Engineering. NUST's "Establishment of NUST Chip Design Centre (NCDC)" aims to develop skilled manpower and serve as a hub for fabless chip design in Northern Pakistan. The center enhances talent through training, supports R&D in Digital, Analog, and Mixed-Signal IC design, and provides essential infrastructure and EDA tools. With 70 percent of civil work completed, the project has held three training programs, one chip tape-out, and established industry and academia partnerships. It is expected to drive financial benefits through IP licensing, design services, and startups.

- **In the health sector**, the project "Establishment of Additional Production Lines for Indigenous Electro-medical Devices" by NUST aims to replace imported medical equipment with locally manufactured alternatives like ventilators, PAPRs, and syringe pumps, reducing Pakistan's US$ 3.04 billion annual expenditure. The initiative promotes technological growth, economic development, and improved healthcare access. Key achievements include technology sharing with NASCOM (10%), business collaboration with MEDSENSO (40%), and joint ventures with ADDLEVEN, INTELIGENSIA, HATO (40% each), and Monitor-Health (60%) for local manufacturing and commercialization. These efforts are contributing towards achieving targets of SDG Goal 3, especially for target 3-b, which emphasizes supporting the research and development of vaccines and medicines for communicable and non-communicable diseases and providing access to affordable essential medicines and vaccines.

- The project "Establishment of a Center for Artificial Intelligence in Health Sciences" aims to advance AI-driven research, training, and innovation in healthcare. Equipped with high-performance computing, networking infrastructure, and AI tools like Medic AR, the center focuses on training, workshops, research associate recruitment, and AI model development for diagnostics. The project enhances healthcare access, improves early disease detection, and strengthens Pakistan's AI capabilities for global competitiveness.
- The upgradation of the Medicinal Botanic Center to a National Center for Herbal Medicine at PCSIR Peshawar enhances research, commercialization, and exports of herbal products. It includes specialized labs, a botanical garden, and an animal house, meeting WHO standards. The project benefits the public through quality products, industry support, job creation, and fosters R&D, exports, and youth training.
- The Medical Equipment & Devices Innovation Center (MEDICen) strengthens Pakistan's medical industry through R&D and innovation. Key achievements include installing 35 immuno-diagnostic devices, completing a BSL-II lab (PKR 22.7M), and consulting with 6 key institutions. The project supports 20–25 R&D initiatives, local diagnostic kit production, vaccine development, and medical device prototyping, fostering import substitution, export growth, and industry services. It also provides training for 200+ professionals and strengthens intellectual property and global healthcare standing.
- **Industry Focused R&D** PCSIR, Pakistan's leading public sector R&D organization, operates 17 research labs and 6 training institutes nationwide, with ISO-17025 accreditation and state-of-the-art equipment. Its activities include technology development, human resource development, quality control, consultancies, and industrial linkages. PCSIR provides analytical and calibration services to nearly the entire industrial sector, focusing on better utilization of indigenous resources to support industrial growth.
- **PCSIR Hemp Development Program:** The project "Cultivation and Processing of Medicinal and Industrial Cannabis" in collaboration with the Arid Agriculture University, focuses on developing cannabis-based medicinal and industrial products. Hemp has been cultivated on 0.75 acres at the

Greenhouse Environment Research Facility, Rawat, and 4,500 plants were grown in a controlled environment at PCSIR Labs Complex, Lahore. The dried biomass has been processed, with the project expected to significantly increase revenue.

  - **Research, Development, and Technology Transfer of APIs for Import Substitution:** PCSIR is working on establishing domestic capabilities for Active Pharmaceutical Ingredients (APIs) through cutting-edge technologies, particularly biotechnology. This initiative aims to reduce reliance on imported APIs by developing a local production base, ensuring a reliable supply for the pharmaceutical industry, and enhancing self-sufficiency in pharmaceutical manufacturing.

- **Trade-related interventions** are being carried out through PSQCA, PNAC, and NPSL, focusing on export enhancement, trade growth, and consumer health and safety via mandatory and voluntary standards. PSQCA formulates and promulgates standards, while NPSL ensures metrology standards traceability.
- **In the Agriculture Sector,** Interventions are being made through the "Quality Seed Production and Supply Project" to enhance food security, climate resilience, and agricultural exports by ensuring high-quality seed production and distribution. Key achievements include completing an ISTA-accredited lab, producing basic seeds for various crops, approving new high-yielding varieties, and developing a seed processing plant. The project strengthens research collaboration, stakeholder engagement, and training initiatives to modernize the seed sector.
- **In the Renewable Energy Sector,** the Pak-Korea Testing Facility for PV Modules & Allied Equipment is a bilateral project to establish an accredited PV testing lab, ensuring quality standards and reducing substandard solar imports. Key achievements include infrastructure development, equipment acquisition, and industry collaboration. The project has trained personnel, ensured compliance with international standards, and raised public awareness.
- **In the Nano Technology Sector,** the project at Latif Ebrahim Jamal Nanotechnology Center aims to advance nanotechnology research and industrial applications. The project has established state-of-the-art labs, installed scientific equipment, and trained scholars internationally. Key research areas include nanomedicine, self-cleaning surfaces, water purification, and smart coatings. It strengthens academic-industrial collaboration, workforce development, and commercialization.

Outlook 2025-26

For PSDP 2025-26, the Ministry of Science & Technology will align its focus with the government's S&T manifesto, which includes areas such as R&D commercialization, HRD, science promotion, SME facilitation, oceanography, herbal medicines, quality assurance, medical devices, renewable energy, electronics, and agriculture. The total allocation for PSDP 2025-26 is Rs. 4,792.7 million for 28 projects. This includes Rs. 4,477.7 million for 24 ongoing schemes and Rs. 315 million for 04 new schemes. Key initiatives for the upcoming fiscal year are outlined below:

- Under a bilateral agreement with China, a joint venture is being proposed for the construction of a ground station for marine remote sensing at Ghora Bari in District Thatta. The Chinese side will provide US$ 5.00 million share for this project. This contributes toward SDG target 14(a).
- Technology Development in Areas of Semiconductor Technology, Electric vehicles, and Industrial engineering. The objective is to develop semiconductor chip design to tape-out technology, which will be a baseline for electronics manufacturing in the country. Design & modelling of electric vehicles and conversion of local cars to EVs. Automation solution for the local industry as per Industry 4.0 standards. These initiatives will help realize SDG targets 7(a), 9.5, and 9(b).
- Provision of the Research Grants to address the mega-national issues and promote world-class research through the Competitive Research Programme.
- Funding for Product-oriented Research/Utilization of Research Results to various R&D organizations and universities through the Research Support Programme.
- Promotion of more R&D in Natural Sciences with special emphasis on issues of national importance, especially agriculture, energy, water, and food security.
- In line with the government manifesto regarding strengthening of SMEs, awareness among SMEs for the adoption of certification systems to help improve their performance and productivity will continue to be done under the Certification Incentive Program. Under the scheme, more awareness Seminars in Association with local Chambers of Commerce & Industry will be arranged throughout the country. This program is in line with SDG targets 9.3, 9.5, and 9(b).
- Under the project titled “Establishment of Medical Cannabis Greenhouses for Biotechnology Derived Bio-Products, National Hemp & Cannabis Analytical Laboratory and National Industrial Hemp & Medicinal Cannabis Authority,” PCSIR will establish greenhouses and downstream processing facilities at PCSIR labs in Karachi, Lahore, Peshawar, and Skardu. A National Industrial Hemp and Medicinal Cannabis Analytical Laboratory will be set up at PCSIR Labs Complex, Islamabad. The lab will develop biotechnology-based fermentation technology to produce multiple cannabinoids (CBD, THC, CBG, CBC) under GMP, and initiate the indigenization of industrial hemp and medicinal cannabis seed production in collaboration with the private sector.
- Research, Development, and Technology transfer of selected Active Pharmaceutical Ingredients for import substitution (PCSIR). The initiative will reduce imports of raw materials for selected APIs, promote export opportunities for high-value pharmaceutical products, and support import substitution. Strengthening the existing and establishing new higher education institutional facilities and allied infrastructure for promoting higher education in the fields of engineering, information sciences and technology, management, basic sciences, and social sciences for the people. This contributes towards SDG target 4.3.

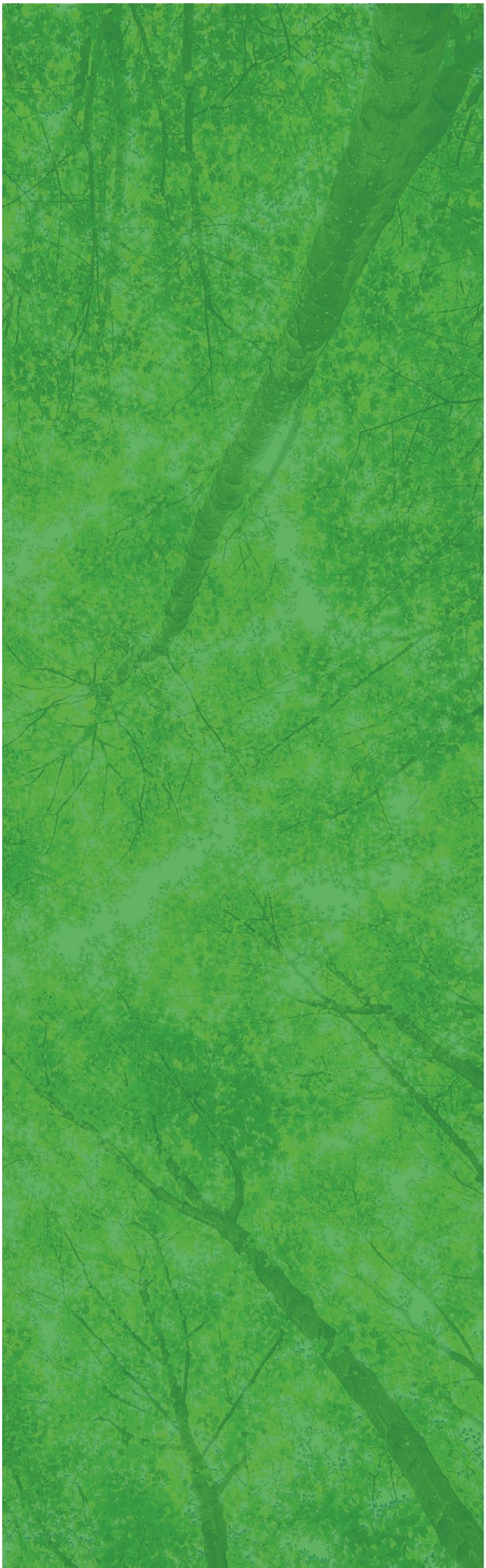
- Establishment of 3-D printing technology to cater to the local manufacturing needs.
- Overcoming the energy crisis in the country and minimizing the energy divide between the developed and less developed rural parts of the country through high-tech, low cost and sustainable energy solutions with renewable resources. Moreover, a Testing Facility in collaboration with Korea is being established.
- The project "Establishment of Minerals Resource Centre, Analytical Laboratory, and Minerals Detection Facility at PCSIR Labs Peshawar**"** will develop state-of-the-art beneficiation and refining facilities for rare earth metal production, geological surveys, and advanced testing. The initiative bridges gaps in mineral research, strengthens Pakistan's mineral sector, boosts exports, and contributes to economic growth. This will contribute to SDG targets 9.5 and 9(b).
- Upgradation of PCSIR Laboratories Quetta will help in accrediting lab services, building capacity for scientists and engineers, and integrating solar energy for sustainable lab operations. The initiative will strengthen industrial support and improve compliance. This will contribute to SDG targets 9.5 and 9(b).

Key Knowledge Economy Initiatives Planned For FY2025-26

Important initiatives are planned for approval and implementation in FY2025-26 (Table 8.7):

Table 8.7 Important Initiatives Planned FY2025-26

HIGHER EDUCATION PROJECTS	
1	National Center for Quantum Computing, Nanotech, New Manufacturing
2	Pak-UK Education Gateway (Phase-II)
3	National & International Scholarship Program (Pakistan-Bangladesh Friendship Scholarship Program, ECO Countries, top 25 25-ranked universities)
4	AI Tutor for Smart Classrooms
5	National Center for Genome
6	Strengthening of Technical Infrastructure (Establishment of Centralised Resource Labs
7	Pakistan's AI Institute (JV with Alan Turing)
8	Establishment of the Danish University of Emerging Technologies
9	National Center for Manufacturing
10	PM Laptop and PM Youth Initiatives
SCIENCE & TECHNOLOGY PROJECTS	
1	Establishment of Quantum Valley (replica of Silicon Valley)
2	Smart Villages (integration of technologies)
3	Science, Technology and Engineering for Development (STED) Project
4	Establishment of Mines & Minerals Certification Labs
5	Developing Mines & Minerals Extraction Facility
6	Establishment of the Indigenous Research and Development Agency



ENVIRONMENT & CLIMATE:

Building a Resilient and Sustainable Future

9. ENVIRONMENT & CLIMATE CHANGE

Pakistan is consistently ranked among the economies most affected by extreme weather events and other disasters triggered by natural hazards. Long-run annual average losses from floods and earthquakes are about US$ 2 billion. About 80 percent of this is from flooding, which is the dominant climate and disaster risk for Pakistan. The 2022 flood event inundated nearly one-third of the country. It caused about US$ 14.9 billion in direct damages, US$ 15.2 billion in indirect losses, and more than 1,700 fatalities. Climate change is expected to exacerbate the frequency and impacts of extreme weather events, including floods, droughts, and heat waves.

It is projected that, by 2050, aggregate annual GDP loss from climate change will range from 6.5 percent to 9.0 percent. An additional 4.6 percent aggregate loss is projected because of water shortages. The impacts of climate change and disasters are not evenly distributed across the population. Poor households are predominantly found in rural areas. These communities and their livelihoods are more likely to be exposed to hazards. Their shelters and community infrastructure are more vulnerable. They have lower incomes and savings for recovery.

Pakistan's annual climate change investment needs are estimated to range from US$ 30 billion to US$ 60 billion by 2030, of which about 45 percent is for adaptation and resilience. Annual flows of climate finance in 2021 were estimated at about US$ 4 billion. Of this, only 20 percent was for adaptation and resilience and about US$ 3.4 billion came from international sources. Domestic and private sector climate finance remains abnormally low relative to the region. Fund flows from the Green Climate Fund, the Adaptation Fund, and other international climate funds have also been limited. Reported climate finance flows in Pakistan are dominated by multilateral development bank finance, including from ADB and the World Bank.

These challenges and opportunities are being addressed within the broader policy architecture of Pakistan, particularly URAAN Pakistan and SDGs. The environment, far from being a standalone concern, is intricately linked to social inclusion, economic competitiveness, and long-term national resilience.

PSDP Performance Review 2024-2025

In FY2025, 16.49 million plants were planted nationwide, bringing the total to 2,229.8 million (68 percent progress) in project titled Green Pakistan Programme (Revised) (50:50) (SDG 13 and SDG 15).

- Water Quality Monitoring and SDG-6 Reporting – PKR 30 million allocated to establish water quality labs at national, provincial, and district levels, enhance lab operations, and support policy and international collaboration (e.g., with South Korea). Total expenditure of PSDP share is Rs. 70.9 million. (SDG 6 and SDG 17)

- Climate Resilient Urban Human Settlement Unit – PKR 25 million allocated (now completed); developed the draft Pakistan Resilient Urban Policy Framework and Green Building Guidelines. The project has been concluded. (SDG 11 and SDG 13)
- Pakistan Biosafety Clearing House (Pak-BCH) – PKR 100 million allocated to regulate Genetically Modified Organisms (GMOs) and establish biosafety frameworks. Total expenditure is Rs. 92.0 million. (SDG 2, SDG 3, and SDG 15)
- Strengthening Technical Capacities of MoCC (STC-MoCC) – PKR 102 million allocated to improve access to climate finance, provide technical support to MoCC projects, and build capacity on environmental issues and multilateral agreements. Total expenditure of PSDP share is Nil. (SDG 13, SDG 16, and SDG 17)

In the PSDP 2024–25, following key projects of Pakistan Metrological Department remained in focus:

- Installation of Weather Surveillance Radar in Multan – PKR 50 million allocated in FY2024-25 (total cost: PKR 6,188.8 million) to enhance flood forecasting and early warning systems in South Punjab, supporting SDG 13 (Climate Action) and SDG 11 (Sustainable Cities and Communities). Total expenditure of PSDP share is Rs. 130.3 million.
- Installation of Weather Surveillance Radar at Sukkur – PKR 5.0 million allocated in FY2024-25 to strengthen weather monitoring and flood forecasting in the flood-prone Sindh region, supporting SDG 13 (Climate Action) and SDG 11 (Sustainable Cities and Communities). Total expenditure of PSDP share is Rs. 30.2 million.
- Establishment of Meteorological Observatory at Naran and Hostel at Balakot – PKR 95 million allocated in FY2024-25 to improve weather monitoring in mountainous regions and provide accommodation for operational staff, supporting SDG 13 (Climate Action) and SDG 9 (Industry, Innovation and Infrastructure). Total expenditure is Rs. 165.0 million.
- Modernization of Hydromet Services of PMD – PKR 2,500 million allocated in FY2024-25 to install state-of-the-art weather surveillance radars, automated weather stations, and integrated systems to enhance forecasting accuracy and data granularity, supporting SDG 13 (Climate Action), SDG 9 (Industry, Innovation and Infrastructure), and SDG 11 (Sustainable Cities and Communities). Total expenditure of PSDP share is Rs. 1,504.4 million.
- Establishment of National Centre for Rainfall Enhancement (NCRE) in Pakistan Meteorological Department (PMD) Cloud seeding project. Total expenditure is Rs. 160.0 million.

Pakistan is advancing a range of special initiatives to strengthen climate resilience, mobilize sustainable finance, and mainstream disaster risk management across public investment planning. These efforts spanning innovative financial instruments, policy-based programs, and project preparation facilities—reflect the government's commitment to aligning national development with the SDGs, Nationally Determined Contributions (NDCs), and climate adaptation priorities. The following are the key initiatives**:**

- Resilient and Accessible Microfinance (RAM): Approved at PKR 43,400 million, this World Bank-supported project (2024–2029) aims to enhance climate resilience in Pakistan's microfinance sector. Phase I establishes a Climate Risk Fund (US$ 125 million) with liquidity and insurance mechanisms, while Phase II sets up a Guarantee Facility with the IFC to unlock US$ 200 million for private sector participation. (Supports SDG 1, 13, 17)
- Climate and Disaster Resilience Enhancement Program (CDREP): With a total envelope of US$ 900.5 million (ADB-financed), CDREP supports policy reforms and establishes a US$ 500 million Contingent Disaster Fund for rapid post-disaster financing. The program strengthens institutional preparedness, risk reduction frameworks, and disaster risk financing. (Supports SDG 11, 13, 16)
- Green Sukuk Initiative: The Government of Pakistan has launched a Sustainable Investment Sukuk Framework to issue Green, Social, and Sustainability Sukuks aligned with SDGs, NDCs, and the National Adaptation Plan. The initiative mobilizes climate-aligned capital via domestic markets for qualified public investment projects. (Supports SDG 13, 17)
- Sustainable Financing Framework for International Issuances: A Sovereign Sustainable Financing Framework enables Pakistan to issue Panda Bonds and other instruments aligned with global ESG standards. Projects selected for funding undergo due diligence to ensure climate and social impact. (Supports SDG 13, 17)
- Comprehensive Framework for Financial Instruments: A Blended Finance Framework is being developed to guide public entities in using innovative instruments, like green bonds, carbon markets, PPPs, and guarantees, for climate-aligned development, reducing over-reliance on traditional financing. (Supports SDG 9, 13, 17)
- Sustainable Finance – Project Preparation Facility: This MoPDSI-led facility supports federal and provincial bodies in preparing green projects by accessing climate finance, generating carbon credits, and integrating blended finance options, with a dedicated unit providing advisory and project pipeline development. (Supports SDG 13, 17)

Outlook 2025-2026

Outlook for FY2025-26 is based on priorities and targets set in URAAN Pakistan- 5Es National Economic Transformation Plan 2024-2029 which includes:

- Ensure water availability and distribution across sectors and provinces
- Implement water conservation measures and increase public awareness
- Enhance water drainage infrastructure and flood management system
- Modernize irrigation systems across the country
- Promote water, sanitation, and hygiene (WASH)
- Promote sustainable and large-scale agricultural practices

- Strengthen smallholder farmer integration and modernization
- Drive agricultural innovation and research
- Promote sustainable livestock, and aquaculture practices
- Promote climate change initiatives and support and finance green projects
- Harness carbon markets for emission reduction
- Implement 4RF Strategy
- Raise public awareness on climate change and promote sustainable practices
- Establish data collection and analytical capabilities and mechanisms
- Integrate climate adaptation plans into federal and provincial strategies
- Promote climate tech, innovation and integration into green value chains
- Implement the National Flood Projection Plan-IV (NFPP-IV)
- Build and enhance early warning systems, disaster risk and emergency communication mechanisms
- Enhance technology infrastructure and data management practices
- Develop and implement practices supporting forest and landscape restoration

Programs / Projects For 2025-2026
Projects of PMD:

- Establishment of National Centre for Rainfall Enhancement (NCRE) in Pakistan Meteorological Department (PMD) Cloud seeding project- Total allocation is Rs. 150 million. (SDG 13, SDG 6, SDG 2)
- Installation of Weather Surveillance Radar at Multan- Total allocation is Rs. 100 million. (SDG 13, SDG 11)
- Installation of Weather Surveillance Radar at Sukkur- Total allocation is Rs. 25 million. (SDG 13, SDG 11)
- Establishment of New Meteorological Observatory at Naran and Hostel at Balakot- Total allocation is Rs. 50 million. (SDG 13, SDG 9)
- Modernization of Hydromet Services of PMD in Pakistan (MHSP)- Total allocation is Rs. 2,998.6 million. (SDG 13, SDG 11, SDG 9)

Projects of MoCC&EC:

- Upscaling of the Green Pakistan Programme (Revised)- Total allocation is Rs. 2,250 million.
- Water Quality Monitoring and SDG-6 Reporting – Total allocation is Rs. 25 million. (SDG 6 and SDG 17)
- Pakistan Biosafety Clearing House (Pak-BCH) – Total allocation is Rs. 83.390 million. (SDG 2, SDG 3, and SDG 15)
- Strengthening Technical Capacities of MoCC (STC-MoCC) – Total allocation is Rs. 325.3 million. (SDG 13, SDG 16, and SDG 17)
- Green Skills for Climate-Resilient Development: Promoting Green Entrepreneurship and Innovation in Pakistan- Total allocation is Rs. 100 million. (SDG 8, SDG 9, SDG 13)

10. FOOD SECURITY & SUSTAINABLE DEVELOPMENT

The agriculture sector plays a significant role in the economy, on average contributing 24 percent to GDP and employing 37.4 percent of the workforce. The sector underpins 70 percent of the country's exports, with major crops including wheat, rice, cotton, sugarcane, maize, mango, and citrus. Pakistan has 30.5 million hectares of agricultural land (47% of total land area). Food security is vital for sustainable development in multifarious ways and for the achievement of SDGs. The sector is also a significant contributor to the nation's foreign exchange earnings, and over eight million rural families are participating in its subsector livestock production.

The objectives, such as improvement of food security, enhancement of productivity and exploitation of exports of agriculture along with allied sub-sectors, are aligned with URAAN Pakistan and SDGs.

Performance Review

The agriculture sector has shown a growth of 0.56 percent in 2024-25 as compared to 6.40 percent for the last year. Important crops have recorded a negative growth of 13.5 percent as compared to last year mainly due to decline in the yields of cotton (from 10,223 to 7,084 thousand bales), maize (from 9,739 to 8,239 thousand tons), rice (from 9,859 to 9,723 thousand tons) and sugarcane (from 87,638 to 84,235 thousand tons). The wheat crop production decreased from 31,814 in 2023-24 to 28,980 thousand tons in 2024-25. Furthermore, the high base effect from FY2023–24 also contributed to the negative growth in key crops. On the other hand, minor crops experienced positive growth due to increased production of fruits (4.1%), vegetables (7.8%), condiments (9.8%) and oilseeds (29.8%). The livestock and fisheries showed an increase in growth at 4.72 and 1.42 percent, respectively.

Pakistan's performance on food security can be assessed in the context of the Global Hunger Index (GHI), which is based on key indicators of hunger. As per the 2024 GHI, Pakistan ranks 109th out of 127 countries, with a score of 27.9, indicating a serious level of hunger. The data also indicates that 20.7 percent of the population is undernourished, 33.2 percent of children under five are stunted, and 6.1 percent die before their fifth birthday. According to the International Food Policy Research Institute (IFPRI), the GHI identifies limited access to adequate food, poor child nutrition, and high child mortality, largely stemming from malnutrition, as key factors behind the serious levels of hunger.

Table 10.1: Federal PSDP Allocation FY2024-25 related to Food and Agriculture Schemes

(Rs. Million)

Ministry/Division/Agency	No. of Schemes			Total Cost	Allocation (2024-25)
	Ongoing	New	Total		
National Food Security & Research	18	8	26	201,650.3	23,928.0
Higher Education Commission	5	-	5	7,387.5	1,265.7
Science & Tech. Research Division	2	-	2	6,499.7	900.0
Housing & Works Division	1	-	1	4,63.2	20.0
Defence division	1	-	1	1,880.0	732.9

Source: PSDP 2024-25

Table 10.1 outlines the PSDP 2024–25 allocations for food and agriculture-related schemes in different divisions, with the Ministry of National Food Security & Research receiving the highest allocation of Rs. 23,928 million for 26 projects (18 ongoing, 8 new) out of a total cost of Rs. 201,650 million.

Table 10.2: Area, Production & Targets of Major Crops

(Area '000' hectares),(Production '000' tons)

Crops		2023-24	2024-25		2025-26
		Achievements	Targets	Achievements (Actual or Provisional)	Targets/ Provisional
Wheat	Area	9,734.0	9,262.0	9,098.9	9,250.0
	Production	31,814.5	27,920.0	28,980	30,500.0
Maize	Area	1641.8	1,512.2	1437.2	1,530.9
	Production	9,739.3	9,254.8	8,239.1	9,774.8
Rice	Area	3,636.9	3,062.00	3,899.2	3,039.4
	Production	9,869.2	8,731.0	9,723.5	9,170.0
Sugarcane	Area	1,180.3	1,158.4	1,193.1	1,146.5
	Production	87,637.7	76,674.0	84,235.5	8,0320.0
Cotton	Area	2,423.7	3,118.3	2,043.2	2,260.3
	Production (thousand bales)	10,223.0	10,873.9	7,084.0	10,181.0

Source: FCA 22nd, 23rd and 24th Meeting and NAC 113th Meeting Minutes

Table 10.2 presents data on key crop performance over the last years. In 2024–25, it could be seen that the production of major crops has been affected negatively as compared to the year 2023-24. Different factors contributed to the dismal performance, especially changes in weather patterns, low support price of wheat, delayed payments to sugarcane growers in the last year and sluggish disbursement of agricultural credits for buying the inputs.

Table 10.3: Area, Production & Targets of Minor Crops

(Area '000' hectares),
(Production '000' tons)

Crops		2023-24	2024-25		2025-26
		Achievements	**Targets**	**Achievements (Actual or Provisional**	**Targets/ Provisional**
Gram	Area	797.0	881.0	710.1	893.0
	Production	209.1	419.9	174.4	425.0
Potato	Area	338.7	268.1	386.0	398.0
	Production	8,434.4	6,829.4	9,400.2	9,850.0
Onion	Area	142.7	157.0	166.9	187.0
	Production	2,304.2	2,554.8	2,669.6	2,725.0
Lentil	Area	6.2	14.0	6.3	14.5
	Production	4.7	8.9	4.7	9.0
Mung Bean	Area	201.0	214.6	185.4	170.6
	Production	153.3	178.9	131.2	149.0
Mash	Area	7.0	11.1	7.5	10.1
	Production	5.6	8.6	5.9	8.5
Tomato	Area	67.1	57.0	51.6	58.5
	Production	797.3	658.7	555.4	658.5
Chilli	Area	55.7	73.4	55.4	54.4
	Production	217.7	191.2	191.4	193.0

Source: FCA 22nd, 23rd and 24th Meeting and NAC 113th Meeting Minutes,

The table 10.3 presents area and production data for selected pulses and vegetables in Pakistan for 2023–24 and 2024–25. In 2024–25, production of gram and lentil fell significantly short of targets due to reduced cultivation areas. Potato and onion performed strongly, surpassing both area and production targets. Production of mash production showed improvement while that of tomato was a bit short of the target. Overall, the data reflect strong growth trends in vegetable crops, while pulse production remained a challenge due to the limited area under cultivation along with other issues.

Table 10.4: Area, Production & Targets of Oilseed Crops

(Area '000' hectares), (Production '000' tons)

Crops		2023-24	2024-25		2025-26
		Achievements	Targets	Achievements (Actual or Provisional)	Targets/ Provisional
Canola	Area	43.9	85.0	68.0	86.5
	Production	63.9	120.0	99.8	125.5
Sunflower	Area	62.6	82.8	60.4	83.5
	Production	98.5	150.0	96.9	155.5
Rapeseed/ Mustard	Area	362.0	466.0	426.9	47.5
	Production	388.9	432.9	469.9	485.5

Source: FCA 22nd, 23rd and 24th Meeting and NAC 113th Meeting Minutes

The table 10.4 presents data on the area and production of oilseed crops in Pakistan. Canola fell short of targets in 2024–25 with production of 99.8 thousand tons against the target of 120.00 thousand tons. In case of sunflower both area and production were relegated during 2024–25, the target for next year has been set at 155.5 thousand tons. Rapeseed/mustard demonstrated consistent growth, surpassing production targets in 2024–25 and is expected to continue the upward trend in 2025–26.

Table 10.5: Fertilizer Offtake, Forecast & Achievement

('000' tons)

Nutrient / Product	Offtake 2023-24 (Rabbi, Oct-March)	Offtake 2024 (Kharif, April-Sep)	Offtake 2024-25 (Rabi Oct-March Estimated)	Forecast 2025-26 (Estimated/ Provisional)
Urea	3,525.0	3,442.0	3,352.0	3,259.0
DAP	869.0	897.0	901.0	788.0
SOP/MOP	39.0	35.0	42.3	30.0
Total	4,433.0	4,374.0	4,295.0	4,077.0

Source: FCA 22nd, 23rd and 24th Meeting Minutes

The table 10.5 presents offtake trends for key agricultural inputs of Urea, DAP, and SOP/MOP from 2023–24 to 2024–25. Urea showed a consistent decline over the past years, and therefore, keeping in view the trend target for 2025-26 has been set at a moderate level. DAP offtake increased slightly in 2024–25 to 901 thousand tons. SOP/MOP surpassed the target set for 2024-25. Keeping in view the overall position, the total offtake for 2025-26 is expected to remain around 4,077 thousand tons.

Table 10. 6: Improved Seed Requirement and Availability

(M. Tones)

Crop	2023-24		2024-25		2025-26 (Estimated/Provisional)	
	Availabil-ity	Requirement	Availability	Requirement	Availability	Requirement
Wheat	529,096	1,142,375	592,212	1,143,857	617,715	1,165,500
Cotton Seed	25,424	50,058	17,684	54,672	20,042	61,612
Paddy	57,072	45,618	68,615	59,955	41,681	59,801
Maize	27,735	33,011	29,503	32,866	14,955	37,346

Source: Federal Seed Certification & Registration Department (FSC&RD) and FCA 24th Meeting Minutes

Table 10.6 outlines the availability and requirements of key crops: wheat, cottonseed, paddy, and maize from 2024–25 and 2025–26. The wheat requirement for the year 2025-26 will also remain around 1,165,500 million tons. Cottonseed availability in 2023–24 was 25,424.6 million tons. However, for 2024-25, the requirement was 54,672 M. tons, against which the availability was quite low. Paddy availability surpassed the requirement during 2024-25. However, maize faced a significant shortfall, and it is further expected that the situation will persist in the future as well.

Table 10.7: Availability of Water for Irrigation

(Million Acre Ft. MAF)

Season	2023-24	2024-25	2025-26 (Estimated/Targets) Provisional
Kharif	61.9	63.6	63.8
Rabi	31.7	30.6	31.8
Total	93.5	94.2	95.6

Source: Indus River System Authority (IRSA)

Table 10.7 shows the projected availability of water across the Kharif and Rabi seasons from 2023–24 to 2024–25. In Kharif, availability during 2024-25 remained adequate when compared with the period of 2023-24. Keeping in view of the trend, the expected target has been set at 63.8 MAF. In Rabi, availability decreased from 31.7 in 2023–24 to 30.6 in 2024–25. However, it is expected that the availability might increase to the expected figure of 31.8 MAF. Overall, total availability was adequate during both seasons.

Table 10.8: Production & Targets of Livestock & Poultry

('000' tons)

Item	Unit	2023-24	2024-25		2025-26
		Production	Targets	Achievements	Targets
Meat	'000' Tons	5,644	6,138	5,967	6,314
-Beef		2,465	2,719	2,548	2,634
-Mutton		817	835	835	854
-Poultry		2,362	2,583	2,583	2,826
Milk	Million Liters	56,474	58,300	58,300	60,185
Eggs	Millions Nos.	25,212	26,696	26,696	28,279
Hides	Million Nos.	20.1	21,417	20.8	21.5
Skins	Million Nos.	65.2	66,703	66.7	68.3
Wool	000 Tons	49.6	50	20.2	50.8

Source: MNFS&R & M/o PDS&I

The table 10.8 presents the performance of livestock sub-sector during 2023–24 and 2024-25. Meat production remained a bit lower (5,967 thousand tons) during 2024-25 as compared to the set target (6,138 thousand tons), with almost steady growth in mutton and poultry. Milk production increased during 2024-25 as compared to 2023-24. Similar improvements were found in the case of eggs, hides, skins and wools. Owing to steady improvement, the targets for all the components have been set a bit higher for the year 2025-26.

Table 10.9: Agricultural Credit Targets and Disbursement

(Billion Rupees)

Banks	2024 (July to Feb)			2025 (July to Feb)			Targets/ Requirements 2025-26 (Provisional)
	Target	Disbursed	Percentage achieved	Target A-CEPs	Disbursed	Percentage achieved	
Five Major Commercial Banks	1,147.0	753.9	65.7	1,335.0	920.0	68.9	1,345.0
ZTBL	115.0	54.5	47.4	90.0	46.8	52.0	92.5
PPCBL	15.0	5.6	37.3	10.6	6.7	63.2	10.9
Small and Medium-Sized CBs	488.2	345.8	70.8	655.8	354.3	54.0	660.5
Islamic Banks	167.0	110.6	66.2	204.1	150.1	73.6	210.5
MFBs	280.6	146.0	52.0	245.3	158.8	64.7	248.0
MFIs/RSPs	37.2	17.9	48.1	31.5	18.2	57.6	32.5
Total	2,250.0	1,434.3	73.7	2,572.3	1,654.8	64.3	2,599.9

Source: State Bank of Pakistan (SBP) A-CEPs Agriculture Credit Expansion Plans*

Table 10.9 shows details of agricultural credits. During the year 2023-24 (Jul-Feb) five major commercial banks had a target of Rs 1,147 million and the achievement was Rs 753.9 million (65.7%). For the year 2025-26 higher targets of Rs 1,335 with provisional disbursement of Rs 920 million (68.9%). The total disbursement of agriculture credit remained at 63.8 percent for the year 2023-24 and 54.3 percent for the year 2024-25 against the target. For the year 2025-26, a target of Rs. 2599.9 million has been set.

Outlook 2025-26

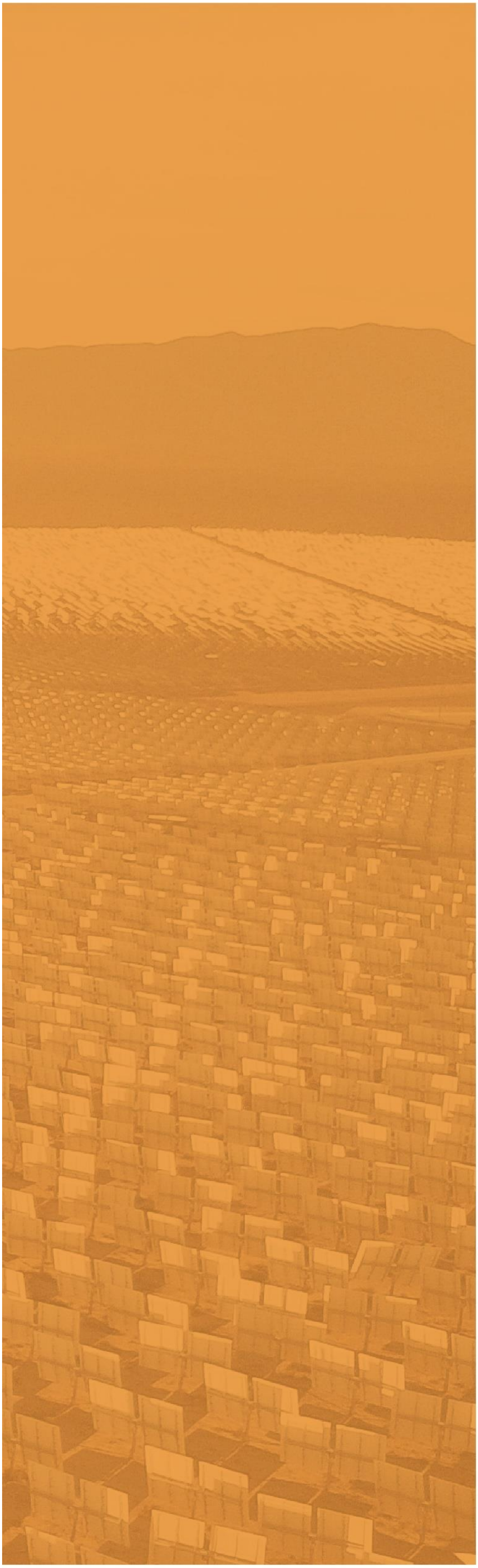
The Plan offers a strategic vision for enhancing food security and sustainable economic growth through the transformation of the agriculture sector and its sub-sectors, including livestock, poultry, and aquaculture. Guided by URAAN Pakistan and the SDGs, the initiative identifies export growth, climate resilience, food security, and inclusive development as central drivers of economic transformation. The sector will focus on improving agricultural productivity, water and food security, sustainable resource management, and export-led growth. The 2025–26 Annual Plan supports investments in high-value export crops and related industries, promoting digital transformation under the E-Pakistan pillar and advancing food and water security through the Green Revolution 2.0. This includes eco-friendly policies, solar-powered irrigation systems, and better rural infrastructure. These measures are projected to raise the agricultural growth rate, significantly increasing its contribution to GDP and helping Pakistan toward becoming a US$ 1 trillion economy by 2035.

Trade agreements developed in collaboration with the Economic Affairs Division will be key to expanding global market access. To improve national food security, the plan outlines a series of reforms and development interventions. Crop production will be supported through access to modern technology and inputs, while the livestock sector may be granted industrial status to benefit from reduced import duties and taxation on essential inputs. Soft loan schemes will be introduced to promote agribusiness and farming entrepreneurship. A proposal to deregulate milk and meat prices aims to encourage private investment by creating a more competitive and business-friendly environment.

The 7th Agricultural Census, conducted in 2024, integrated data on crops, livestock, and machinery, providing a comprehensive foundation for evidence-based planning. Looking ahead, reforming the national agricultural research system will be a priority, with an emphasis on promoting high-value crops and modern technologies to enhance productivity and unlock export potential. Increased investment in livestock will enable the digitization of disease surveillance systems and traceability of the national herd, particularly in controlling foot-and-mouth disease. To improve meat production and exports, feedlot technology will be promoted on a large scale. In aquaculture and fisheries, shrimp farming will be supported to stimulate sustainable growth of the blue economy, backed by private sector engagement. Global collaboration will also play a crucial role in advancing bovine vaccine production and genetic improvements through sexed semen and genomic technologies. Recognizing the challenges posed by climate change, all livestock development programs will integrate strategies aimed at increasing productivity per unit of methane emission, ensuring that environmental sustainability remains a core component of growth.

Programmes for 2025-26

In the background of ongoing initiatives and prime focus of the Ministry of National Food Security and Research, upon sub-sectors; it is anticipated that the programmes for 2025-26 will involve supporting agricultural productivity through technology, enhancing livestock development, and promoting research and innovation. These align with SDG-9 Target 9.5 "Enhance scientific research and upgrade technological capabilities; SDG-2 Target 2.4 "Ensure sustainable food production systems and SDG-17 Target 17.16 "Enhance the global partnership for sustainable development that involve collaboration on global agricultural practices and livestock disease control exemplifies partnerships for sustainable development. Salient development initiatives will commence in the next coming year alongside already running ones, by the Ministry of National Food Security and Research. The initiatives include i.e. Establishment of Seed Certification Laboratory at Khuzdar, Turbat & Laralai; National Oilseed Enhancement Program; Promotion of Olive Cultivation on Commercial Scale in Pakistan Phase-II; Project Planning and Development Unit of Ministry of National Food Security and Research; National Program for Animal Disease Surveillance and Control-Track and Traceability-Compliance with National and International Standards; National Agriculture Productivity Enhancement Programme; Pakistan Model Agriculture Research Centre; Pakistan-Korea Joint Program on Certified Potato Seed Production System and Professional Capacity Building in Agriculture (TVET National Reforms Program).



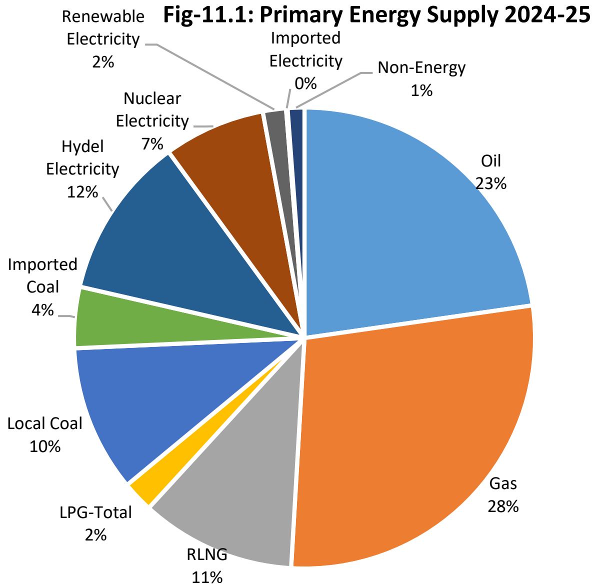
ENERGY & INFRASTRUCTURE

Powering a Sustainable and Connected Pakistan

11. SUSTAINABLE ENERGY

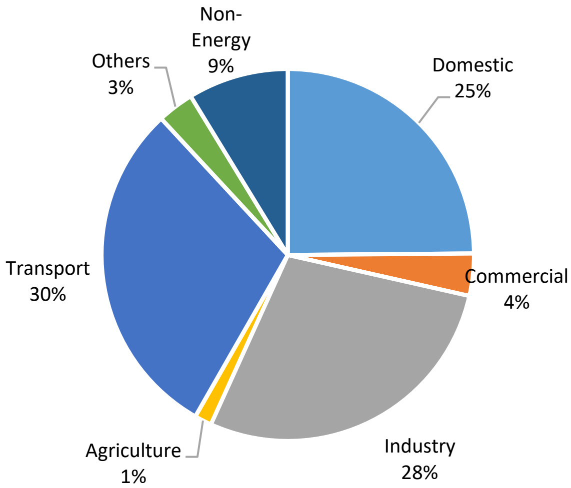
Pakistan's energy sector continues to be dominated by fossil fuels (Gas, Oil, RLNG, and Coal), with renewable and imported electricity playing a marginal role in the overall Primary Energy Supply (PES). Energy mix for FY2024-25 highlights that out of the total 83 million tons of oil equivalent (MTOE), natural gas continues to be the largest energy source of primary energy supplies at 32.7 MTOE (23.6 MTOE from domestic natural gas and 9.1 MTOE imported RLNG), followed by Oil at 19.0 MTOE, and Hydel Electricity with 9.5 MTOE. Other significant contributors include Local Coal (8.6) and Nuclear Electricity (6). The combined contribution of LPG (1.8), Renewable Electricity (1.4), and Imported Electricity (0.1) remains a relatively minor contributor in energy supplies.

Fig-11.1: Primary Energy Supply 2024-25



Similarly, the consumption side transport (15 MTOE) and industry (14.2 MTOE) sectors are the largest energy consumers, followed closely by the domestic sector at 12.5 MTOE. Other sectors, such as Commercial (1.8), Others (1.6), and Agriculture (0.8), consume comparatively less energy. The non-energy use, which includes energy used as feedstock in fertilizers and for non-fuel purposes, accounts for 4.38 units. This distribution highlights the energy-intensive nature of transportation and industrial activities within the economy.

Fig 11.2: Final Energy Consumption 2024-25



The Plan is aligned with URAAN Pakistan and the country's commitment to the SDGs, particularly SDG 7 (Ensuring universal access to reliable and sustainable electricity), SDG

9 (Modernizing energy infrastructure for enhanced reliability and resilience) and SDG 13 (Expanding renewables and energy efficiency to reduce emissions and combat climate change).

Performance Review FY2024-25

Power Sector

An amount of Rs 169,656 million was allocated in PSDP 2024-25 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 FY2024- 25

Department	Number of Projects	Allocation FY2024-25 Rs. Million
Power Division (Generation, Transmission and Distribution Projects)	82	104,590
Pakistan Atomic Energy Commission (Power Projects)	1	18,453
Kashmir Affairs and Gilgit Baltistan (Power Projects)	8	4,603
WAPDA Hydropower Generation Projects	11	42,010
Total	102	169,656

Source: PSDP 2024-25

Progress Toward SDG 7.2.1 – Increasing Renewable Energy Share in Power Generation Mix

To advance the integration of renewable energy into Pakistan's overall energy mix, significant capacity enhancements were undertaken in the generation system. As of 30th June 2024, the total installed power generation capacity stood at 41,938 MW (excluding 3,709 MW from the K-Electric system). During FY2024–25, a total of 4,625 MW of installed capacity, comprising Residual Fuel Oil (RFO), Regasified Liquefied Natural Gas (RLNG), and gas-based power plants, was retired, reflecting Pakistan's commitment to phasing out fossil fuel–based generation and accelerating the clean energy transition. Concurrently, a total of 4,513 MW of new capacity was added to the system, predominantly from renewable energy sources. This includes 2,813 MW from net metering and 1,038 MW from hydropower projects. These additions directly contribute to SDG Indicator 7.2.1, underscoring Pakistan's ongoing efforts to increase the share of renewable energy in the national energy mix and reduce reliance on fossil fuels. However, the overall impact of these additions was largely neutralized by the corresponding retirements, resulting in a net decrease of 112 MW in the total installed generation capacity. A detailed breakdown of generation additions is provided in Table 11.2.

Table 11.2: Installed Capacity up to June 2025 (MW)

Source/Fuel	Existing Capacity 2024 (MW)	Addition 2024-25 (MW)	Up to June 2025 (MW)
Solar	650	-	650
Solar - Net metering	2349	2,813	5,161
Wind	1,845	-	1,845
Hydel	10,680	1,038	11,718
Coal (Local)	3,300	-	3,300
Coal (Imported)	3,960	660	4,620
Gas	3,396	(620)	2,776
RLNG	6,943	(450)	6,493
Oil	4,906	(3,555)	1,351
Bagasse	364	3	367
Nuclear	3,545	-	3,545
Total Capacity	**41,938**	**(112)**	**41,826**

Source: NTDC, DISCOs, PPMC

Fig 11.3: Existing Capacity 2024 (MW)

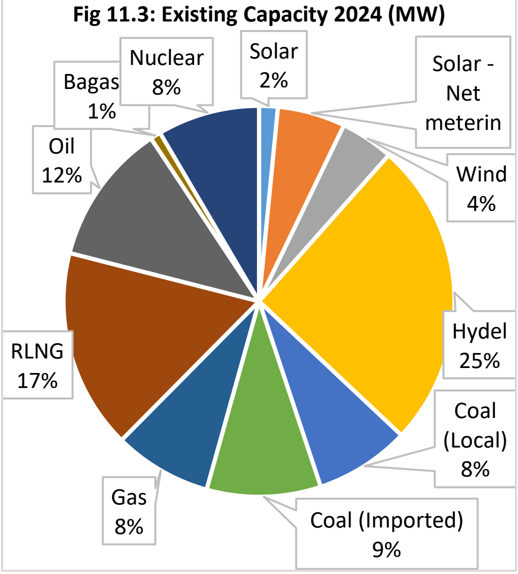
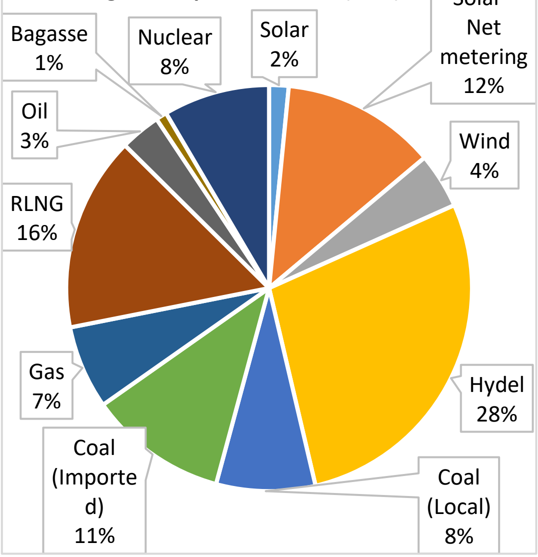


Fig 11.4: Up to June 2025 (MW)



Transmission System

The investments in the transmission system resulted in an expansion of the national grid with 750 MVA added at 500kV and 1,220 MVA at 220kV voltage levels. Detailed achievements made during FY2024-25 are given in Table 11.3, below:

Table 11.3: Achievements of Transmission System in FY2024-25

Items	Existing Capacity June 2024			Achievements/ Enhancement up to June 2025		
Transmission Type	500 kV1	220 kV	HVDC2	500 kV1	220 kV	HVDC2
Transmission Capacity (MVA)	25,950	38,460	4,800	26,700	39,680	4,800
Length of transmission line (km)	8,755	11,632	886	9,041	11,831	886
No. of Grid Stations	19	49	-	19	49	-

Source: NTDC

1. 500kV Grid Stations includes 02 Switching Stations (500kV Moro (Existing), 500kV Maira (Expected)).

2. HVDC Transmission Lines includes ±660kV (886km), ±500 (113km), & 24km (±66kV Electrode Line)

Distribution System Expansion

To advance universal access to electricity, significant enhancements were made to the power distribution system. A total of 2,463 new grid infrastructure elements were added, while 805.22 km of 132kV transmission lines were extended, strengthening the national distribution network. Electrification efforts reached a considerable number of previously unserved villages, contributing to rural energy inclusion. Furthermore, 1,795,642 new consumer connections were facilitated, 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 FY2024-25

Name of DISCO	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 2024-25 (Nos.)	T&D Loss Reduction during 2024-25	Village Electrification (Nos.) during 2024-25	Net Metering Consumers Added during 2024-25 (Nos.)
IESCO	262.0	92.9	129.0	586.6	153.0	191,765	-0.3	48	46,845.0
MEPCO	184.9	48.9	92.4	127.4	41.3	431,691	-1.8	1,594	48,684.0
LESCO	210.7	10.9	3,100.0	145.0	56.0	454,088	2.7	67	35,733.0
GEPCO	798.0	56.0	182.9	501.7	358.2	271,813	2.6	8,615	26,154.0
FESCO	197.0	35.0	9,009.0	47,886.0	32,802.0	320,463	1.4	751	13,680.0
HESCO	47.7	18.8	72.6	236.4	20.9	13,721	0.9	80	749.0
SEPCO	-	81.3	31.8	44.5	3.0	4,329	-3.28	11	94.0
TESCO	53.0	61.0	5.3	16.7	2.0	893	0.54	15	67.0
QESCO	436.0	321.5	32.80	340.96	142.9	11,275	0.68	774	54.0
PESCO	274.0	79.0	40.1	367.1	73.5	95,604	-1.2	1,562	14,353.0
Total	**2,463.2**	**805.2**	**12,695.8**	**50,252.4**	**33,652.8**	**1,795,642**	**0.1**	**13,517**	**186,413.0**

Source: PPMC, DISCOs

Outlook and Programs for 2025-26:

PSDP 2025-26

The Power Sector will witness a public investment to the tune of Rs. 161,634.7 million from PSDP 2025-26, which includes government budgeted/self-finance projects of Power Sector Corporations, excluding IPPs (details provided in Table 11.5 below):

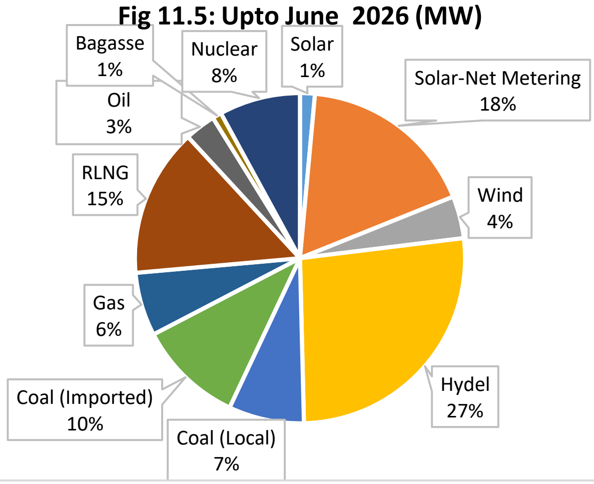
Table 11.5: Power Sector PSDP Allocations FY2025-26

Department	Number of Projects	Allocation 2025-26 Rs. In Million
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**
Source: PSDP 2025-26		

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.

Generation System

Fig 11.5: Upto June 2026 (MW)

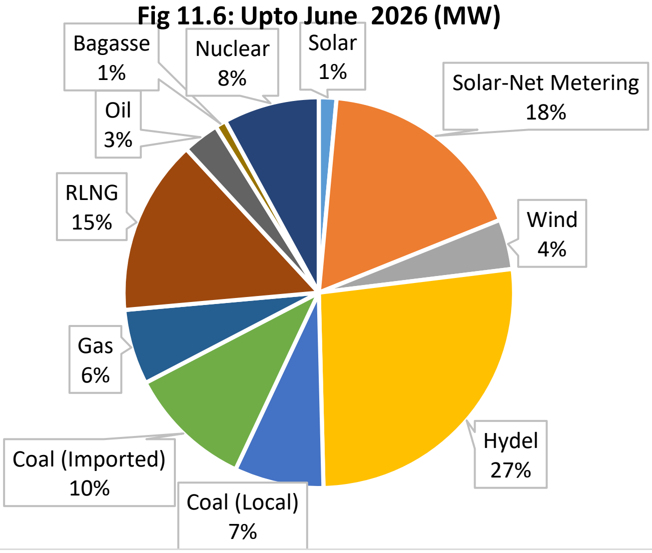


During FY2025–26, a total of 2,800 MW is expected to be added, including a major contribution of 2,633 MW from solar net metering. These additions will raise the cumulative installed generation capacity to 44,626 MW by June 2026. At that point, the generation mix is projected to comprise approximately 50.5 percent from renewable sources (including hydel, solar, solar net-metering, wind, and bagasse) and 49.5 percent from thermal sources (including coal, gas, RLNG, oil, and nuclear). Source-wise details of the planned additional capacity are provided in Table 6, while project-wise details are attached as Annex-11.1.

Table 11.6: Planned Additional Installed Capacity up to June 2025

Source/Fuel	Addition 2025-26 (MW)	Upto June 2026 (MW)
Solar	-	650
Solar-Net Metering	2,633	7,794
Wind	-	1,845
Hydel	135	11,853
Coal (Local)	-	3,300
Coal (Imported)	-	4,620
Gas	-	2,776
RLNG	-	6,493
Oil	-	1,351
Bagasse	32	399
Nuclear	-	3,545
Total Capacity	**2,800**	**44,626**
Source: NTDC , DISCOs, PPMC, EPRC		

Fig 11.6: Upto June 2026 (MW)



Transmission System

By the end of June 2026, the transmission sector will be boosted by an additional 5,550, 4,710, and 1,300 MVA capacity on 500kV, 220kV and HVDC grids, respectively. The transmission lines on these voltage levels will be extended by 170 km (500kV), 355 km (220kV) and 137 km (±660kV). Additionally, 1 new grid station will be established at 765kV and 2 at 220kV. Details are given in Table 11.7:

Table 11.7: Targets for Addition in Transmission Capacity During FY2025-26

Items	Addition in 2025-26 (MW)			Cumulative Addition up to June 2026		
Transmission Type	500 kV1	220 kV	HVDC2	500 kV1	220 kV	HVDC2
Transmission Capacity (MVA)	5,550	4,710	1,300	32,250	44,390	6,100
Length of transmission line (km)	170	355	137	9,211	12,186	1,023
No. of Grid Stations	3	6	-	22	55	-

Source: NTDC
1. 500kV Grid Stations includes 02 Switching Stations (500kV Moro (Existing), 500kV Maira (Expected)).
2. HVDC Transmission Lines includes ±660kV (886km), ±500 (113km), & 24km (±66kV Electrode Line)

Distribution System Enhancements

To advance SDG Indicator 7.1.1: Proportion of population with access to electricity, targeted investments in the power distribution sector will result in the electrification of 15,352 villages and the addition of 1,861,320 new consumer connections by DISCOs during FY2025-26. These efforts will directly expand electricity access across urban and rural areas.

In support of these objectives, the distribution network will be strengthened through the extension of 1,244.1 km of 132 kV transmission lines, while the capacity of 132 kV grids will be enhanced by 2,490.7 MVA. The number of net metering consumers is also expected to grow by 197,655, 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 FY2025-26

Name of DISCO	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 2025-26 (Nos.)	T&D Loss Reduction 2025-26	Village Electrification (Nos.) during 2025-26	Net Metering Consumers Added 2025-26 (Nos.)
IESCO	304.0	207.1	150.0	400.0	375.0	195,000	0.1	200	46,845
MEPCO	151.3	148.2	91.1	125.3	42.4	483,347	1.0	2,605	48,684
LESCO	202.0	20.0	2,780.0	542.0	244.0	387,377	1.9	199	42,000
GEPCO	158.0	61.0	111.6	302.3	135.5	280,111	0.1	8,707	28,769
FESCO	373.0	54.0	9,433.0	48,291.0	32,849.0	346,126	0.4	800	14,500
HESCO	415.0	291.5	83.8	209.7	21.7	20,481	2.5	100	960
SEPCO	185.0	44.8	21.2	136	4.0	5,440	2.0	-	36
TESCO	120.0	118.0	2.7	51.6	20.0	900	-	20	3
QESCO	134.4	138.5	90.0	160.4	380.5	22,538	0.8	1,080	70
PESCO	448.0	161.0	105.7	433.0	270.0	120,000	-1.0	1,641	15,788
Total	**2,490.7**	**1,244.1**	**12,869.1**	**50,651.2**	**34,342.9**	**1,861,320**	**0.5**	**15,352**	**197,655**

The government has launched several strategic initiatives under URAAN Pakistan to enhance energy security, sustainability, and efficiency in FY2025-26. These initiatives are closely aligned with the achievement of SDG Target 13.2, Pakistan's climate commitments, Nationally Determined Contributions (NDCs), and strategies for resilience and adaptation. These 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 (including FACTS) in the NTDC network 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.

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) smart (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)
- IESCO: Installation of 1.5 million AMI meters, enabling automated data collection, real-time monitoring, enhanced load management, and integration with a modern customer billing system (Rs. 52,224 million).
- In line with the Government's effort under Energy Efficiency & Conservation (EE&C) plan to reduce primary energy demand by 9 MTOE by 2030 enforcement of Energy Conservation Building Codes (ECBC 2023) has taken place.
- To reduce the unsustainable government footprint in the energy sector and encourage PPPs and Private Sector Investment privatization of three DISCOs i.e. IESCO, FESCO, and GEPCO have been proposed during the FY2025-26. This effort will bring in efficiency, innovation, and private capital to enhance sector performance.

FUEL SECTOR

Pakistan's fuel sector plays a critical role in achieving energy security in line with the 5Es Framework and URAAN Pakistan. Natural gas accounts for 35 percent of the primary energy supplies, followed by (HDIP, 2024). To reduce reliance on imported fuels, which currently meet 30 percent of gas demand, and address infrastructure gaps, the Petroleum Division has prioritized three key initiatives for FY2025- 26:

- Village Gasification: This project will expand access to 81 villages near gas fields through 2,770 km of new pipelines (SSGCL/SNGPL).
- Refinery Upgrades: Under the Pakistan Oil Refining Policy 2023, this initiative seeks to increase local refining capacity by 15 percent by 2027.

Review of Annual Plan 2024-25

Oil and Gas

During FY2024-25, the production of 23.55 million barrels of crude oil was achieved against a target of 26.55 million barrels. The domestic production of natural gas was 1.08 trillion cubic feet (TCF) against a target of 1.21 TCF. The local LPG supply stood at 0.73 million tons against a target of 0.79 million tons.

A total of 35 wells (14 exploratory and 21 development) were drilled against a target of 67 wells (27 exploratory and 40 development). Details given at Annex-11.2.

Coal

A target of 15.4 million tons was set for local coal exploration, with 13.82 million tons achieved, representing a 90 percent success rate as per Annex-11.2.

Liquefied Natural Gas (LNG) Import:

To meet the gas demand supply gap, during FY2024-25 against the targeted import of 8.85 million tons of LNG, 7.0 million tons is estimated to be procured by June, 2025. The target could not be met due to non-supply of LNG from international suppliers as per contractual agreement.

Gas Consumer Addition and Pipelines Construction:

During the year FY2024-25, Sui Northern Gas Pipeline Limited (SNGPL) and Sui Southern Gas Company Limited (SSGCL) collectively added 20,061 new consumers (including domestic, commercial and industrial) against the target of 68,990. Moreover, both the Sui Companies added 2,254 km transmission and distribution pipelines against a target of 3,274 km. Details given at Annex-11.3.

PSDP Review FY2024-25:

During FY2024-25, with proposed allocation of Rs. 2541.5 million, Petroleum Division implemented their four (04) on-going projects namely Expansion and Up-gradation of Pakistan Petroleum Corehouse (PETCORE) for its Sustainable Operations to Facilitate Oil & Gas Exploration Research in Pakistan, Strategic Underground Gas Storage (SUGS) Project and Supply of Gas to villages /Localities falling within 5-km radius of gas producing fields for SNGPL (Phase-I) and SSGCL projects.

Outlook and Programme for FY2025-26:

- For the FY2025-26, the targets for crude oil and natural gas production are fixed as 24.24 million barrels and 1.24 TCF, respectively. The target for local LPG supplies is set to 0.75 million Tons.
- The gap in indigenous gas will be supplemented through LNG imports, which are targeted at 7.5 million tons. Both SNGPL and SSGCL have a collective target of adding 116,270 new consumers and 2,770 KM transmission and distribution pipelines during FY2025- 26.

- A target is to explore 14.8 million tons of local coal has been set to promote indigenous production aimed at reducing the country's import bill.

SDG's Target 7.3: Double the global rate of improvement in energy efficiency
The fuel sector is actively working to meet climate commitments, including Nationally Determined Contributions (NDCs) and adaptation/resilience strategies. To achieve this, the following energy efficiency projects shall kick start during FY2025-26:
- Machike – Thalian – Taru Jabba White Oil Pipeline (Environment Friendly)
- Modernization/Upgradation/Expansion of Existing Refineries

Integrated Energy Planning (IEP) for Sustainable Development
Pakistan's energy sector requires a transformative approach to address challenges of energy security, affordability, and sustainability. The Integrated Energy Planning initiative, led by the Ministry of PD&SI aims to reshape the energy landscape through data-driven and analysis-based decision making and policy formulation.

Review of FY2024-25
- Energy Planning & Resource Centre (EPRC) established under IEP initiative has made significant progress in FY2024-25, including the development of Pakistan's first integrated demand-supply top-down model using LEAP (Long Range Energy Alternative Planning) model, prepared a ten-year electricity demand forecast and optimized the generation mix report.
- EPRC started the process of developing an Integrated Energy Plan (iE-Plan) by organizing a national-level workshop. After finalization of TORs of iE-Plan, development of a comprehensive integrated energy model, "Pakistan Integrated Energy Model" using TIMES Platform, is underway, and the first iteration of the model shall stand complete by June 2025.
- Groundwork for the development of a centralized database and "Energy Information System" (EIS) to support informed decision-making and policy analysis for Pakistan's energy sector has been completed. This decision support system shall equip the stakeholders and policymakers with consolidated data, analysis, and forecasts to make informed decisions.

Outlook and Programme for FY2025-26:
For the FY2025- 26, EPRC has planned to complete the following two main deliverables:

- **Completion of iE-Plan and transformation into a strategic Energy Plan:** A plan (iE-Plan) based on the TIMES-VEDA based integrated energy model shall be completed by December 2025. Integrated Energy Plan's horizon shall be expanded up to8 2050 by incorporating scenarios related to national energy security.
- **Development of Energy Information System (EIS):** After completing the procurement process, the development phase of the EIS is expected to be completed during the FY2025-26.

Annex-11.1

I	Power Generation 2024-25 (Plants commissioned from July 2024 till date/expected to commission upto 30th June 2025					
Sr. #	**Name of Project**	**Location**	**Agency**	**Fuel**	**MW**	**Commissioning Date**
1	Chamfall	Azad Kashmir	AJK-HEB	Hydro	3.0	Jan-25
2	Karora	Shangla KPK	GoKPK	Hydro	11.8	Jun-25
3	Suki Kinari	Mansehra KPK	PPIB	Hydro	884.0	Nov-24
4	Mangla Refurbishment	Karachi	WAPDA	Hydro	70.0	Jul-24
5	Koto	Lower Dir KPK	GoKPK	Hydro	40.8	Jun-25
6	Jamshoro	Jamshoro Sindh	GENCO Holding	Imp Coal	660.0	Jul-24
7	Jabori	Mansehra KPK	GoKPK	Hydro	10.2	Mar-25
8	Kurram Tangi	KPK	WAPDA	Hydro	18.0	Jun-25
	Generation Additions in 2024-25 (MW)				**1,697.8**	
II	**Retirements (2024-25) Actual**					
1	HUBCO			RFO	1,292	Jul-24
2	AES Lalpir			RFO	362	Jul-24
3	AES Pakgen			RFO	365	Jan-25
4	Saba			RFO	136	Jul-24
5	Rousch			RLNG	450	Jul-24
6	Jamshoro - I U1			RFO	250	Jul-24
7	Jamshoro - II U4			RFO	200	Jul-24
8	Guddu - II U (5-10)			Gas	620	Jul-24
10	Muzaffargarh - I U1			RFO	210	Jul-24
11	Muzaffargarh - I U2			RFO	210	Jul-24
12	Muzaffargarh - I U3			RFO	210	Jul-24
13	Muzaffargarh - II U4			RFO	320	Jul-24
	Generation Retirements in 2024-25 (MW)				4,625	
III	**Power Generation 2025-26 (Targets) (July 2025 to June 2026)**					
Sr. #	**Name of Project**	**Location**	**Agency**	**Fuel**	**MW**	**Commissioning Date**
1	Gorkin Matiltan	KPK	GoKPK	Hydro	84.0	Aug-25
2	Nardagian	Jhelum	AJK-HEB	Hydro	3.2	Dec-25
3	Jagran-II	AJK	GoKPK	Hydro	48.0	Dec-25
4	Shahtaj	Mandi Bahauddin	AEDB	Bagasse	32.0	Jul-25
	Generation Additions in 2025-26 (MW)				**167.2**	

Annex-11.2

Oil and Gas Targets and Achievements

S. No	Items	Units	Targets 2024-25	Expected achievement up to 30-06-2025	Percent Achieve-ments	Targets 2025-26
1.	**Production**					
i.	Crude Oil	Million Barrels	26.55	23.55	89	24.24
ii.	Gas	Trillion CFT	1.21	1.08	89	1.24
iii.	LPG	Million Tons	0.79	0.73	92	0.75
iv.	Imports LPG	Million Tons	1.05	1.5	143	1.55
v.	LNG Import	Million Tons	8.85	6.99	79	7.5
vi.	Indigenous Coal	Million Tons	15.4	13.82	90	14.80
2.	**No of wells drilled**	Nos.	67	35	53	-
i.	Exploratory	Nos.	27	14	52	-
ii.	Development	Nos.	40	21	53	-

Annex-11.3

Gas Consumer Addition and Pipelines Construction

S. No	Items	Units	Targets 2024-25	Expected Achievement by June 2025	Percent % Achieve-ments	Targets 2025-26
A.	Gas Consumers Added					
1.	SNGPL					
i.	Domestic	Nos.	40,000	13,000	33	30,000
ii.	Commercial	Nos.	2,800	1,800	64	280
iii.	Industrial	Nos.	250	40	16	250
	Sub Total	Nos.	43,050	14,840	35	30,530
2.	SSGCL					
i.	Domestic	Nos.	25,470	4,913	19	85,370
ii.	Commercial.	Nos.	350	231	66	270
iii.	Industrial	Nos.	120	77	64	100
	Sub Total	Nos.	25,940	5,221	20	85,740
	Total (SNGPL + SSGCL)	Nos.	68,990	20,061	29	116,270
B.	Transmission & Distribution Extension					
1.	SNGPL					
i.	Transmission & Distribution	Km	2,676	2,135	80	2,770
2.	SSGCL					
i.	Transmission & Distribution	Km	598	119	20	-
	Total (SNGPL + SSGCL)	Km	3,274	2,254	69	2,770

12. WATER RESOURCES DEVELOPMENT

Water sector is central to Pakistan's socio-economic development, particularly agriculture, which contributes 24 percent to GDP and relies heavily on water from precipitation, snow, and glacial melt. The Indus Basin Irrigation System (IBIS), one of the world's largest systems, comprises three reservoirs (13.4 MAF live storage), 19 barrages, 12 inter-river link canals, 2 siphons, and 44 canal commands. It supplies 110 MAF annually through 64,000 km of canals and draws over 53 MAF from 1.3 million tube wells.

Despite this vast network, Pakistan faces significant water-related challenges, caused by higher population growth, urbanization, land degradation, seawater intrusion, and climate change impacts like floods, droughts, and glacier retreat. The country is ranked among the top 10 most climate-vulnerable nations globally (Global Climate Risk Index 2021).

Performance Review FY2024-25

In view of the strategic importance of the water sector, the development programme FY2024-25 comprises 59 projects with a total estimated approved cost of Rs. 2,298.3 billion. The total PSDP allocation for the water sector in FY2024-25 was Rs. 142.6 billion, and the estimated expenditure amount till May 2025 was Rs. 79.4 billion. The breakup of the water sector-wise budget FY2025-26 in comparison to the previous year is given in Table 12.1.

Table 12.1: Sector-wise Allocations

(Rs. Billion)

Projects		FY2024-25	FY2025-26
	Large Dams (Basha & Mohmand Dam)	61.1	76.8
	Medium/small Dams	27.5	2.8
	Water supply	30.0	3.2
	Canals and Irrigation Infrastructure Improvement	15.7	12.2
	Flood Protection	6.1	1.1
	Studies & Research	1.7	0.4
	Miscellaneous scheme (Watershed Management activities)	0.6	0.2
Total		**142.6**	**101.97**

Despite various implementation challenges, efforts were made to accelerate the FY2024–25 water sector development program. The following key targets are expected by June 2025:

- Out of 59 water sector projects for FY2024–25, 23 projects worth Rs. 163.5 billion are expected to be completed/closed by June 2025, including 10 in Balochistan, 6 in Sindh (canals, small dams, and drainage), 4 in Khyber Pakhtunkhwa, 2 in Punjab, and 1 by Ministry of Water Resources.

- Work on Mohmand Dam (800 MW, 0.676 MAF storage, 18,233 acres CCA) and Diamer Basha Dam (4,500 MW, 6.4 MAF storage) is progressing satisfactorily.
- Kachhi Canal Phase-I, providing irrigation to 72,000 acres in Balochistan, is nearly complete
- Remaining works under Kachhi Canal Phase-I for an additional 30,000 acres of CCA have also been substantially completed.
- Restoration of flood damages (2022) under the Kachhi Canal Project was completed and inaugurated by the Prime Minister on 22-11-2024.
- Chashma Right Bank Canal (Lift-cum-Gravity), aiming to irrigate 286,100 acres in KP, is underway to fulfil KP's share under the WAA 1991.
- Construction on the Naulong Multipurpose Dam (Jhal Magsi, Balochistan) to support 47,000 acres of irrigation and generate 4.4 MW of electricity.
- Water Requirement for K-IV Project (Improvement of Kalri Baghar Feeder and Keenjhar Lake- Plain Cement Concrete Lining of Kalri Baghar Feeder Phase-I) has been approved with 50 percent PSDP share (Rs. 19.5 billion) out of Rs. 39.9 billion total cost.

The following three projects were approved:

- Flood Management Enhancement Project-JICA Grant Initiative (Rs. 5178.4 million)
- Feasibility Study of Integrated Development of Chitral, Swat, and Kabul Rivers (Rs. 1,643.8 million)
- Rehabilitation & Improvement of Left Bank Outfall Drain System (Rs. 115,463.0 million) was approved as PC-II

With multi-source funding, the plan aims to strengthen flood-prone areas, safeguard lives and livelihoods, and improve water governance for resilient flood management across Pakistan.

Outlook FY2025-26

The Annual Plan FY2025–26 is aligned with the National Water Policy (2018), SDGs, and URAAN Pakistan. It targets key issues such as water scarcity, pollution, and poor infrastructure. By focusing on water security, quality, and sanitation access, the plan supports sustainable development and enhances resilience against environmental and socio-economic threats. The plan aims to expand surface water storage by 10 MAF, modernize irrigation systems, and introduce real-time monitoring to improve water-use efficiency and reduce water losses. Construction of major dams and flood risk management initiatives further support sustainable water availability. Climate-resilient infrastructure via Integrated Water Resource Management (IWRM) ensures sustainable availability, efficient use, and improved storage, which is also the key priority of the plan.

Programmes FY2025-26
Implementation of Updated National Flood Protection Plan 2023-33

Implementation of Phase-I of the Updated National Flood Protection Plan-IV (NFPP-IV) (2023-33) is the Flood Protection Sector Project-III (FPSP-III). The key initiatives under FPSP-III are as under:

- Flood Protection/ Mitigation initiatives based on the Integrated Flood Risk Management approach
- National Master Plan for Flood Telemetry Network and National Drainage Master Plan
- Glacier Monitoring & Research Centre and Automatic Weather Stations in Pakistan
- Establishment of Regional Flood Forecasting and EWS and Hill Torrent Management Studies update (PCRWR)

Mega projects for the Enhancement of Water Storage

- **Diamer Basha Dam and Mohmand Dam:** Out of the total allocated PSDP FY2025-26 funds for the Water Resources Division amounting Rs. 133,424.4 million, Water Sector's Development Programme has its share of Rs. 101,979.4 million. An amount of Rs. 79.6 billion has been allocated for construction of large/medium/small dams including Rs. 68.5 billion for both mega projects.
- **Nai Gaj Dam:** Progress on a project costing Rs. 47 billion will be expedited by the allocation of funds amounting Rs. 500 million. This project aims to develop the command area of about 28,800 acres in the district Dadu Sindh.
- **Naulong Multipurpose Dam:** A sum of Rs. 300 million has been allocated to this project for the development of 47,000 CCA in the district of Jhal Magsi of Balochistan Province.

Barrages, Irrigation Canals, Water Supply and Drainage Projects

- **Chashma Right Bank Canal (Lift Cum Gravity Canal) Project:** To irrigate 286,100 acres of land in KP, the CRBC-L-G Canal is initiated at a total cost of Rs. 189,606.4 million with allocation of Rs. 100 million for FY2025-26.

K-IV Greater Water Supply Scheme

To overcome the water demand of the metropolitan city of Karachi, the K-IV project will be given priority for timely completion. Rs. 3,209.4 million is allocated 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 titled "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” costing Rs. 39,942.6 million (with 50 percent PSDP Share of Rs. 19,971.3 million) will be expedited. An amount of Rs. 10,000 million is allocated for FY2025-26.

Remodeling of Pat Feeder Canal System in Balochistan
Remodeling of the Pat Feeder Canal System in Balochistan District Naseerabad was approved by ECNEC on 27.07.2023 at a cost of Rs. 61,793.4 million. The project aims to provide a due share of the Province under WAA 1991. Rs. 1,875 million is allocated for FY2025-26.

Kachhi Canal Project

- Kachhi Canal Project (Remaining Works, Phase-), District Dera Bugti, Balochistan is nearing its completion, after which, the irrigated command area of the canal will be increased 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 has been allocated for the project.

Financial outlay FY2025-26
An amount of Rs. 101.9 billion has been allocated to the water sector for PSDP FY2025-26. Out of the total water sector’s allocation, Rs. 76.9 billion is allocated for large dam Projects, Rs. 2.8 billion for Medium and Small Dam Projects, Rs. 12.2 billion for Canals and Rehabilitation of Irrigation System, Rs. 1.1 billion for Flood Protection, and Rs. 400 million for Feasibility and Research studies, and miscellaneous projects.

13. SUSTAINABLE TRANSPORT AND COMMUNICATION INFRASTRUCTURE

Transport infrastructure is a key enabler for the development and economic prosperity of the country to achieve the targets envisaged in the URAAN Pakistan and aligned with the SDGs. Geographically, Pakistan is centrally located in South Asia, sharing borders with China, India, Afghanistan, and Iran. Due to its strategic position in the region, Pakistan has been a key player in the One Belt One Road (OBOR) initiative spearheaded by China. One of the corridors of OBOR is the China-Pakistan Economic Corridor (CPEC), which has been under implementation since 2014. In CPEC, a considerable amount of work and investment has been made in the Transport infrastructure projects. The Federal Government, along with the provincial stakeholders, is making efforts to invest in road, port, and rail connectivity throughout the country and working on various policies and plans to facilitate the transit trade, thus boosting the economy of the country.

Pakistan was hit by flash floods in July 2022, and major roads and rail infrastructure were damaged. With the assistance of World Bank (WB), Asian Development Bank (ADB) and other donor agencies, major road rehabilitation projects in Sindh, Khyber Pakhtunkhwa and Balochistan were approved and initiated under the 4RF program. The work on the Flood-related projects remained in progress in FY2024-25, and it will continue till FY2025-26.

Presently in the infrastructure sector following projects are on the priority of the Prime Minister's and their progress is reviewed on monthly basis by a steering committee under the chair of Prime Minister of Pakistan.

- Sukkur-Hyderabad Motorway, M-6
- Dualization of N-25 Karachi to Chamman
- Hoshab-Awaran and Awaran NALLM-8
- KKH (Realignment of sections due to submersion under Diamer-Bhasha Dam

PSDP Review FY2024-25

The SDG: Goal 9 seeks to build resilient infrastructure, promote sustainable industrialization and foster innovation. To develop the resilient infrastructure, the Federal Government in the PSDP for FY2024-25 provided an outlay of Rs. 270.8 billion for the federal program under the T&C sector. Against this, an expenditure of Rs. 214.4 billion is expected to be incurred by the end of FY2024-25, giving an overall utilization of 79.2 percent. The sectoral distribution of funds within the subsector is as under;

Sectoral Review – 2024-25

Railway Sector (Railways Division / PR)

Against an allocation of Rs. 34.7 billion for 36 schemes of Railways, an expenditure of Rs. 34.0 billion is incurred during 2024-25, utilization of 98 percent. The focus was on the improvement of existing infrastructure, signaling system, and procurement and manufacture of rolling stock like, locomotives, including high horsepower locos, coaches, and bogie wagons. The priority projects of MoR include the upgradation of ML-I, the Rehabilitation of the existing track connecting Reko Diq with the Port and Thar Coal Railway Project. These initiatives will address sustainable industrialization in the country. A total of 05 number of projects are expected to be completed by the Pakistan Railways (PR) by the end of FY2024-25.

Maritime / Ports & Shipping Sector (Maritime Affairs Division)

Against an allocation of Rs. 1.3 billion for 3 schemes pertaining to the T&C Sector of Maritime Affairs, an expenditure of Rs. 0.1 billion is expected to be incurred by FY2024-25, showing utilization of about 4 percent. During the year, major ongoing projects such as Modernization and Upgradation of Gaddani Ship Breaking & Recycling Industry & Development of Allied Facilities at Gaddani and the Establishment of Export Oriented Fisheries Facilities & Infrastructure at Korangi Fisheries Harbour Authority (KoFHA)

Defense Production Sector (Defence Production Division)

Against an allocation of Rs. 3.8 billion for 02 schemes, an expenditure of Rs 1.0 billion is incurred on the project of infrastructure upgradation of Karachi Shipyard and Engineering Works (KS&EW) and the project of PMC Gwadar, resulting in overall utilization of 27.2 percent.

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

Against an allocation of Rs. 3 billion for 02 scheme, an expenditure of Rs. 1.6 billion is expected to be incurred on the project of New Gwadar International Airport (Pakistani side components). The NGIA was officially inaugurated and operated. However, the work on landside infrastructure will continue till 2027.

Road Sector

Federal Road Sector (under Ministry of Communications)

National Highway Authority (NHA) - Against the allocation of Rs. 161.3 billion for 105 schemes, an expenditure of Rs. 161.3 billion is incurred for completion of ongoing works of various National and Regional Road projects by the Federal Government. During the year, funds were utilized to gear up the slow-moving and ongoing projects, especially for Gwadar links and regional connectivity, and for those projects which were near completion.

Road Safety

National Highways & Motorways Police (NH&MP) - Against the allocation of Rs. 234.4 million for 03 schemes, nil expenditure is incurred owing to issues in the transfer of schemes after winding up of Pak PWD.

Provincial Road Infrastructure

Provinces and Special Areas

Against the allocation of Rs. 53.9 billion for 55 schemes, an expenditure of Rs. 15 billion is expected to be incurred for completion of the ongoing works of various provincial road projects fully or co-financed by the Federal Government. To support the provinces and equitable development of regions of South Punjab, South Balochistan and northern areas, several projects with Federal Funding were initiated and revised during FY2024-25.

Table 13.1 The province's wise allocation and utilization

Sr. No.	Province / Special Areas	No. of Project	Allocation 2024-25 (Rs. million)	Utilization 2024-25 (Rs. million)
1	Punjab	16	7,050.0	2,519.6
2	Sindh	7	24,230.0	3,150.0
3	Balochistan	22	18,975.8	8,462.6
4	KP	3	657.6	195.1
5	GB	4	1,800.0	200.0
6	AJK	3	1,150.0	420.0
	Total	**55**	**53,863.5**	**14,947.3**

Sindh Infrastructure Development Company Limited (SIDCL) -M/o H&W

Against an allocation of Rs. 2.2 billion for 03 schemes, an expenditure of Rs. 1.3 billion is incurred on the projects of Sindh Infrastructure Development Company Limited, envisioned to improve the infrastructure of Sindh, especially Karachi.

Housing and Works Division (Provincial Road Infrastructure Projects)

The Provincial projects being implemented under the Housing and Works Division, executed by the Pak-PWDP, were shifted to the relevant provinces after the policy decision of abolishment of the Pak-PWD by the Federal Cabinet. The process of transferring the schemes took time, and the utilization against expenditure in FY2024-25 was very low and yet to be reported by the provinces.

Interior Division (Capital Urban Projects)

Against an allocation of Rs. 0.6 billion for 03 schemes, an expenditure of Rs. 0.3 billion is expected to be incurred on the projects of Islamabad urban areas.

Planned PSDP funding and activities for FY2025-26:

An allocation of Rs. 328.5 billion has been made for the development program of the transport infrastructure sector**.** The funding has been made in line with the Federal government priorities and strategies to improve the transport infrastructure in the country under the 5E's framework/URAAN Pakistan framework. The broad distribution of sector/ministry-wise funds is as under.

Table 13.2: Allocations (FY2024-25), expenditures and Proposed Allocations (FY2025-26) for T&C Sector Projects

(Rs. Million)

Sub Sector /Division / Authority	No. of Projects	Allocation (2024-25) including F. Aid	Expenditure*	Proposed Allocation (2025-26)***
Air transport				
Defence Division / Aviation	02	2,970.6	1,614.5	4,120.0
Road Transport				
Communications Division (other than NHA i/c CTTI & NH&MP & NTRC)	03	243.4	0.0**	149.2
National Highway Authority	(104)	161,264.4	161,264.4	226,981.9
Provinces and Special Areas	(55)	53,863.1	14,947.3	65,837.5
Housing & Works Division – SDICL Only	(03)	2,216.6	1,252.1	3,385.0
Interior Division	(03)	550.0	292.1	424.1
Defence Production				
Defence Production Division	02	3,776.6	1,031.1	1,786.0
Sea Transport				
Maritime Affairs Division	(03)	1,300.0	51	3,465.0
Rail transport				
Railways Division	36	34,650.0	34,000.0	22,415.0
Total	211	270,782.1	214,452.5	328,563.7

** The expenditure amount is based upon the utilization figures last updated on 5th May 2025, this may slightly be higher than the above indicated amount by the end of June 2025.*

*** Due to the change of executing agency, no expenditure was held.*

**** Proposed allocations are as per summary of NEC issued on 04-06-2025.*

Further, during the Plan period, the following major activities will be carried out, which include:

- Updating and approval of the Draft National Transport Master Plan.
- Resolution of CDL issue of NHA.
- 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.
- Processing of the KKH Thakot to Raikot Project under CPEC financing and its initiation.
- Implementation of the Rathoa Haryam Bridge Project in AJK.
- Fast track processing and implementation of the PM priority Projects.

14. SUSTAINABLE URBAN DEVELOPMENT AND HOUSING

Urbanization remains a defining trend in Pakistan's development landscape, profoundly shaping the economy, infrastructure, and social fabric. As the country with the highest urbanization rate in South Asia, nearly half of Pakistan's population is expected to reside in urban areas by 2035. Urban centers currently generate around 55 percent of the national GDP, underscoring their pivotal role in economic transformation. However, rapid and largely unplanned urban expansion has led to multiple challenges, including the proliferation of informal settlements, environmental degradation, inadequate urban services, particularly in water supply, sanitation, waste management and growing spatial inequalities. It also includes a housing deficit exceeding 10 million units, limited access to affordable housing, and underdeveloped urban infrastructure. An estimated 700,000 new housing units are required annually, yet supply consistently falls short.

Aligned with the URAAN Pakistan, the 13th Five-Year Plan (2024–2029), and the SDGs Agenda, the government is focusing on sustainable urban development and inclusive housing policies. Key national initiatives include the Mera Pakistan Mera Ghar scheme, which is offering subsidized housing finance to underserved groups, and the Joint Venture & Public-Private Partnership (JV & PPP) frameworks introduced by the Federal Government Employees Housing Authority (FGEHA) to mobilize private sector investment in housing development. Collectively, these initiatives seek to expand affordable housing, enhance financial access, and stimulate inclusive urban growth. Significant investments are being made to upgrade urban infrastructure, including water supply, sewerage systems, and transportation networks.

The Annual Plan 2025–26 aligns with SDGs 6 (Clean Water and Sanitation), 11 (Sustainable Cities and Communities), and 17 (Partnerships for the Goals) while also contributing to SDGs 1, 9, and 13. The plan targets increasing household-owned dwellings from 82 percent to 90 percent, access to improved drinking water from 94 percent to 100 percent, improved toilet facilities from 73 percent to 80 percent, and access to handwashing facilities from 54 percent to 70 percent.

Performance Review FY2024–25

Financial Performance

During FY2024-25, significant resources were allocated to the sustainable urban development and housing sector to address the challenges posed by rapid urbanization and the housing deficit. The federal Public Sector Development Program (PSDP) allocated approximately Rs. 24.3 billion in PSDP to various federal ministries and divisions for implementing sectoral programs and projects. In addition, provincial governments made substantial contributions, with Punjab allocating Rs 124.0 billion, Khyber Pakhtunkhwa Rs 34 billion, Sindh Rs 98 billion and Balochistan Rs 19 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 60 percent of allocated funds 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. These ministries undertook projects related to water supply systems, sanitation infrastructure development, construction of residential buildings for government employees, and other sustainable urban development and housing initiatives.

Physical Performance

The FY2024-25 witnessed substantial progress in implementing key projects aimed at improving housing availability and urban infrastructure across Pakistan. The government continued its efforts to address the acute housing shortage by constructing affordable housing units for low- and middle-income households under various schemes. These efforts supported the reduction of informal settlements, contributing to SDG 11. Efforts were made to bridge the gap between housing demand and supply while promoting inclusive urban growth. Projects in the sector are focused on upgrading water supply systems in major cities like Karachi and Lahore, expanding sanitation networks, and improving transportation infrastructure.

Major sectoral projects linked to SDGs 6 and 9, one during 2024-25, include:

- 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 Program for Post-Flood Reconstruction: Climate Resilience Enhancement and Livelihood Diversification in Balochistan
- Flood Response Emergency Housing Project, Sindh

- Developing Resilient Environment and Advancing Municipal Services (DREAMS-I)
- Punjab Rural Sustainable Water Supply and Sanitation Project (PRSWSSP)
- Extension of Water Supply Resources in WASA Faisalabad
- Projects for WASA Lahore
- Pakistan Audit & Account Academy (PAAA) Islamabad
- Construction of Audit House, Lahore
- Construction of Office Building of Competition Commission of Pakistan in Sector G-10/4, Islamabad
- Construction of Federal Audit Complex, G-8/1 Islamabad
- Up-gradation of ASF Academy, Karachi
- Civil Armed Forces Projects, i.e., Construction of Barracks, Offices, etc.
- ASF offices around the country
- Intelligence Bureau offices around the country
- Water Supply and Sanitation Schemes, Mansehra, Gilgit City Havelian Abbottabad, Multan, Hunza Hevellian, Gwadar
- Development of Ziarat town;
- Rehabilitation Old Town of Gwadar

Housing Programmes by Federal and Provincial Governments: Both federal and provincial governments are actively implementing housing programs aimed at improving access and affordability, especially for low-income households. Most programs are structured around PPPs and target specific groups, including labourers, public servants, and economically vulnerable communities. These initiatives reflect the growing importance of equitable, inclusive housing as a pillar of sustainable urban development, further supported by SDG 11.

Federal Initiatives:

- Mera Pakistan Mera Ghar (SBP): Offers subsidized housing finance for house or plot purchases with favourable interest terms.
- FGEHA JV & PPP Rules: Promote private investment in housing projects for federal employees and the general public.

Provincial Initiatives for low-income groups:

- Punjab: Apni Chhat Apna Ghar: Provides subsidized housing units for workers and low-income families.
- Khyber Pakhtunkhwa: Ehsaas Apna Ghar Scheme: Offers interest-free loans to government employees.

The private sector also played a pivotal role in housing development during this period by increasing investments in residential real estate projects across major cities such as Karachi, Lahore, Islamabad, Peshawar, and Quetta. These investments complemented government efforts by expanding the availability of quality housing options for middle- and upper-income groups while creating employment opportunities in construction-related industries.

Outlook FY2025-26

Sectoral Objectives

The Annual Plan 2025–26 envisions a transformative shift in Pakistan's urban and housing sector through enhanced planning, institutional reform, and strategic investments. Building on the priorities of the URAAN Pakistan, the 13th Five-Year Plan and aligned with SDGs, the Plan emphasizes a coordinated approach toward equitable and sustainable urban development.

A central focus will be on addressing the housing backlog through public-private partnerships, subsidized financing, and scalable affordable housing models. Investments in urban infrastructure, especially in water and sanitation, will be expanded to support livability and climate resilience.

Institutional strengthening, integration of planning with GIS tools, and capacity building at local government levels will underpin improved governance and accountability. Citizen engagement, environmental sustainability, and the preservation of cultural heritage will guide urban interventions to make cities inclusive, vibrant, and future-ready.

The primary objectives for the sustainable urban development and housing sector in FY2025-26 are:

- Promote Sustainable Urban Planning through master plans and integrated land use strategies that reduce sprawl and encourage efficient resource use.
- Expand Affordable Housing by enabling PPPs, subsidized financing, and land pooling to support low-income households.
- Improve Urban Infrastructure with targeted upgrades to water, sanitation, waste, and public transport systems.
- Ensure Inclusive Access to housing and urban services for marginalized groups, including women and persons with disabilities.
- Enhance Urban Livability by developing public spaces and green areas and preserving cultural heritage.

Programmes for FY2025–26

A proposed allocation of Rs. 76 billion (including 18 billion Rupee cover) is earmarked for interventions by relevant federal and provincial entities.

Focus Areas:

- Resilient reconstruction and rehabilitation in flood-affected areas
- Expansion of water supply and sanitation
- Affordable housing via PPPs
- Mixed-use urban settlements
- Strengthening city service delivery

Priority Projects for FY2025–26:

- Greater Karachi Water Supply Scheme
- Karachi Water & Sewerage Services Improvement Project (KWSSIP)
- Construction of (03) Sewerage Treatment Plants, Rawal Lake, Islamabad.
- Punjab Rural Sustainable Water Supply and Sanitation Project (PRSWSSP)
- Flood Response Emergency Housing Project – Sindh
- National Post-Flood Resilience Programme – Balochistan
- DREAMS- Municipal Services Expansion in Secondary Cities
- WASA Upgradation Projects in Major Cities
- Pilot Green Urban Infrastructure Programme (Karachi, Lahore and Islamabad)
- Construction of Additional Family Suits (104) for Members of the Parliament, including Servant Quarters.
- Construction of Legal Facilitation Center, Islamabad High Court at Constitution Avenue, G-5/1, Islamabad
- Other important projects will be included in the finalized PSDP 2025-26

15. CHINA-PAKISTAN ECONOMIC CORRIDOR (CPEC)

The China-Pakistan Economic Corridor (CPEC) is a long-term strategic program being implemented by China in Pakistan. CPEC is designed to foster industrialization, trade facilitation, regional connectivity, integration within global value chains, and socio-economic development. The CPEC initiative also focuses on poverty alleviation, agricultural modernization, operationalization of Gwadar Port, and promoting the Blue economy. CPEC encourages and promotes third-party participation. Recognizing the evolving global landscape, the scope of CPEC has been broadened to include cooperation in Science and Information Technology, reinforcing its comprehensive development framework.

At the core of the CPEC lies a strategic vision to connect Gwadar Port in south-western Pakistan to China's Xinjiang region through an extensive network of roads and railways. In its first phase, CPEC prioritized Early Harvest Projects, focusing heavily on energy and infrastructure. These early investments addressed critical deficiencies and established a solid foundation for accelerated economic growth and completed around 38 projects in numerous sectors worth more than US$ 25 billion. As a result, Pakistan has seen a rise in industrial activity, improved logistics, and growing investor confidence and delivered a long-term stimulus to the national economy.

Looking ahead, the emphasis of CPEC is shifting toward inclusive socio-economic development and achieving targets of Sustainable Development Goals (SDGs) by focusing on five corridors (Growth, Innovation, Green Development, Livelihood Improvement and Regional Openness) which are aligned with URAAN Pakistan (National Transformational Plan based on 5Es). Meanwhile, Science and Technology (S&T) cooperation is being actively pursued, with an emphasis on technology transfer and upgradation, to support Pakistan's sustainable development and enhance productivity across various sectors. CPEC continues to evolve as a transformative platform for regional cooperation, economic resilience, and shared growth.

Performance Review FY2024-25

The CPEC continued to make significant strides in FY2024–25, marking key achievements across various sectors. A standout development was the progress in establishing four priority Special Economic Zones (SEZs): Rashakai, Allama Iqbal Industrial City (AIIC), Dhabeji, and Bostan, supporting industrial growth, technology transfer and innovation in line with SDGs. These SEZs are central to Pakistan's industrialization agenda in the second phase of CPEC. Phase I of the Rashakai and Bostan SEZs has been successfully completed with the registration of 21 and 17 enterprises respectively. Rashakai SEZ has housed 3 Chinese enterprises, and focus is now on conducting more marketing campaigns/roadshows to attract relocation of more foreign enterprises. AIIC is also making leads in development works, and numerous industrial plots have already been allocated to both domestic and international investors, and several enterprises are now nearing operational readiness. These developments are expected to drive job creation, enhance industrial output, and further strengthen Pakistan’s economic base.

The New Gwadar International Airport, a critical component of CPEC initiative for enhancing regional connectivity, was inaugurated by the Prime Minister of Pakistan and is now fully operational, marking a key step toward transforming Gwadar Port into a major commercial hub.

PC-I for Karakoram Highway (KKH) (Thakot–Raikot section) has been approved by the Executive Committee of the National Economic Council (ECNEC). Pakistani members of the Joint Technical Committee for KKH visited China in April 2025 to finalize the financial and implementation terms, paving the way for construction to commence soon.

In the Energy sector, the successful completion of the 884 MW Suki Kinari Hydropower Project added significant clean energy to the national grid, reinforcing Pakistan’s transition towards renewable and sustainable energy sources. Additionally, protocols signed between China and Pakistan have facilitated the export of key agricultural products, including boiled meat, cherries, and chili, opening new markets and generating valuable foreign exchange earnings.

Progress was also made in the implementation of various socio-economic development projects, further aligning CPEC with Pakistan’s inclusive development goals and poverty alleviation agenda.

Table 15.1: Project Implementation Status

JWG	Project Name	Milestones 2024-2025
Energy	884 MW Suki Kinari HydroPower Project	The project was completed and commissioned in September 2024
Infrastructure	Pak-China Friendship Hospital Gwadar	Operationalized
	1.2 MGD Sea Water Desalination Plant	Efforts underway for operationalization
	Joint feasibility study of KKH phase-II (Thakot-Raikot)	PC-I was approved by ENEC, and consultation is in process to finalize the financial and technical terms
	New Gwadar International Airport	Completed
Special Economic Zone	Prioritized SEZs (Rashakai, Allama Iqbal, Bostan and Dhabeji)	Substantial progress has been achieved on development of prioritized SEZs with the first phase of the Rashakai and Bostan SEZ operational. The development work on Allam Iqbal SEZ is ongoing and

		around 30 industrial plots have been allotted to various enterprises including foreigners for establishing industrial units. Development work on Dhabeji SEZ is also underway and allotment of plots expected by end of June 2025.
Socio-Eco Dev	Progress on the first batch (17) and the Second batch (10) projects	Fifteen (15) projects completed. Five (5) under implementation. Six (06) projects are in the pipeline as their Letters of Exchange have been finalized.
	Finalization of the Third batch	Seven (7) projects of the 3rd Batch have been agreed with the Chinese side for implementation on a grant-in-aid basis.
Agriculture	Training of 1000 Agriculture graduates	First batch of 300 agriculture graduates sent to China in April 2025 for advanced training in numerous trades. Working on the 2nd and 3rd batches in process.
	Agriculture equipment and tools	Agriculture equipment and tools received from China in September 2024 on a Grant-in-Aid basis.
	China-Pakistan Joint Agricultural Technology Laboratories	Lab equipment received from China in February 2025 on a Grant-in-Aid basis.
	Signing of Protocols on Exports to China	The signing of protocols paved the way for the export of agricultural commodities to China.
MoUs	MoU on Strengthening Cooperation on the Livelihood Working Group of CPEC	Signed on 14th October, 2024
	Memorandum of Understanding between the National Development and Reform Commission of the People's Republic of China and the Ministry of Planning, Development, and Special Initiatives of the Islamic Republic of Pakistan on the Cooperation of the Application	Signed on 5th February 2025

	of Beidou Navigation Satellite System	
	Memorandum of Understanding on Deepening Industrial Cooperation in Gwadar within the Framework of CPEC	Signed on 5th February 2025
	Memorandum of Understanding on Enhancing Coordinated Regional Development within the Framework of CPEC	Signed on 5th February 2025
Meetings of Joint Working Groups	Joint Working Group on Transport and Infrastructure	Meetings of four Joint Working Groups held in the FY2024-25. More JWG meetings are expected to be convened in May and June of the current year.
	Joint Working Group on International Cooperation and Coordination	
	Joint Working Group on Agriculture	
	Joint Working Group on Security	

Ministry of Planning, Development and Special Initiatives of Pakistan and National Development and Reforms Commission of China jointly held a high-level seminar in December 2024 in Beijing, China, to align the five corridors of CPEC with URAAN Pakistan. Several meetings of the Joint Working Groups also took place in order to prepare for the upcoming session of the Joint Cooperation Committee of CPEC.

Outlook 2025-26

China and Pakistan have reiterated their unwavering commitment, under Phase II, to implement the long-term plan of CPEC and prioritize five corridors, i.e. Growth Corridor, Innovation Corridor, Green Corridor, Livelihood Corridor and Regional Connectivity/ Openness Corridor.

In Industrial Cooperation, out of the nine special economic zones, four economic zones, namely Rashakai SEZ, Allama Iqbal Industrial Zone, Dhabeji SEZ, and Bostan SEZ, have been placed on the priority list. Since necessary utilities are being provided to these zones with utmost priority, it is expected that several industrial units will start their production. Rigorous marketing campaigns/ road shows will be organized in China to attract more Chinese investments in these SEZs resulting in relocation of industries and transfer of technologies.

Similarly, agriculture cooperation will be enhanced with more projects under the B2B mode. To promote cooperation in Science & Information technology, the two sides will work on joint laboratories, technology parks, people-to-people exchange and technology transfer under the BRI STI Action Plan.

In the socio-economic sector, the remaining 5 projects from the 1^{st} and 2^{nd} batch would be prioritized, and efforts would be made for early implementation of seven agreed projects under the 3^{rd} batch.

In the power sector, future projects will be considered in the CPEC Framework as per the agreed document “Guiding Principles for China-Pakistan Economic Corridor Cooperative Energy Projects” so as to provide a stronger foundation for the energy cooperation during the next stage. The petroleum sector projects will be taken up in accordance with the “Development Plan of Oil & Gas for Pakistan”.

Tourism promotion as part of the Long-Term Plan is another area of cooperation under the CPEC framework. Coastal tourism, eco-tourism in Gilgit-Baltistan, and integrated tourism zones in KP are among the areas in the tourism sector to be opened up for deliberation this year.

In infrastructure, KKH (Thakot-Raikot section) and Mainline-1 (ML-1) are strategic projects that will achieve significant milestones in FY2025-26. Once implemented, these projects would considerably improve the connectivity leading to higher logistics performance of Pakistan.

EQUITY, ETHICS & EMPOWERMENT

Building an Equitable and Empowered Society

16. POPULATION

Pakistan is confronted with significant demographic challenges, chiefly characterized by a persistently high population growth rate that exerts considerable strain on national resources, exacerbates socioeconomic inequalities, and undermines prospects for sustainable development. As the fifth most populous country globally, Pakistan's population has experienced a dramatic increase, rising from 34 million in 1951 to 241.49 million in 2023, representing a more than seven-fold growth over seven decades.

Projections by the United Nations Population Division (as per CCI recommendations/ scenario) indicate that this trajectory is likely to continue in the absence of effective interventions. The national population is expected to reach approximately 267 million by 2030 and 338.1 million by 2050, during the period 2023–2050 (Pakistan @ 2050, UNFPA). These trends underscore the urgent need for robust policy action aimed at moderating population growth and managing demographic dynamics in a manner that aligns with the country's sustainable development goals (Pakistan Population Situation Analysis 2020, MoPD&SI).

It is therefore important to adopt a holistic approach to population management. This entails aligning national strategies with the comprehensive framework outlined in the International Conference on Population and Development (ICPD) Programme of Action. While addressing population growth is essential for sustained economic development, it must be integrated with investments in key areas such as gender equality, adolescent and reproductive health, education, social protection, youth skill development, urbanization, and women's empowerment. Particular attention should also be given to sub-sectors offering immediate impact, such as improving adolescent health, promoting rural development, and ensuring compulsory education. A critical priority must be bringing back the more than 26 million out-of-school children to secure the country's human capital potential and long-term development goals.

Building on the momentum of initiatives in URAAN Pakistan, it is essential to expand the availability of family planning services nationwide, raise awareness of family planning among the general population, and ensure universal access to safe and comprehensive reproductive health care. Strategic investments in these areas are likely to yield significant results in the medium to long term, contributing to improved public health outcomes and sustainable development.

The Plan 2025-26 shall focus on key areas identified by the URAAN Pakistan document and, more specifically dealing with population matters comprehensively with a cross-sectoral approach so that simultaneous efforts may be carried out to find solutions to Pakistan's long-standing issues of service delivery, access and awareness about family planning services.

Performance Review

Several federal and provincial programs, initiatives, and projects have been implemented to raise awareness about small family norms, promote family planning, and integrate population issues into broader development agendas. At the federal level, the Public Sector Development Program (PSDP) funded the *Implementation of the National Action Plan on Population (2021-26)*, with a total cost of Rs. 1,998 million. In its fourth consecutive year of implementation, the project received an allocation of Rs. 300 million for FY2024-25, primarily aimed at procuring contraceptive commodities for Islamabad Capital Territory (ICT), Azad Jammu & Kashmir (AJK), and Gilgit-Baltistan (GB).

Additionally, the Ministry of National Health Services, Regulations, and Coordination (NHSR&C) spearheaded several initiatives, including quarterly meetings of the Country Engagement Working Group, which monitors the technical implementation of the National Action Plan on Population.

Punjab demonstrated leadership in population and development initiatives by allocating over Rs. 3,800 million in FY2024-25, comprising Rs. 678 million for nine ongoing schemes, Rs. 1,316 million for four new projects, Rs. 1,000 million for the Chief Minister's Initiative on Population Management and Family Planning Program, and Rs. 250 million for engaging Social Opinion Influencers in family planning advocacy. The province strategically directed these development expenditures into two priority areas: strengthening family planning service delivery through healthcare provider training and mobile service units, and enhancing health infrastructure alongside comprehensive advocacy campaigns involving sensitization workshops, media outreach, and engagement with religious scholars (Ulema).

Khyber Pakhtunkhwa committed Rs. 499 million through its Annual Development Program for population welfare, with Rs. 407 million supporting four ongoing schemes focused on achieving SDGs and FP2030 targets, expanding sexual and reproductive health services in underserved areas, and establishing Family Welfare Centers with mobile service units. The province complemented these efforts through additional activities funded by both development and non-development budgets, including awareness workshops, capacity-building training sessions, and collaborative initiatives with religious leaders to promote family planning acceptance.

Sindh allocated Rs. 441.97 million for population welfare schemes, distributing Rs. 393.968 million across six ongoing programs and reserving Rs. 48 million for two unapproved schemes. The provincial government concentrated on reinforcing service delivery networks, executing the National Action Plan on Population, rehabilitating family planning facilities, and conducting targeted advocacy campaigns, while maintaining consistent support for population-related activities through recurring and non-recurring budget allocations.

Balochistan dedicated Rs. 235 million to two ongoing population welfare programs aimed at improving service delivery and addressing healthcare infrastructure gaps. Similarly, Gilgit-Baltistan and AJK invested in expanding service delivery capabilities and implementing advocacy and community sensitization programs through both development and non-development budget streams, ensuring comprehensive coverage of population welfare initiatives across all regions.

Outlook

The population welfare agenda for 2025-26 marks a strategic shift toward an integrated, multi-sectoral approach that fully embodies the principles of the "URAAN Pakistan." At the federal level, this transformation will be anchored by the development and implementation of an Integrated Multi-Sectoral Population Framework, designed to harmonize population-related interventions across key ministries and sectors, including health, education, and economic development. This comprehensive framework will ensure policy coherence while maximizing resource efficiency in pursuit of demographic objectives. Concurrently, the establishment of an ICPD Beyond 2030 Progress Monitoring Committee will provide robust oversight of Pakistan's commitments to international population goals, creating a system of accountability that aligns with URAAN Pakistan's emphasis on evidence-based governance. To further strengthen this foundation, the federal government will operationalize a National Knowledge Hub and Data Portal, serving as a centralized repository for critical demographic and socio-economic indicators that will inform policymaking and public engagement. This initiative will be complemented by a thorough review of existing pro-natalist policies to better align incentives with national population stabilization goals.

Provincial governments will serve as the primary implementers of this vision through targeted interventions that translate URAAN Pakistan's principles into localized action. A core priority will be ensuring universal access to family planning services by guaranteeing availability at all district-level hospitals, basic health units, and dedicated family welfare centers. This service expansion will be achieved through strategic public-private partnerships that simultaneously address existing gaps in coverage, particularly in the estimated 40% of underserved areas currently lacking Lady Health Workers. Complementing these service delivery improvements, comprehensive awareness campaigns will be launched across all provinces, leveraging multiple media channels to promote small family norms and dispel prevalent misconceptions. These campaigns will actively engage religious scholars, media representatives, and academic institutions to build broad societal consensus around population stabilization efforts. Special emphasis will be placed on enhancing postpartum contraception services through innovative partnership models that extend reach to previously marginalized populations.

The implementation strategy incorporates several cross-cutting initiatives designed to create an enabling environment for population management. An International Conference on Population and Development will be convened to facilitate global knowledge exchange and showcase Pakistan's commitment to the URAAN Pakistan vision.

The National Knowledge Hub will be enhanced through regular dissemination of National Transfer Accounts data, providing policymakers and stakeholders with clear insights into the economic implications of demographic trends. Recognizing the critical role of intergenerational change, the government will integrate comprehensive reproductive health education into school curricula, empowering youth with knowledge that supports responsible health decisions. These combined interventions are expected to yield measurable progress across key indicators, including reductions in total fertility rates and improvements in contraceptive prevalence, while simultaneously strengthening institutional capacity for multi-sectoral coordination. Through this holistic approach, Pakistan aims to achieve the balanced demographic transition envisioned by the URAAN Pakistan framework, ensuring long-term sustainable development and improved quality of life for all citizens.

Programs for 2025-26

To address systemic challenges in population management, Pakistan must prioritize the development of a Multi-Dimensional National Population & Development Framework that adopts an integrated, cross-sectoral approach. This initiative requires the simultaneous development of three complementary components

- Developing a comprehensive overarching population framework that integrates various sectors like education, employment, and climate resilience;
- Formulating a focused Health and Family Planning (FP)/RH framework to address immediate needs;
- Adopting a dual-strategy approach that combines both a comprehensive framework and a detailed implementation strategy for health and FP/RH.

The framework's development will involve extensive provincial and regional consultations alongside multi-stakeholder engagement to ensure national consensus and implementation feasibility, recognizing that such collaboration forms the bedrock of successful population policy.

Aligned with Pakistan's international commitments, particularly the ICPD Programme of Action, this approach necessitates establishing robust monitoring mechanisms to track progress. A dedicated Progress Monitoring Committee will be constituted to oversee baseline indicator development, produce biannual reports on ICPD and SDG indicators, and prepare Pakistan's submissions for UN forums. This monitoring architecture will operationalize the 5-E Framework's emphasis on evidence-based policymaking while maintaining accountability to global commitments. The economic dimension of this strategy will be strengthened through the National Transfer Accounts initiative, supported by UNFPA, which provides critical analysis of lifecycle deficits, consumption patterns, and intergenerational resource flows. These economic metrics will inform targeted provincial action plans to optimize Pakistan's demographic dividend, with particular attention to gender disparities in labor force participation - a key priority under URAAN Pakistan's equity pillar.

Implementation will focus on two transformative priorities: youth empowerment and gender inclusion. Provincial governments will be supported to develop university-level youth engagement programs fostering awareness of reproductive health and family planning, while parallel initiatives will create enabling environments for female economic participation. To accelerate knowledge transfer and innovation, Pakistan will host an International Conference on Population and Development, convening global experts to share solutions aligned with ICPD principles. This platform will catalyze multi-sectoral partnerships while positioning Pakistan as a regional leader in holistic population management - ultimately realizing URAAN Pakistan's vision of sustainable development through demographic optimization.

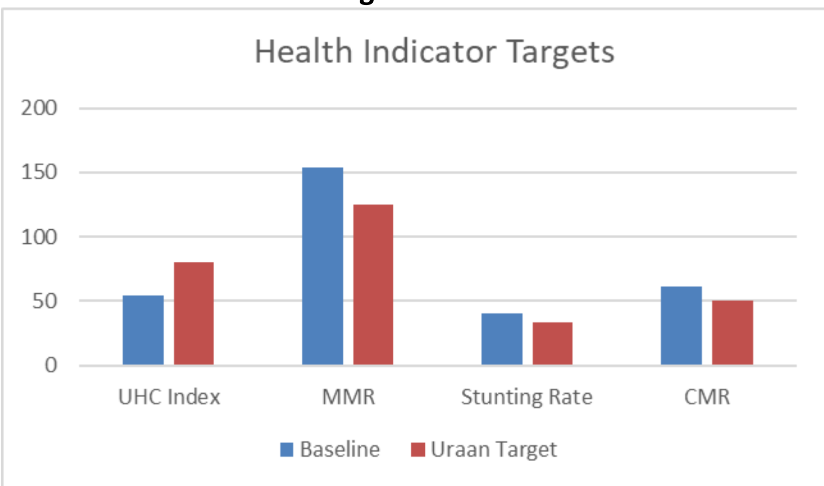
17. HEALTH

The country's growing population requires optimal resources to meet human health needs as defined by the WHO in its definition of complete status of health, which encompasses a state of complete physical health, mental health, and psychosocial well-being. The most recent Human Development Report still ranks Pakistan at 164th on the Human Development Index (HDI, 2024).

The health sector is a cornerstone of Pakistan's development agenda, aiming to achieve equity, ethics, and empowerment as outlined in the URAAN Pakistan, 13th Five-Year Plan, and aligned with SDG-3. The plan emphasizes strengthening the social sector, improving healthcare access, and ensuring universal health coverage (UHC) while addressing key challenges such as health workforce development, digital transformation, and public-private partnerships. Adoption of the latest information technologies of data management, patient records and vital statistics will facilitate decision making for financing health initiatives.

URAAN Pakistan focuses on universal health access, health governance, and empowering community health initiatives with the vision of healthy lives for all. It also focuses on the areas of health education, infectious disease screening for communicable diseases, health promotion for individual health and economic inclusion to enhance human capital and productivity, including women's empowerment through reproductive health. Key health indicators under URAAN Pakistan are as given in Figure-17.1:

Figure. 17.1



Performance Review (2024-25)

Pakistan's health sector performance during the FY2024-25 shows improvements, driven by various initiatives and investments. Here are some key areas:

- Increased Health Expenditure: Total health expenditure in Pakistan has been increasing, and this trend continued during FY2024-25 with a focus on improving healthcare infrastructure and services. Size of the PSDP also increased drastically to Rs. 24,750.0 million as compared to Rs. 13,100.0 million during the FY2023-24.
- Social Health Protection: Sehat Sahulat Programme continued to provide health insurance coverage to vulnerable populations, reducing out-of-pocket expenses and improving access to healthcare.
- Communicable diseases control is targeted by the launching of the Prime Minister's Programme for Elimination of Hepatitis C, while the Prime Minister's Diabetes Prevention and Control Programme, as a Non-Communicable Diseases (NCD) initiative, started implementation nationwide with a focus on raising education, awareness and behavioural change.
- Establishment of Jinnah Medical Complex and Research Centre initiated in Islamabad, which will provide state of an art, supra-speciality-based health facility having centres of excellence in various medical domains along with medical and nursing teaching facilities.
- Private Sector Engagement: The private sector plays a significant role in Pakistan's healthcare system, accounting for 62 percent of healthcare services. Efforts to engage the private sector in public health programs, such as PPHI and Safe Blood Transfusion Programme are prominent to quote.
- Digital Health: Pakistan's digital health sector is growing, with initiatives like telemedicine and electronic health records (One Patient One Id [OPOID] in Islamabad and HISDU in Punjab) are likely to improve healthcare access, efficiency, and quality.

Overall, Pakistan's health sector has made steady progress in 2024-25, driven by investments in healthcare infrastructure, initiatives like UHC, and engagement with the private sector.

Table 17.1: Federal Ministry/Division-wise PSDP Review 2024-25

(Rs.Million)

Ministry/ Division	Total Projects	Total Cost	Allocations
National Health Services Regulations and Coordination	27 ongoing + 14 new = 41	154,588.1	24,750.0
Interior	1	6,479.9	600.0
Defense Division	2	9,200.0	1,808.5
Narcotics Control Division	1	456.4	169.5
Pakistan Atomic Energy Commission	4	9,651.9	4,280.5
Provinces & Special Areas	8	685,399.4	227,316.1

Provincial Overview

The provincial governments have also contributed to strengthening the health sector approach to achieve Universal Health Coverage (UHC) targets in line with the National 5E's framework.

Punjab

The Government of Punjab has taken some landmark initiatives to provide quality health services at the doorsteps of the people. 'Maryam Nawaz Health Clinics' project, wherein BHUs will be available as clean hospitals on the pattern of top private clinics operated by doctors. During Phase-I of the project, 150 BHUs have been planned to be transformed by the Health & Population Department, Govt. of Punjab. Another important initiative, the Chief Minister's Transplant Program, has been launched to provide free organ transplant services for Liver, Kidney, and Bone Marrow transplants, including the provision of Corneal and Cochlear free implants through PHIMC.

Sindh

Government of Sindh allocated Rs. 44 billion in the ADP 2024-25 for the health sector, including Rs. 24,622 million in Foreign Assistance Projects. The focus of the development budget for 2023-24 was to capitalize on the portfolio in the aftermath of the rehabilitation and reconstruction of infrastructure affected by floods. The Provincial Government focused on flagship projects of the health sector, including the Sindh Infectious Disease Control Hospital and Research Centre, with total cost estimates of Rs. 4.5 billion and the Establishment of the PEADS Cardiac Unit at NICVD Karachi with total cost estimates of Rs. 2.7 billion.

Khyber Pakhtunkhwa

Government of Khyber Pakhtunkhwa has financed 134 schemes with the allocation of Rs. 5.7 billion for the health sector. The Provincial Government allocated Rs. 464 million for Basic Health support and Rs. 1.5 billion to improve services in general hospitals whereas Rs. 1.3 billion for preventive programs.

Balochistan

Government of Balochistan earmarked 304 schemes in Annual Development Plan (ADP) 2024-25 to the tune of Rs. 13 billion, out of which Rs. 2.6 billion has been allocated for the Primary Healthcare schemes in the provincial development budget.

Azad Jammu & Kashmir

A number of projects including construction of two medical colleges are being funded through federal PSDP in addition to Block allocation for AJK of Rs. 31.00 billion.

Gilgit-Baltistan

There are Four (04) on-going projects including the construction of a medical college in Gilgit and a 50-bedded Cardiac hospital has been financed through federal PSDP.

Outlook 2025-26

Health sector initiatives are aligned with URAAN Pakistan, which emphasizes inclusive growth, poverty alleviation, and equitable access to essential services. Outlook 2025-26 represents a concerted effort to address pressing health challenges through targeted investments, regulatory reforms, and strategic interventions, laying the foundation for a healthier and more equitable Pakistan.

1. Disease Prevention and Elimination Programs

Hepatitis Elimination:

A significant allocation of Rs. 67 billion has been designated for treating and eradicating hepatitis and diabetes. The federal government will share 50 percent of the program's cost with provincial governments, aiming to make Pakistan hepatitis-free within four years.

Diabetes Prevention and Control: Pakistan has the highest disease burden of Diabetes Mellitus in the world. The programme on diabetes prevention and control will provide prevention, diagnosis and treatment of Diabetes through awareness, advocacy, & communication, diagnosis at PHC facilities and referral for treatment at THQ/DHQ facilities. There will be provision of diagnostic kits (Urine sticks and HBA1C testing) and procurement of medicines at PHC facilities, training and capacity building of healthcare workers, awareness, advocacy, & communication campaigns.

2. Universal Health Coverage (UHC)

Universal Health Insurance as an alternate healthcare financing will be exploited under this program to reduce OOP and catastrophic health expenditures. Current social health protection programmes in each province (coverage, financial protection, service quality) will be evaluated. Costing models will be developed, and actuarial estimates for SHI premiums will be worked out. Benefit packages will be harmonized and standardized across provinces. Policy dialogues will be conducted with provinces for the SHI transition roadmap. Investments will be made in IT infrastructure (linked CNIC, e-claims, hospital MIS).

3. Pharmaceutical Sector Reforms

- **Regulatory Enhancements**: The government plans to establish an international-standard drug testing laboratory in Islamabad and reform the Drug Regulatory Authority of Pakistan (DRAP) to ensure the quality and safety of medicines.
- **Combating Counterfeit Medicines**: A crackdown on spurious drugs is underway, with efforts to identify and take action against those facilitating counterfeit pharmaceuticals.
- **Boosting Exports**: Initiatives are in place to increase medicine exports, including the establishment of an Export Directorate within DRAP and the development of a National Medicines Policy.

4. Increased Health Coverage, Improved Health Quality and Accessibility:

- The existing yardsticks for the establishment of various types of health facilities (BHUs, RHCs, THQ, DHQ, Tertiary Care and Supra-Specialty Hospitals shall be reviewed, and national standards will be finalized. This will be followed by a detailed survey to work out the requisite healthcare facilities at different tiers of health governance as per the national standard yardsticks, the currently available facilities, and needs assessments in terms of infrastructure, biomedical equipment, furniture/ fixtures, human resources and others so that sound projects could be initiated to strengthen the healthcare system ensuring accessibility and duality to all.
- To extend healthcare services to remote and underserved areas, the government will launch mobile hospitals in regions such as Islamabad's outskirts, Gilgit-Baltistan, and Kashmir.

Programmes for 2025-26

Strategic Focus is to improve health outcomes through disease control, equitable access, regulatory reform, and health system innovation under a unified national vision to accelerate progress toward a healthier, inclusive Pakistan.

Mental Health & Substance Use Disorders (Planned under MHPSS framework) SDG Target 3.4: Reduce NCDs and promote mental health.

- Counselling, hotline, and integration into PHC will be scaled up.
- Implementation support via the Ministry of NHSR&C and Provincial Health Departments will be provided by the Mental Health Strategic Planning and Coordination Unit established under the Health Section of MoPD&SI.
- During FY2025-26, the full model of MHPSS will be piloted in ICT, Khyber Pakhtunkhwa and Balochistan. The pilot aims to provide comprehensive, multi-tiered MHPSS services, develop a customized digital solution, establish intersectoral collaboration to build the capacity of a mental health workforce, establish an effective referral mechanism, and provide a mechanism to monitor and evaluate the services in ICT.

National Drug Quality & Export Promotion Plan

- International-standard drug testing lab will be established in Islamabad.
- A new regulatory framework for spurious drugs will be developed under the reformed DRAP.
- DRAP Export Directorate will boost medicine exports.

Mobile Hospitals & Outreach Services will be launched in peri-urban Islamabad, Gilgit-Baltistan, and Kashmir. These will be equipped vans with diagnostics, minor surgery, and referral capability.

Hospital Information and Electronic Medical Record System:

The federal government has successfully launched a comprehensive hospital information and electronic medical record system with the name of One Patient One Id (OPOID) in PIMS, Islamabad and the system will roll out and expand to the rest of the public sector healthcare facilities in the FY2025-26. A similar comprehensive hospital information and electronic medical record system will also be replicated in federal areas of AJK and GB through the National Health Support Programme.

- **Real-Time Digital Notification** of births and deaths, along with cause of deaths through facility-level and community-based reporting systems, will be made functional using One Patient One ID software in ICT, AJK and GB. The information will be assimilated at a Central Dashboard, which will be linked with PBS for the generation of vital health statistics leading to evidence-based policy and planning.
- **The URAAN Health Dashboard** will be developed for performance monitoring for disease programmes, service coverage, and spending.

Polio Eradication and Immunization against Childhood Diseases:

Pakistan is one of the two countries in the world left with the deadly transmission of wild Polio virus. Polio eradication activities will continue during the plan period. A comprehensive review and evaluation of the current strategy to eradicate polio will be undertaken, and third-party monitoring and evaluation of the efficacy and quality of polio campaigns will be a regular feature.

Reproductive Health, including Mother, Neonatal and Child Mortality:

Pakistan has the highest maternal mortality ratio and child mortality rates in the world. Contraception as a mother and child health intervention will be institutionalized within the health sector. The cabinet, in 2019, has structurally merged the contraceptive services component of the Population Welfare Programme with the health sector in Islamabad. All the remaining service delivery centres of defunct population welfare programmes like FWCs, MSUs etc., will be structurally merged with the primary healthcare facilities of the district health office Islamabad during the annual plan period. Punjab has initiated the mainstreaming of the health sector in contraceptive-related service delivery. Other provinces shall start such structural integration of contraception and contraceptives with the health sector in a phased manner.

Safe Blood Transfusion Services and Plasma Fractionation:

The Regional Blood Centre, Islamabad, based on voluntary donation/collection of blood, would be made operational through the PPP model. The potential of Plasma Fractionation will be explored to meet the indigenous needs as well as prospects of export of such products in collaboration with research and development organizations like NUST etc.

Global Health Security and One Health Approach:
The Annual Plan 2025-26 will deploy digital solutions for event-based surveillance on the One Health approach within Islamabad Capital Territory as a model pilot district, and the capacity of the One Health workforce will be built for this purpose. There will be strengthening of the Points of Entry at all international entry and exit points to deploy integrated disease surveillance and response.

18. NUTRITION

Nutrition is a critical determinant of human health, growth, and economic productivity. It plays a fundamental role in shaping national development by fostering a healthy and productive workforce, reducing healthcare costs, and breaking the intergenerational cycle of poverty. Adequate nutrition not only enhances individual well-being but also drives economic growth by improving labor productivity, educational outcomes, and resilience to diseases. Globally, nutrition is recognized as a key enabler of sustainable development, directly contributing to SDG (Zero Hunger) and influencing progress across multiple SDGs, including those related to health, education, and economic prosperity.

Pakistan has made significant efforts to address malnutrition over the years through national policies, targeted interventions, and increased political commitment. The country has integrated nutrition into its development agenda, expanding programs aimed at reducing stunting, micronutrient deficiencies, and food insecurity. However, malnutrition remains a pressing challenge, with high rates of stunting (40.2 percent), wasting (17.7 percent), and underweight children (28.9 percent) (NNS 2018)[1]. Regional disparities, socio-economic inequalities, and limited access to essential nutrition services continue to undermine progress. These challenges are further compounded by climate change, which increasingly affects the country through floods, droughts, and erratic weather. These disruptions reduce agricultural productivity, drive up food prices, and limit access to diverse, nutrient-rich foods, ultimately worsening food and nutrition insecurity.

Building on the strategic direction set by the URAAN Pakistan and the 13th Five-Year Plan, the Annual Plan aims to accelerate progress in addressing these challenges by strengthening the policy environment, scaling up evidence-based interventions, and enhancing multi-sectoral coordination. A key priority is to bridge existing gaps by converging sectoral interventions across health, education, agriculture, and social protection to ensure an integrated nutrition approach, from the household to the community level.

The Annual Plan serves as a strategic roadmap for achieving national nutrition goals, reducing malnutrition-related socio-economic burdens, and advancing Pakistan's progress toward the SDGs. It directly supports targets such as the reducing the prevalence of undernourishment (SDG Indicator 2.1.1), stunting, wasting, and overweight among children under five (SDG Indicators 2.2.1 and 2.2.2), and prevalence of anemia among women (SDG Indicators 2.2.3). Through the strengthening of healthcare systems, the plan also aims to reduce maternal mortality, as well as neonatal and under-five mortality rates (SDG Indicators 3.2.1 and 3.2.2). Through these efforts,

[1] National Nutrition Survey 2018

the country is working towards a healthier, more resilient population that can contribute meaningfully to the country's economic growth and sustainable development.

Performance Review 2024-25

Pakistan has made strides in strengthening its nutrition agenda through policy advancements, expansion of targeted interventions, and advocacy and coordination. During fiscal 2024-25, substantial progress was made in advancing national nutrition objectives through various strategic initiatives. Key initiatives being undertaken during the year are mentioned below:

Federal

- The National ECD Policy Framework has been developed to guide the implementation of ECD initiatives and action plans across the country.
- The National Multisectoral Nutrition Program to Reduce Stunting and Other Forms of Malnutrition, launched by Mo PD&SI as a convergence program, integrates sectoral interventions to address malnutrition, targeting 36 districts of the country with high prevalence of stunting, underprivileged and flood-affected. Stakeholders have been engaged to expand the program's scope, and a revised PC-I has been drafted.
- Pakistan Scaling Up Nutrition (SUN) Youth Network has been launched as the 7th SUN network. The network aims to engage youth in nutrition advocacy and policy making and empower them with skills to drive action against malnutrition.
- The Benazir Nashonuma Program (BNP) remained operational in providing targeted support to pregnant and lactating women and children under two years of age.
- Pakistan's national commitments for the Nutrition for Growth (N4G) Summit 2025 have been consolidated through extensive consultations with provincial governments and key stakeholders, ensuring alignment with national and global nutrition priorities.
- Large scale food fortification programs for staple foods fortification, including wheat flour fortification with folic acid and edible oils fortification with vitamin A and D have been implemented to improve uptake of essential micronutrients of population.
- To prevent micronutrient deficiencies, activities, i.e., Multiple Micronutrient Supplementation, Vitamin A supplementation, IYCF practices and Community-Based Management of Acute Malnutrition have been implemented.
- To accelerate nutrition financing, consultative sessions have been organized to develop actionable strategies for securing sustained financial resources, improving financial management and integrating innovative financing mechanisms to ensure long-term program sustainability.

- A learning event on ethnoecology and climate-smart practices in food production systems has been organized in collaboration with relevant stakeholders.

Provinces/ Areas

Provinces have continued to implement a range of nutrition-direct & indirect interventions aligned with national priorities to address malnutrition. Key initiatives are as follows:

- The Government of Punjab remains engaged in delivering services to combat malnutrition through multiple targeted programs. The Integrated Reproductive Maternal Newborn & Child Health (IRMNCH) & Nutrition Program (Phase-III) progressed to improve maternal and child health and nutrition outcomes. The Chief Minister's Stunting Reduction Program focused on addressing chronic undernutrition in 11 southern districts of the province. The Chief Minister Punjab Schools Meal Program has been initiated to improve school attendance and enhance children's nutritional status.
- The Government of Sindh implemented the Accelerated Action Plan (AAP) for Reduction of Stunting and Malnutrition, integrating nutrition-specific and nutrition-sensitive interventions across multiple sectors to address malnutrition in a multisectoral and sustained manner.
- The Government of Khyber Pakhtunkhwa prioritized integration and expansion of services through the Health Services Delivery Program with a Special Focus on MNCH, LHW, and Nutrition. In the merged districts, the Agriculture Productivity Enhancement for Livelihood and Food Security Program supported nutrition-sensitive agriculture to improve household nutrition.
- The Government of Balochistan initiated a Pilot School Meal Program for students of primary schools in Quetta to support child nutrition and school retention. The Gwadar-Lasbela Livelihood Support Project Phase-II (GLLSP-II) has been implemented in Gwadar and Lasbela districts to improve food security and livelihoods through integrated rural development.
- The Government of Gilgit-Baltistan established ECD Centers in Educational Institutions to promote early childhood care and development. Other initiatives included the Blue Revolution Project to enhance food, nutrition, and livelihood security through the conservation of local species.
- The Government of Azad Jammu & Kashmir executed the Early Childhood Development (ECD) Program in 300 middle schools to improve foundational nutrition and education outcomes. The AJ&K Social Protection Program Phase-II continued to deliver integrated support to vulnerable populations to mitigate the risks of food insecurity and malnutrition.

Food Availability

Food availability is the first pillar of food security, ensuring a sufficient supply of food through production, imports, and reserves. The availability of diverse and nutrient-rich foods is essential for promoting adequate dietary intake and nutritional well-being of the population. The per capita availability of major food items has been calculated by analyzing annual data on food production, imports, and exports (Table 18.1).

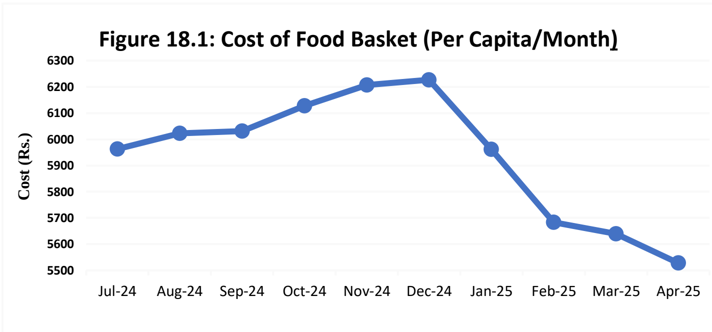
Table 18. 1: Food Availability per Capita per Annum

Food Items (in kgs)	2023-24 (P)	2024-25 (E)
Cereals	163.1	170.5
Pulses	5.9	6.1
Milk (liter)	164.7	165.8
Meat	23.1	24.2
Fish	2.6	2.4
Eggs (dozen)	8.5	8.8
Edible oil/ghee	13.0	13.1
Fruits & Vegetables	65.3	59.8
Sugar	27.9	27.8
Calories (per day)	2658.8	2719.7

**Estimated on the basis of previous trend*
Source: M/o National Food Security and Research; Pakistan Bureau of Statistics (PBS)

Cost of Food Basket

Access to adequate nutrition is closely linked to the affordability of food, with fluctuations in food prices directly impacting dietary choices and overall nutritional outcomes, particularly for low-income households.



Source: Nutrition Section, MoPD&SI, PBS

The minimum cost of a food basket that meets the daily energy and protein requirements of an individual has been calculated based on monthly price indices (PBS).

The cost of food basket exhibited fluctuations during the period July 2024 to April 2025 (Figure 18.1). Beginning at Rs. 5,963 in July 2024, the cost steadily increased, reaching a peak of Rs. 6,227 in December 2024. This was followed by a sharp decline, decreasing the cost to Rs. 5,528 by April 2025. Overall, from July 2024 to April 2025, the cost decreased by 7.3 percent.

Outlook 2025-26

In line with URAAN Pakistan, the 13th Five Year Plan and SDGs, the Government has prioritized nutrition as a key development area and is committed to achieving the World Health Assembly (WHA) nutrition targets. The government has planned various initiatives at the federal and provincial levels to address the issue holistically. Efforts will be made to reduce malnutrition, improve maternal and child nutrition, and address food insecurity through integrated multi-sectoral approaches. These efforts will contribute to achieving the targets of reducing the prevalence of undernourishment to 5 percent and the prevalence of moderate or severe food insecurity to 10 percent, in line with global commitments under SDG-2 by 2030. Special attention will be given to vulnerable populations, including women, children, and those in disaster-affected and poverty-stricken areas, ensuring equitable access to essential nutrition services.

A key priority will be enhancing policy frameworks and governance mechanisms to create an enabling environment for the convergence of interventions across sectors. Strengthening data systems and monitoring frameworks will be crucial to tracking progress, guiding resource allocation, and improving accountability. The mobilization of sustainable financing, engagement of the private sector, and expansion of community-driven initiatives will be pivotal in achieving long-term nutrition outcomes.

Key Priorities

Geographical and Sectoral Convergence of Interventions: Efforts will be directed to ensure the integration of nutrition-specific and nutrition-sensitive interventions at the household level, aligning sectoral actions across health, education, agriculture, social protection, and climate change. Emphasis will be placed on expanding targeted programs for nutrition and adopting a lifecycle approach to cover critical development stages, i.e., early childhood development.

Strengthening Governance and Coordination: The focus will be on enhancing the functionality of existing governance structures for convergence of multisectoral interventions. A unified nutrition information system will be established to enhance data collection, monitoring, and evidence-based decision-making. Financial tracking for nutrition will be improved to ensure continued support for nutrition programs.

Nutrition Policy and Regulatory Harmonization: A key priority will be strengthening the policy and regulatory framework to enhance food safety, food control systems, and nutrition security. Efforts will be directed toward ensuring policy coherence across sectors, promoting regulatory measures for safe, fortified and nutritious foods.

Behavior Change Communication (BCC): To foster sustainable behavior change and improve nutrition awareness among communities, targeted communication strategies, BCC campaigns using mass media and digital tools, and grassroots engagement will be prioritized.

Equity and Inclusive Development: Addressing regional disparities in nutrition services will be a priority to ensure that marginalized communities have equitable access to essential nutrition interventions. Social protection programs will be reinforced to enhance food and nutrition security, while gender-responsive approaches will be integrated to empower women and girls in nutrition and health decision-making.

Programmes/ initiatives for 2025-26

- Nutrition convergence program "National Multi-Sectoral Nutrition Program to Reduce Stunting and other Forms of Malnutrition".
- Implementation of ECD Policy Framework through provincial road map and finalization of ECD standards and index
- Formulation of National Multisectoral Nutrition Policy and Revision of Pakistan Multi-sectoral Nutrition Strategy
- Policy and regulatory framework for the Harmonization of Food laws and food safety standards
- Initiation of National Multisectoral Nutrition Survey
- Development of National Nutrition Research Agenda
- Formulation of governance mechanisms for SUN Youth Network
- Optimization of Nutrition Markers for tracking Public Financing Allocations and Expenditures
- Facilitate Private Sector Engagement and Scale up of Food Fortification/ Bio-Fortification Program for staple foods fortification
- Implementation of Multiple Micronutrient Supplementation (MMS), Vitamin A supplementation, IYCF Practices, Community-Based Management of Acute Malnutrition and District Health Information System (DHIS-2)
- Behavior Change Communication (BCC) campaigns for nutrition promotion
- Advocate for Innovative Financing Mechanisms

19. BASIC AND COLLEGE EDUCATION

The role of education is crucial in shaping critical thinking, developing the ability to face the challenges of the modern age, and equipping young people with the knowledge, skills, and values to lead informed and productive lives. Education serves as a governing force to accelerate economic growth, eradicate poverty, and innovate at the national level. A country's educated people are better equipped to contribute to its productive human capital and to participate in participatory governance, combat inequality, and develop sustainable societies.

Pakistan, as a developing country lagging behind in achieving quality education, needs to invest heavily in achieving the desired quality education, which will in turn help it escape the vicious cycle of poverty and backwardness and ultimately equip Pakistan with a high-quality educated and skilled workforce. Following the Constitutional obligation in terms of Article 25-A, Pakistan aims to address its structural problems in the education sector of approximately 26 million out-of-school children, along with learning poverty. Education is the top priority of the government for the desired socio-economic development as envisaged in the URAAN Pakistan, the 13th Five Year Plan and SDGs.

Performance Review 2024-25

Pakistan's basic education sector showed modest improvements but still faces persistent challenges. According to Pakistan Education Statistics, 2022-23, Pakistan has the second-highest Gross Enrollment Ratio (GER) at the pre-primary level in South Asia. According to Census 2023 GER(Primary) rose slightly to 78 percent, and the Net Enrollment Rate (NER) reached 66 percent. However, urban areas outperformed rural regions, especially in girls' education. Infrastructure deficiencies and a lack of basic amenities continue to be a major challenge such as toilets, safe drinking water, and secure buildings, contributing to high dropout rates, particularly among girls.

Table 19.1: Comparative Analysis of Progression & Transition of Students (%)

Education Indicators	Grade/Level	Years		
		2020-21	2021-22	2022-23
Survival Rate	Grade 5	79	77	80
	Grade 8	58	60	62
	Grade 10	50	51	49
Effective Transition Rate (ETR)	Primary to Middle	79	81	83
	Middle to Secondary	92	90	92

Source: Pakistan Education Statistics 2022-23

Table 19.1 shows the three-year (2020-21 to 2022-23) trend in student growth at the national level. For all three grades (5, 8 and 10), there has been a fluctuation in terms of slight increases for grades 5 and 8 and slight decreases for grade 10. This trend is positive over the period of ETR for students at the national level from primary to middle but fluctuates from middle to secondary.

Table 19.2: Student Enrollment, Out-of-School Children, and Teacher Distribution(%)

Education Indicators	Year	Level & Gender							
		Primary		Middle		High		Higher Secondary	
		M	F	M	F	M	F	M	F
Student Enrollment	**2022-23**	46	54	46	54	44	56	47	53
Out of School Children (Age 5-16)		32	39	23	34	40	42	57	62
Teacher Gender Breakdown		63	37	38	62	30	70	44	56

Source: Pakistan Education Statistics 2022-23

Table 19.2 illustrates the gender dynamics within the education sector for the year 2022-23. Female student enrollment across all levels increased from 53 percent in higher secondary to 54 percent in primary and middle schools and reached 56 percent in high school. Conversely, the out-of-school children comprise a higher proportion of girls, particularly at the higher secondary level, where 62 percent are girls, compared to 57 percent boys. The gender breakdown of teachers varies by level, with a majority of female teachers in primary (63 percent) and middle schools (62 percent), but a majority of male teachers in high (70 percent) and higher secondary schools (56 percent).

Under the Prime Minister's directives, an initiative of the Establishment of Daanish Schools has been undertaken. Under this initiative, Daanish Schools will be established in Kuri, Islamabad, Gilgit-Baltistan (Sultanabad Jutal, Kros Thang Mouza Sarfaranga-Shigar and Astore and Azad Jammu & Kashmir (Bhimber and Harighel Bagh) and in Balochistan (Dera Bugti, Killa Saifullah, Musa Khel, Sibi)

PSDP Projects 2024-25

The Federal Education and Professional Training Division is implementing 17 projects/ schemes pertaining to Basic and College education from PSDP 2024-25 (12 ongoing and 5 new projects) at the federal level. The detail of these projects is given below:

Table 19.3 Ongoing Schemes Reflected in PSDP 2024-25 (Basic & College Education)

Projects	Sub-Sector	Title of Projects	Allocation (Rs. in millions)
04	Access to and Quality of Education	Enrolment, Retention, and Progression of Out-of-School Children in ICT Islamabad Model College for Boys, Margalla Town Islamabad Model College for Girls, G-13/1 Federal Government College of Home Economics, F-11/1	1,277.6
01	Provision of Teachers	Pilot Project on Recruitment and Onboarding of Teachers	10.1
01	Teacher Training	National Institute of Excellence in Teacher Education	300.0
01	Provision of Computer Labs	Sustainability of Computer Labs Established by the Universal Services Fund (USF) along with Retention of 202 Computer Teachers in Girls Schools/Colleges of FDE	130.0
03	Educational Infrastructure	Provision of Basic Educational (Missing) Facilities in ICT ECE Centers in Primary Schools, FDE Prime Minister's Programme for Construction / Reconstruction of Existing Schools in Sindh Affected Under Rain / Flood 2022 in Sindh (1800 Units) (50:50)	8,000.0
02	Capacity Building	Establishment of Project Planning and Development Unit (PPDU) Action to Strengthen Inclusive and Responsive Education (TA Component	333.8
12		**Total Cost**	**10,051.6**

Table 19.4: New Schemes Reflected in PSDP 2024-25 (Basic & College Education)

Projects	Sub-Area	Title of Projects	Allocation 2024-25 (M)
02	Access to and Quality of Education	Establishment of Daanish School in ICT (Kuri) Seven Daanish Schools in AJK, GB & Balochistan	6,300.0
01	Technology in Education	Disruptive Education: Transforming Schools via Emerging Tech	480.0
01	Feasibility Study	Feasibility Study for Cadet College Poonch, AJK	35.0
05		**Total Cost**	6,815.0

Provincial /Special Area Governments Performance (2024-2025) in Terms of their ADPs

In the Annual Development Programme (ADP) 2024–25, Punjab has allocated a total of Rs. 42.5 billion for the School Education sector across 18 development schemes, including 7 ongoing, 8 new, and 3 under the Other Development Programme (ODP). The portfolio has a significant portion—PKR 34.25 billion—allocated under the ODP to support public-private partnerships, including PEIMA, PEF, and Daanish Schools. Major initiatives include foreign-aided projects like GRADES, expansion of the Afternoon Schools Programme, school infrastructure upgrades, and IT lab establishment. This investment reflects the government's continued emphasis on improving access, equity, and quality in school education while optimizing delivery through innovative public-private models.

In the Annual Development Programme (ADP) 2024-25, Sindh has allocated Rs 48.031 billion for the School Education sector across 713 development schemes, including a significant portion dedicated to addressing foundational educational needs. The portfolio includes allocations for various sub-sectors, with a focus on elementary and secondary education, reflecting a commitment to improving access and quality at all levels. A notable aspect of Sindh's ADP is the emphasis on specific interventions such as the construction of shelter fewer primary schools and the rehabilitation of existing infrastructure, highlighting a focus on improving the physical learning environment. This investment signals Sindh's multifaceted approach to educational development, combining infrastructural improvements with targeted interventions to enhance educational outcomes and inclusivity.

Khyber Pakhtunkhwa's ADP for 2024-25 allocates resources to the School Education sector with a dual focus on ongoing commitments and fresh initiatives, totaling an allocation of 10,583.673 million across 99 schemes. Within this distribution, a significant portion is dedicated to enhancing existing infrastructure and maintaining educational continuity through 82 ongoing programs. Recognizing the need for advancement, the ADP also injects support for 17 new programs, signaling an intent to evolve and expand educational services. This investment strategy underscores the province's effort to not only sustain its current educational framework but also to foster development and innovation within the sector.

Balochistan's Public Sector Development Programme (PSDP) for 2024-25 outlines a commitment to advancing socio-economic development through strategic investments, with a total outlay of Rs 26.5 billion. Prioritizing the completion of ongoing projects, the plan aims to translate investment into tangible outcomes. Key sectors receiving substantial allocations include enhancing literacy and educational outcomes which are crucial for human capital development.

The Annual Development Programme (ADP) 2024-25 for Azad Jammu and Kashmir allocates significant resources to Elementary & Secondary Education, with a total allocation of PKR 3,000 million across 22 schemes. This funding is distributed across various sub-sectors, including Primary, Middle, Secondary, and Higher Secondary Education, demonstrating a comprehensive approach to educational development. A substantial portion of the allocation is dedicated to new initiatives, with Rs 2,019.179 million earmarked for 11 new schemes, indicating a focus on expanding and improving educational infrastructure and access. Overall, the ADP reflects a commitment to enhancing elementary and secondary education in the region through both ongoing projects and new developmental efforts.

The Gilgit Baltistan ADP for 2024-25 allocates resources to the School Education sector, emphasizing the enhancement of educational infrastructure and access, with a focus on projects totaling approximately Rs 197.48 million. This includes allocations for improving facilities such as laboratories and libraries (Rs 23.063 million), providing transport solutions for educational institutions (Rs 8.694 million), establishing Early Childhood Development (ECD) centers (Rs 8.0 million), and transforming schools into 'smart schools' (Rs 54.663 million). This investment strategy indicates a regional priority in strengthening the general school education system through targeted financial commitments.

Outlook 2025–26

Pakistan’s education sector faces persistent challenges, especially in basic and college education. The current situation identifies challenges and examines policy responses using key levers that support improvement: policy, teaching and learning, school context and student outcomes, and assessment and measurement. Prioritizing Education for Sustainable Development (ESD) aims to foster both social and economic advancement. Key strategies include dedicated efforts to enroll out-of-school children, enhance access and quality of education in underserved regions via residential schools, strengthen teacher training programs, integrate Information and Communication Technology (ICT) in learning, and address essential missing facilities. These initiatives directly support the E-Pakistan, equity, and empowerment goals of the URAAN Pakistan, while also contributing to an improved infrastructure.

Table 19.5: Key Indicators Fixed for Education Sector Under URRAN Pakistan

Strategic Objective	Metric/ Strategic Indicator
1. Teacher Quality and Capacity Building	Development and implementation of a national teacher competency framework
	Percentage of teachers licensed under the national accreditation system
	Percentage of teachers demonstrating proficiency in digital teaching tools
	Establishment of continuous professional development (CPD) support systems in districts
2.Governance and Leadership in Education	Improved school leadership and autonomy
	Reduced bureaucratic interference in education
	Enhanced data-driven decision-making
	Improved transparency and accountability

	Strengthened stakeholder engagement in governance
3. Inclusive and Equitable Education	Increased enrollment of marginalized and out-of-school children
	Improved gender parity and inclusivity in schools
	Improved learning environments for diverse learners
	Enhanced parental and community engagement
	Increased teacher capacity for inclusive pedagogy
4. Learning Outcomes and Assessment	Improved student performance in standardized tests
	Increased retention and transition rates
	Strengthened foundational literacy and numeracy
5. Promotion of EdTech, Digital Infrastructure, and Digital Transformation in Education	Increased access to digital learning tools
	Reduced digital divide in rural and urban areas
	Expanded digital learning resources
	Increased student digital literacy
	Increased access to digital learning and e-learning solutions
6. Education Promotion Targeted to STEM Fields, Innovation, and Economic Growth	Number of STEM-focused schools established nationally
	Percentage increase in STEM student enrollment at secondary level
	Number of research and innovation centers established in universities
7.Sustainability, Environment, and Energy-Sufficiency through Learning and Infrastructure	Number of schools implementing environmental education programs
	Percentage of schools with green infrastructure features
	Number of schools adopting climate-friendly practices

Table 19.6: Programs for 2025-26

Ongoing Initiatives		
Title of the Project	**Cost (In Million Rupees)**	**Allocations (In Million Rupees)**
Establishment of Project Planning and Development Unit (PPDU)	156.7	30.0
Provision of Basic Educational (Missing) Facilities in Educational Institutions of ICT under FDE.	7,490.6	900.0
National Institute of Excellence in Teacher's Education	960.8	300.0
Enrollment, Retention and Progression of OOSC in ICT	978.0	262.0
Actions to strengthen Performance for Inclusive and Responsive Education Programme.(TA Component)	525.8	290.0
Provision of ECE Centers in Existing Classrooms of Primary Schools of FDE, ICT	998.6	140.0
Pakistan Education Endowment Fund (M/o Education)	14,000.0	1,000.0
Disruptive Education: Transforming Schools into Foundries of Emerging Tech	988.0	277.0
Establishment of Daanish Schools in ICT Kuri	4,862.0	1,800.0
Establishment of Daanish Schools in AJK, GB & Balochistan (Harighel Bagh, Bhimber, Sharda Neelum, Sultanabad, Jutal, Astore, Ghanche & four sites in Balochistan)	30,020.1	9,000.0
Establishment of FG Junior Public School Gawader	384.7	100.0
Establishment of FG Junior Public School Gilgit	395.0	100.0
Establishment of emerging Technologies Lab	597.9	247.9
Total	**62,358.1**	**14,446.9**

New Initiatives		
Establishment of Islamabad Model College for Girls D-12/3, Islamabad.	779.2	100
Establishment of Model College for Girls (Prep-XII) B-17, Multi Gardens, Islamabad.	779.2	100
Establishment of Model College for Boys F-11/4, Islamabad.	782.1	100
Establishment of Model College for Girls (Prep-XII) F-17/2, Multi Professional Cooperative Housing Society, Islamabad.	779.2	100
Total	**3119.6**	**400**

Table 19.7 Programs for 2025-26 (Provincial PSDP)

Punjab (On-going Projects)		
Title of the Project	**Cost (In Million Rupees)**	**Allocations (In Million Rupees)**
Nil	Nil	Nil
Sindh (On-going Projects)		
Prime Minister's Programme for Construction / Reconstruction of Existing Schools in Sindh affected under Rain / Flood 2022 in Sindh (1800 Units) (50:50)	12,338.0	2,169.0
Khyber Pakhtunkhwa (On-going Projects)		
Nil	Nil	Nil
Balochistan (On-going Projects)		
Establishment of Daanish Jia Khan, Sohbatpur (80/20)	1,610.3	800.0
Construction of Building for Girls College at Kachi Baig Saryab Road Quetta	400.0	102.5
Construction of Girls Middle School at Khalaq Haji Abdul Basit Quetta	200.0	22.0
Missing Facilities, Toilets of Various Schools of Mand	80.0	44.6
Construction of Additional Classrooms & Examination Center / Multipurpose Hall at different schools District Quetta-3	100.0	42.0
Merged Districts (On-going Projects)		
Nil	Nil	Nil
Azad Jammu & Kashmir (On-going Projects)		
Nil	Nil	Nil
Gilgit Baltistan (On-going Projects)		
Nil	Nil	Nil

20. LABOUR, EMPLOYMENT AND SKILL DEVELOPMENT

Productive employment is prerequisite for Economic growth. Low labor productivity acts as a constraint to sustainable economic growth. At the beginning of FY24, Pakistan's economy faced a potential economic crisis in the face of political uncertainty, global monetary policy tightening, and fiscal and external imbalances, which led to pressures on domestic prices and foreign reserves. The GDP growth rate of Pakistan was recorded at 2.5 percent in FY2023-24 and 2.7 percent in FY2024-25. The Government has launched several initiatives to tackle these issues, including commitments to continued fiscal consolidation under the new IMF program, planned privatizations of state-owned enterprises (SOEs), reforms of power distribution companies, and an accelerated business regulatory reform agenda.

Pakistan is a country of 241.5 million population (Population Census 2023) with annual growth rate of 2.55 percent echoes demographic expansion which may increase unemployment rate further. Pakistan's population is characterized by a high proportion of youth, presenting both opportunities and challenges for its future. The latest labor force survey shows that the total youth population (15-29 years) is close to 62.58 million (26 percent) population. Additionally, 40 percent of the population falls in the age group between 0-14 years, implying that the youth population will continue to rise. The Pakistan Demographic (2020) reports that by 2030 out of a total estimated population of 280 million, 100 million will be youth.

Pakistan, having a substantial domestic labor force of 71.8 million, holds the sixth-largest workforce globally. Yet, the country faces a significant unemployment challenge at 6.3 percent, particularly impacting the youth aged 15-35. Each year, approximately 2 million young Pakistanis join the labor market, contributing to an expanding talent pool. There is a significant gap between the demand and supply of workers, especially, a serious mismatch between the jobs demanded and the supply of skills and trained manpower in the country. Pakistan's labor market faces significant challenges, particularly concerning youth unemployment, gender disparities, and the need for skill development.

Labor Force Survey 2020-2021 indicated that the unemployed labor force has slightly decreased from 4.7 million in 2018-19 to 4.5 million in 2020-21 indicating that unemployed labor force has reduced by 0.2 million, showing that the unemployment rate also reduced during the same period from 6.9 percent to 6.3 percent.

Table 20.1 Labor Force Participation

Content	2014-15	2017-18	2018-19	2020-21
Unemployment rate (percent)	5.9	5.8	6.9	6.3
Labor Force (Million)	61.0	65.5	68.8	71.8
Unemployed Labor (Million)	3.6	3.8	4.7	4.5
Employed Labor (Million)	57.4	61.7	64.0	67.3

***(Source:** Pakistan Labor Force Surveys; 2014-15, 2017-18, 2018-19 & 2020-21)*

The labor force has increased from 68.75 million in 2018-19 to 71.76 million in 2020-21, i.e. addition of 1.5 million people in the labor force per annum. However, around 0.8 million semi-skilled, skilled and highly skilled Pakistanis proceed abroad for employment annually. This emigration trend reflects Pakistan's evolving role in the global workforce and highlights opportunities to strengthen skill development and international job readiness. They are contributing to the development of the country by sending remittances around US$ 3.1 billion per month, which is the largest source of foreign exchange of the country.

Performance Review (2024-25)

The labor market in Pakistan is characterized by a complex mix of structural challenges, demographic pressures, and evolving economic dynamics. Unemployment remains a complex issue, with an overall rate hovering around 6.3 percent. Youth unemployment is particularly alarming, with 44.9 percent of job seekers aged 15–24, and female unemployment far exceeding male. These trends are exacerbated by a mismatch between educational outcomes and labor market needs, especially in rural and underserved regions. It also reflects deep-rooted issues such as limited access to quality education, insufficient job creation, and gender inequality in economic participation.

Employment generation in the 2024–25 fiscal year is shaped by a combination of government initiatives, sectoral growth projections, and structural reforms. The government has launched various initiatives aimed at employment generation, particularly targeting youth and entrepreneurship. Programs such as the Prime Minister’s Youth Employment Plan, skill development schemes, and startup funding are designed to equip young Pakistanis with market-relevant skills.

Prime Minister’s Youth Employment Plan

The government has launched several programs that focus on providing skill development, entrepreneurship opportunities, and job placements to young individuals. These initiatives aim to enhance employability and reduce unemployment rates among the youth:

- **URAAN Pakistan Project**: A nationwide initiative designed to create new employment opportunities.
- **Digital Youth Hub**: A platform to keep youth informed about jobs and services, accessible in multiple languages.

- **Skill Development Programs**: Collaborations with NAVTTC and the Prime Minister Youth Skill Development Program to promote technical and professional skills.
- **Laptop Distribution**: 600,000 laptops have been provided to youth, with an additional 100,000 planned for distribution based on merit.
- **Startup Support**: Funding for 100 startups under the PM National Innovation Award, with placements in designated incubation centers.

The Digital Youth Hub is "One-Stop Shop" for diverse opportunities in Education, Employment, Engagement, and Environment. The present government is committed to empower and uplift the incredible potential that lies within youth.

With a large youth population, investing in TVET programs will help address unemployment by equipping individuals with the necessary skills to enter the workforce as envisioned in the URAAN Pakistan. This will help bridge the skill gap and meet the demands of a rapidly evolving labor market, boosting employment rates and contributing to overall economic prosperity and competitiveness on a global scale, while providing an alternate pathway for students who may not excel in traditional academic settings. By fostering strong industry-academia linkages, the TVET sector ensures that its curricula and training programs align with evolving industry needs. This collaboration produces job-ready graduates, reducing the time and cost of industry-based training.

The National Vocational and Technical Training Commission (NAVTTC) plays a key regulatory role in the sector's development by formulating policies, standardizing education based on global trends, developing curricula, ensuring international accreditation, maintaining a labor market database, and implementing a performance evaluation system under the National Skills Strategy Framework. Meanwhile, Provincial TEVTAs focus on the operational aspects of delivering updated skills to youth, enhancing their employability in local and international markets through quality training and education.

Table 20.2 Prime Minister's Youth Skill Development Programs

Rs. Millions

Sr. #	Project Name	Project Cost	Allocation (2024-25
1.	Prime Minister's Youth Skills Development Program Prime Minister	15,000	6,500
2.	Skill Development Program (NAVTTC)	4,700	1,000
3.	'Ba-Ikhtiar Naujawan' Internship (Component of Social Sector Accelerator Project)	6,802	800
	Total	**26,502**	**8,300**

Physical Achievements (2024-25)

Following major physical progress/ achievements have been made so far through above- mentioned interventions;

- 27 Labs for the Matric-Tech Program in 15 schools of AJK and GB have been established, while 1100 students are enrolled so far.
- Launched Prime Minister Youth Skill Development Program (2023-24) targeting 56,685 trainees through 3-6-month courses, demonstrating NAVTTC's commitment to large-scale skill development.
- Initiated specialized training programs in Azad Jammu & Kashmir and Gilgit Baltistan, focusing on region-specific skill development needs over 3-month intensive courses. So far 532 students are successfully trained in Cyber Security, Full Stack Development, AI, and Digital Marketing, enhancing the region's tech workforce.
- Expanded the successful Summer of Code program to accommodate 4,875 trainees, offering flexible training durations of 1-3 months to maximize participation and impact. The program covers 27 high-demand technology tracks including Artificial Intelligence, Cloud Computing, Cyber Security etc. So far 4483 students –have passed out, reaching towards the completion of the target.
- Implemented high-impact IT training across 16 FDE Colleges, targeting students for comprehensive 6-month programs in cutting-edge technologies like Blockchain and AI. So far 338 students are enrolled.
- Designed specialized training for 300 youth from newly merged districts of Khyber Pakhtunkhwa through focused 2-month programs, supporting regional integration through skill development.
- Enhanced Madrassa education through PMYSDP, targeting 2,500 students for vocational and technical training over 3-month courses. The target has been achieved.
- Strengthened women's participation in technical fields through the "She Fixes" initiative, aiming to train women in a 3-month specialized program. So far 650 women are enrolled.
- Expanded foreign language training program in collaboration with NUML/FDE, offering 6-month intensive courses in strategic languages. So far 56 students are under the training program for German, Arabic, Chinese, Korean and Japanese languages.
- Established a dedicated Chip Design Training Program at NUST for professionals, delivering a 5-month specialized training in semiconductor technology. Currently 25 professionals are under the training program.
- Ministry of Planning, Development and Special Initiative launched Prime Minister's 'Ba-Ikhtiar Naujawan' Internship Initiative for fresh graduates in Pakistan, which has now been extended to five years upto 2030 at a cost of Rs. 6802.00 million. Under the program, Placement of 15,000 interns will be facilitated on positions relevant to their skills and job function in host

organizations identified through approved criteria. Currently, 2000 Interns have been awarded internships by respective host organizations.

Outlook 2025-26

The Annual Plan is aligned with the URAAN Pakistan, 13th Five-year plan and SDGs with the focus on:

- Creation of jobs from low productivity / low wage to high productivity / high wage. Opportunities for the youth as well as the unemployed not only in the domestic market but also in the international market for mainstreaming the youth in the labor market.
- Transformation of the labor market in line with evolving markets.
- Enhancement of demand-driven skills to bridge the gap between demand & Supply in the domestic as well as in the international labor market.

The NAVTTC outlines strategic initiatives aimed at equipping Pakistan's youth with demand-driven, globally recognized skills to support economic transformation and inclusive growth. Key focus areas include workforce readiness, international certification, labor market linkages, and the promotion of skilled labor exports, particularly from underdeveloped regions. Aligned with URAAN Pakistan. Skill Development Initiatives will focus on the following:

- Expand access to high-quality, demand-driven skills training nationwide.
- Enhance employability through industry partnerships and enterprise-led training.
- Improve economic participation of marginalized groups, especially women and youth from rural areas.
- Increase international mobility of the skilled workforce and remittance generation.
- Promote innovation and digitalization across the TVET ecosystem.

Programmes/Initiatives to uplift Youth through Skill Development

All youth development initiatives are strategically aligned with Vision-2025 and the National Skill Strategy. These include both ongoing projects and new initiatives set for implementation in the fiscal year 2024-25. Below are the PSDP funded ongoing and upcoming programs for Youth Skill Development.

Ongoing Development Initiatives

- "Prime Minister Ba-Ikhtiyar Naujawan Internship Program" offers internships for 15,000 youth all over the country through identified host organizations. The project is currently under revision to include the "Youth ki URAAN" component. This potentially include A platform to engage youth in peacebuilding and development activities, provincial policy dialogue, national debate competition, youth diaspora program etc.
- "Prime Minister Youth Skill Development Program" is approved at a cost of Rs. 15,000.00 million, offering 46,000 training in IT, 64,000 in industry, and 49,000

in conventional trades. The program also has targets in skill verification and international certifications.

- "Skill Development Programme (NAVTTC)" is approved at a cost of Rs. 4,700 million. The objective of improving the employment rate is to be pursued through industry-based training, improving the skill information system, enhancing TVET education quality, and skill mapping for abroad.

New Initiatives FY2025-26

"Baaikhtiyar Naujawan Internship Programme – Balochistan" is a component of the umbrella PC-I (Post-Flood Relief & Rehabilitation Programme in Balochistan). The project is approved at cost of Rs. 1,820.00 million. The project envisages to award paid internships to 6500 youth from Balochistan for a duration of six months. Following their selection, the Ministry will try to place interns on positions relevant to their skills and job function in host organizations spanning across the public, private and development sectors.

21. MASS MEDIA, NATIONAL HERITAGE AND CULTURE

The impact of the mass media sector on development communication is significant, as no policy, program or intervention can achieve its objectives without an effective communication strategy. The sectoral initiatives are aligned with the URAAN Pakistan and SDGs aims to shift terrestrial networks of both Pakistan Television Corporation (PTVC) and Pakistan Broadcasting Corporation (PBC) from the analogue to digital technology. Under URAAN Pakistan government has planned two initiatives i.e. establishment of the National Center for Brands Development (NCBD) and the creation of a hub for Pakistan’s creative industries. These initiatives aim at strengthening the brand identity of Pakistan’s people, places and products while also establishing a framework for the development of the country’s creative industries. This will enable local creators to access the international markets leading to boost country’s exports.

Performance Review of 2024-25

Mass Media Sector

In PSDP 2024-25, an amount of Rs 6,550 million was allocated to five ongoing and ten new projects in the Information & Broadcasting sector aimed at improving programing, production, transmission, quality of video/audio signals and increasing the coverage area by digitalizing the terrestrial network of Pakistan Television Corporation (PTVC) and analogue transmission system of Pakistan Broadcasting Corporation (PBC). The projects include establishment of national film production institute at PTV Academy, Islamabad, revamping of PTVC, rehabilitation of medium wave services from Khairpur, upgradation and replacement of 300 kW Transmitter at HPT Khuzdar, Baluchistan and upgradation and replacement of 100 kW Transmitter at HPT Quetta, Balochistan etc.

Mass Media Sector was also adequately funded for different ongoing and new developmental projects such as Central Monitoring Unit (CMU), National Information Media Archive Repository (NIMAR), creation of a dedicated PID Media Cell to counter violent extremism, establishment of National Film Production Institute at PTV Academy, Islamabad, Digital Advertisement Verification System, Citizen Collaboration Facilitation Centre and establishment of National Communication & Strategy unit etc. Ten out of the fifteen (15) projects are expected to be completed by June, 2025 and an amount of Rs 5,000 million is expected to be utilized by June, 2025 while the remaining five will be carried over to the next financial year 2025-26.

The agency-wise allocation for Mass Media Sector for financial year 2024-25 is at below table:

Table 21.1: Allocation and Expenditure FY 2024-25

(Rs. Million)

S. #	Agencies	Allocation 2024-25	Estimated Expenditure 2024-25
i.	Pakistan Television Corporation (PTVC)	1,324.2	864.2
ii.	Pakistan Broadcasting Corporation (PBC)	2,237.7	1,533.7
Iii	Directorate of Electronic and Print Media (DEMP)	703.1	261.6
iv.	Press Information Department (PID)	100.0	100.0
v.	Digital Communication Department (DCD)	1,914.6	900.0
vi.	Office of the Press Registrar	20.4	12.9
vii	Ministry of Information & Broadcasting	250.0	100.0
	Total	**6,550.0**	**3,772.5**

Source: PSDP 2024-25

Culture & National Heritage Sector

Pakistan is richly endowed with numerous ancient and historical sites that not only link us to our past but also help preserve our cultural values and traditions for future generations. The country's culture is vibrant and diverse, encompassing a wide array of traditions, customs, attire, cuisine, festivals, and music. This cultural richness includes both tangible heritage, such as archaeological sites and historic buildings, and intangible elements like languages, beliefs, rituals, music, dance, folklore, and arts.

Cultural heritage plays a vital role in a nation’s development by generating economic benefits, preserving national identity, fostering pride, and reminding people of their shared history and collective progress. The National Heritage and Culture Division is actively working to promote Pakistan's true image through various initiatives, including the conservation and preservation of cultural assets, mapping of historical and religious sites, highlighting the philosophies of Allama Muhammad Iqbal and Quaid-e-Azam Muhammad Ali Jinnah, supporting writers and artists, promoting literature, and fostering peace and harmony through culture.

For the fiscal year 2024–25, a budget of Rs 1,015.0 million was allocated under the PSDP for seven ongoing and three new projects to the National Heritage & Culture Division. These projects include the enhancement of facilities at the National Library of Pakistan, Master Plan for Preservation, Restoration, Presentation and Development of Rawat Fort, Islamabad, Conservation, Preservation, Presentation and Development of Allama Iqbal's Old Residence Mcleod Road Lahore, Establishment of Research & Development (R&D) Centre at Department of Archaeology and Museums (DOAM) to promote soft image of Pakistan through Culture Heritage.

Physical and financial review of National Heritage & Culture sector for 2024-25 is given below:

Pakistan Academy of Letters (PAL)

An amount of Rs 483.510 million was allocated to one new project of Pakistan Academy of Letters (PAL) in PSPD 2024-25. The project titled "Construction of Faiz Ahmad Faiz Complex" aims to propagate and disseminate literary and research contributions specially poetry of Faiz Ahmad Faiz, aiming at facilitating the writer community of Pakistan and to promote awareness and research activities regarding literary heritage of Pakistan.

Department of Archaeology & Museum (DOAM)

A budget of Rs 268.500 million was earmarked for six ongoing and one new project of Department of Archaeology & Museum (DOAM) in PSDP 2024-25. The major ongoing projects are; Master Plan for Preservation, Restoration, Presentation and Development of Rawat Fort, Islamabad, Conservation, Preservation of Allama Iqbal's Old Residence Situated at 116-Mcleod Road, Lahore, Establishment of Research & Development (R&D) Centre at Department of Archaeology and Museums to Promote soft image of Pakistan through Cultural Heritage and feasibility study for upgradation and revamping of National Museum, Karachi. Four out of six ongoing projects will be completed by June, 2025.

National Library of Pakistan (NLP)

A budget of Rs 263.00 million was allocated to one ongoing and one new project of National Library of Pakistan (NLP) for the up-gradation of the existing building in Islamabad and designing and construction of the National Library and Learning Centre, Islamabad. The entire allocated amount has been utilized on an ongoing project titled "Building Up-Gradation of National Library of Pakistan, Islamabad and rehabilitation works" which is nearing completion. The project will be completed by June, 2025.

The agency-wise allocation for the National Heritage & Culture Sector for financial year 2024-25 is at Table 21.2 below:

Table 21.2: Allocation and Expenditure FY 2024-25

(Rs. Million)

S. #	Agencies	Allocation 2024-25	Estimated Expenditure 2024-25
i.	Pakistan Academy of Letters (PAL), Islamabad.	483.5	50.0
ii.	Department of Archaeology & Museum (DOAM)	268.5	209.6
iii.	National Library of Pakistan (NLP)	263.0	11.5
	Total	**1,015.0**	**271.6**

Source: PSDP 2024-25

Outlook for 2025-26

With a growing middle class, a youthful population, 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 experienced significant growth. Currently, internet penetration stands at 36.5 percent of the total population, while social media users make up 32 percent, highlighting the expanding reach and influence of digital platforms.

Programme for 2025-26

Mass Media Sector

The allocation for the next FY2025-26 for the Mass Media Sector is Rs 6,026.9 million. An amount of Rs 1,489.9 million has been provided to Pakistan Television Corporation (PTVC). Similarly, an amount of Rs 2920.7 million has been earmarked to Pakistan Broadcasting Corporation (PBC) for FY2025-26.

The organization-wise details of allocation for Mass Media Sector in PSDP 2025-26 are given below table 21.3:

Table 21.3: Allocation and Expenditure FY 2024-25

(Rs. Million)

S. #	Agencies	Allocation 2025-26
I	Pakistan Television Corporation (PTVC)	1,489.9
ii.	Pakistan Broadcasting Corporation (PBC)	2920.7
iii.	Directorate of Electronic and Print Media (DEMP)	367.2
iv.	Press Information Department (PID)	91.6
v.	Digital Communication Department	1,157.4
	Total	**6,026.9**

National Heritage & Culture Sector

The allocation for the next FY2025-26 for the National Heritage & Culture Sector is Rs. 1676.1 million.

The organization-wise details of allocation for National Heritage & Culture Sector in PSDP 2025-26 are given below table 21.4:

Table 21.4: Allocation FY 2025-26

(Rs. Million)

S.#.	Agencies	Allocation 2025-26
i	Department of Archaeology & Museum (DOAM)	381.1
ii	National Library of Pakistan (NLP)	750.0
iii	Pakistan Academy of Letters (PAL), Islamabad.	250.0
iv.	Quaid-e-Azam Mazar Management Board, Karachi	295.0
	Total:	**1,676.1**

22. INCLUSIVE AND EQUITABLE DEVELOPMENT

Inclusive development is an integrated approach aimed at ensuring that every individual regardless of gender, socio-economic status, or identity has an equal access to opportunities and resources. It seeks to reduce disparities and establish a foundation for long-term, sustainable growth. The Annual Plan 2025–26 prioritizes inclusive development, in line with the objective of URAAN Pakistan. Social welfare plays a pivotal role in translating this vision into action through interventions focused on supporting marginalized and vulnerable segments including the poor, women, elderly, persons with disabilities and transgender individuals.

Key development interventions under PSDP such as Women Inclusive Finance initiative, and the Centre of Excellence for Autism Children initiatives are designed to reduce inequalities and foster sustainable development, which would also support achievement of SDG-5 & 10 and embodies the spirit of URAAN Pakistan. Further the interventions under the Staff Welfare Organization (SWO) also emphasize improving infrastructure for employees' welfare. Through these integrated efforts, the government aims to assist those in need, enable them to manage risks, enhance their capacities, and mitigate vulnerabilities.

Sectoral Performance Review 2024-25

During this period, efforts have been made to achieve developmental targets in sectors of human rights, women empowerment, special education and other. The financial and physical progress for the fiscal year 2024-25 is outlined with;

Financial Progress

In the PSDP 2024–25, projects were prioritized to strengthen institutional mechanisms for the promotion and protection of human rights in Pakistan, with a focus on vulnerable groups including women, children and transgender individuals. These initiatives aimed to enhance mechanisms for implementation, coordination, and outreach through improved infrastructure, capacity building, and service delivery. The table 22.1 below provides a detailed breakdown of each project's financial details, and their alignment with relevant SDGs.

Table: 22.1 PSDP 2024-25 Allocations and Utilization

(Rs. Million)

No.	Project Title	Cost	Allocation 2024–25	Utilization* 2024–25	SDGs
	Human Rights				
1	Establishment of Human Rights Information Management System (HRIMS)	67.9	8.4	7.3	4: Quality Education, 5: Gender Equality

2	Establishment of Project Planning and Monitoring Unit in MOHR (PMU)	75.0	20.0	14.9	5: Gender Equality, 10: Reduced Inequalities
3	Human Rights Awareness Program	55.0	8.9	7.9	4: Quality Education, 5: Gender Equality
4	Human Rights Coordination and Monitoring Unit for National Mechanism for Reporting and Follow-up Framework	43.9	13.6	10.4	5: Gender Equality
5	Establishment of Sub-Office of Human Rights in Merged Districts of Khyber Pakhtunkhwa	65.0	14.0	7.5	4: Quality Education, 10: Reduced Inequalities
6	Pilot Project for the Establishment of Transgender Protection Centre Islamabad	35.8	13.0	11.9	16: Peace, Justice and Strong Institutions
7	Institutional Strengthening of Ministry of Human Rights (ISMoHR) (Revised)	90.0	14.3	14.0	4: Quality Education, 5: Gender Equality
8	Acquisition Of Land, Feasibly Study, Detail Designing, Construction of Boundary Wall & Guard Room for The Project Construction of Child Protection Institute at Sector H-11/4 Islamabad	92.3	12.0	11.9	4: Quality Education, 5: Gender Equality
	Finance Division				
9	Women Inclusive Finance	31,413.1	500.0		5: Gender Equality

**upto May, 2025*

Physical Progress

The physical performance for the social welfare sector during FY2024–25 reflects continued efforts toward institutional strengthening and service delivery for vulnerable groups. Key achievements focused on the enhancement of digital platforms, the outreach initiatives such as nationwide gender sensitization workshops, awareness campaigns particularly in the merged districts of KP, and support services through the Transgender Protection Centre. These initiatives demonstrated a strong focus on community engagement and protection of marginalized groups. During the year five projects have been completed, including the Human Rights Information Management System (HRIMS), Institutional Strengthening of M/o Human Rights, Establishment of Transgender Protection Centre, Establishment of sub-office of Human Rights in Merged Districts, and Acquisition of land & Feasibility Study for Child Protection Institute. The detailed project/initiative-wise progress are as follows;

- The Human Rights Information Management System was enhanced with new digital features for data reporting, improved integration with the Helpline (1099), and expansion of the Child Protection Information Management System

(CPIMS). It also supported the development of the Human Rights Complaint Portal and the AWAZ App for more effective grievance redressal.

- A total of 47 awareness sessions and gender sensitization workshops were conducted nationwide, involving institutions like the State Bank of Pakistan (SBP), Securities and Exchange Commission of Pakistan (SECP), Zarai Taraqiati Bank Limited (ZTBL), Federation of Pakistan Chambers of Commerce and Industry (FPCCI), and provincial Women Development Departments.
- The Transgender Protection Centre provided legal counselling to 391 transgender individuals, medical assistance to 200, and psychological counselling to 71 individuals. It also facilitated NADRA registration and BISP inclusion for 150 transgender persons.
- National Mechanism for reporting and follow-up (NMRF) Unit established NMRF, developed a digital reporting system and engaged civil society. Capacity-building sessions were held across all four provinces, and reporting work for ICCPR, ICERD, CRC, and other treaties was advanced.
- The Sub-Office in the Merged Districts of KP organized awareness seminars at four educational institutions and held community-level consultative meetings in Districts Khyber and Mohmand. These sessions focused on human rights, women's empowerment, and the prevention of gender-based violence.
- The M/o Religious Affairs and Interfaith Harmony has developed a Policy on Interfaith Harmony to promote unity in a religiously and culturally diverse society. The policy was approved by the Federal Cabinet on 12 February 2025. It aims to raise awareness about minority rights and religious freedom. It provides a detailed mechanism to monitor, check and curb the hate statements, materials, slogans, speeches, writings and publications that may cause religious incitements and faith discord.
- To improve access to quality education for the underprivileged, Rs 77.761 million in educational stipends were provided to 16,437 beneficiaries through the Staff Welfare Organization. Additionally, Rs 10.174 million in rehabilitation aid supported 126 FGEs, while Rs 17.958 million from the Federal Staff Relief Fund assisted 1,288 individuals facing personal or family hardships.

Outlook 2025-26

The development outlook for FY2025–26 envisions an inclusive approach to uplift vulnerable segments of society and strengthen institutional capacities under the URAAN Pakistan and SDGs. The initiatives are focused to increase outreach through awareness and gender sensitization campaigns in order to support Equity and Empowerment, particularly for women, children and transgender community. The Policy on Interfaith Harmony offers a framework to promote religious tolerance and safeguard minority rights, which would contribute to reinforce national cohesion.

Box 22.1: Rising Together Project for Uplift of 20 Poorest Districts of Pakistan (50:50)

The Rising Together Project is a landmark initiative designed to uplift the 20 poorest districts of Pakistan, with a total cost of Rs 40 billion, shared equally between the federal government and the provinces on a 50:50 cost-sharing basis. The project aims to reduce sub-national disparities in economic development by targeting districts with the highest Multidimensional Poverty Index (MPI) scores. The selected districts include 11 in Balochistan, 5 in Sindh, 3 in Khyber Pakhtunkhwa (KP), and 1 in Punjab, reflecting a focused effort to bring balanced regional development and improve the quality of life in the most underserved areas of the country.

The umbrella project aims to facilitate equitable growth across the country, through livelihood support, enhancing employability and ensuring the economic and financial inclusion of women and youth in the development process while capitalizing on local resources in these districts. It seeks to utilize local resources to drive community-based development and empower disadvantaged populations. Ultimately, the project is expected to improve the socio-economic status of these districts and contribute to Pakistan's broader agenda of sustainable and inclusive growth.

Programmes/Projects 2025-26

The proposed development projects aim to strengthen institutional frameworks, support vulnerable groups and expand access to education, healthcare, and economic opportunities. Each initiative is aligned with the URAAN Pakistan and SDGs. The table 22.2 below outlines the key projects and their cost estimates.

Table 22.2 PSDP 2025-26 Allocations

No.	Project Title	Cost	Allocation 2025-26	URAAN Pakistan Objective
	Human Rights Division			
1	Establishment of Project Planning and Monitoring Unit in MOHR (PMU)	75.0	12.0	Institutional strengthening and capacity building
2	Human Rights Awareness Program	55.0	4.0	Awareness raising for women and vulnerable groups
3	Human Rights Coordination and Monitoring Unit for National Mechanism for Reporting and Follow-up Framework	43.9	7.0	Human Rights awareness and capacity building
	Federal Education and Professional Training			
4	Centre Of Excellence for Autism Children At H-11/4, Islamabad	2,730.7	100.0	Ensure equitable access to education.

Key Interventions/Activities

The following key interventions and activities are planned under the projects listed in table 22.2 above for FY2025–26. These initiatives are focused on protection, empowerment, and inclusion of marginalized groups, aligned with the URAAN Pakistan objectives.

- Three ongoing projects under M/o Human Rights are aimed at institutional strengthening, capacity building and raising awareness regarding protection of vulnerable groups.
- Centre of Excellence for Autism Children is being established to address the growing needs of children with autism spectrum disorder (ASD) in ICT. The Centre will offer early diagnosis, individualized therapy programs (including ABA, speech and occupational therapy), academic readiness, parent training, and vocational rehabilitation, aligned with global best practices. Facilities will include sensory rooms, soft play areas, and ADL (Activities of Daily Living) practice zones. The initiative aims to promote inclusion, improve the quality of life for autistic children, and build the capacity of families and communities through awareness and advocacy.
- The Women Inclusive Finance project aims to provide a Credit Line Facility (CLF) to women lenders. The CLF is the primary instrument for extending finance to microfinance institutions. It also addresses lenders' risk aversion and funding challenges by providing the Credit Guarantee Facility (CGF). The CGF is designed to provide risk coverage for commercial banks' lending to women-led SMEs. Over five years, it will facilitate increasing the capacity of the regulators and improving regulatory frameworks.
- NCHR would keep interacting with stakeholders involved in the government, NGOs, and international organizations for the empowerment of the vulnerable through advocacy, monitoring, legal representation & recommendations. The focused areas are: poverty alleviation, social protection, gender mainstreaming, empowerment of women & vulnerable groups
- The National Commission for Minorities Act (2025) is being strengthened by statutory cover through an Act of Parliament that will help it to perform a more proactive role in safeguarding the rights of minorities. The NCM bill was introduced in the Senate on 24-01-2025 and referred to the Senate Functional Committee on Human Rights.
- Through the Staff Welfare organization, initiatives such as educational stipends will provide targeted financial support to the children of Federal Government Employees (FGEs) who are enrolled in government schools, colleges, and universities. Secondly, the Federal Staff Relief Fund (FSRF) provides immediate financial relief to FGEs, in cases of personal or familial crises, such as the death of dependents, prolonged illness, and others.

23. BALANCED DEVELOPMENT – FOCUS ON LESS DEVELOPED REGIONS

Pakistan's regions exhibit considerable diversity in cultural identity, geography, and level of socio-economic development. This diversity is accompanied by significant socioeconomic disparities, underscoring the need for a balanced regional development strategy to promote equitable growth and reduce inequalities. Special regions such as AJK, GB and merged districts of KP remain relatively underdeveloped, lagging behind in infrastructure, connectivity, and key socio-economic indicators. These disparities call for focused and targeted interventions to uplift these areas and ensure inclusive national progress.

According to the Article 38 (e) of the Constitution of Pakistan, the government is responsible for promoting inclusive and sustainable growth. The federal government is providing financial support through block allocations, and a Ten-Year Development Plan (TYDP) is being implemented for the merged districts of Khyber Pakhtunkhwa. Proposed initiatives for 2025-26 are aligned with the long-term vision of URAAN Pakistan and the SDGs, and support positive economic, social and environmental links between urban, peri-urban and rural areas by strengthening national and regional development planning.

Performance Review 2024-25:
During this period, the federal government, in collaboration with the governments of special areas, has made efforts to achieve developmental targets in these regions. The financial and physical progress for the fiscal year 2024-25 is outlined below:

Financial progress:
During the financial year 2024-25, a total of Rs 121 billion was allocated for Special Areas and merged districts in PSDP. Of this amount, Rs 79 billion was earmarked for ADP as block allocation, in three areas. Additionally, Rs 42 billion was allocated specifically for merged districts, under the 10-year Development Programme (Accelerated Implementation Programme-AIP). Upto May, 2025 an amount of Rs 74.95 billion has been authorized.

Table 23.1 Agency/Division-wise Allocations & Utilization for 2024-25

(Rs. In Billions)

Agency/ Ministry/Division	Allocation	Authorization*
Azad Jammu & Kashmir (Block Allocation)	31.0	31.0
Gilgit Baltistan (Block Allocation)	21.0	21.0
Merged Districts of KP (Block Allocation)	27.0	16.6
Merged Districts 10-year development plan	42.3	6.34
Total	**121.3**	**75.0**

**up to May, 2025*

Sectoral Performance Overview 2024-25

During this period, the federal government allocated funds to special areas, which were utilized across various sectors, including infrastructure, education, health, food security, industries and production, information technology, natural resources, tourism, science and technology etc. in line with the priorities set by the area governments. The details of allocations for both ongoing and new schemes are as follows:

Table 23.2: Scheme and Allocation (%) FY 2025-26

Region	Ongoing		New		Total	
	Schemes	Percent Allocation	Schemes	Percent Allocation	Schemes	Percent Allocation
AJ&K	383	62	135	38	518	100
GB	1,713	86	340	14	2,053	100
NMD-ADP	176	90	79	10	255	100
NMD-TYDP	220	90	53	10	273	100

Azad Jammu & Kashmir (AJ&K)

During 2024-25, 159 projects are targeted for completion. Out of the total allocated amount, 62 percent funds were earmarked for ongoing projects, and the remaining 38 percent funds were set aside for new initiatives. Communication & Works sector is the major recipient of financial resource i.e. (34 percent) followed by Education and Power (11 percent), LG&RD (8 percent), Health (7 percent), PP&H (6 percent), while the remaining (24 percent) resources are allocated for other social and productive sectors.

In terms of physical achievements against the allocated amount in major sectors, the accomplishments include the construction of 25 km of major roads, 271 km of link roads, and 500-meter bridges. Furthermore, 38 km of roads were reconditioned, and 4 km of irrigation channels were rehabilitated. Additionally, 8,000 PCC streets, paths, and link roads, along with 8 bridges, were constructed, and the water supply was extended to 500,000 rural residents. In the power sector, 23,500 consumers were provided with electricity connections, 325 transformers and 22 km transmission lines were installed, 01 grid stations were constructed, and 8.44 MW of Hydel power was generated.

In the education sector, 40 school buildings were constructed/upgraded, 72 schools received essential missing facilities, 1380 biometric machines were installed, and 30 buses were provided for students' transportation. Additionally, 15,310 trainees received skill training under TEVTA. In the health sector, free medicines worth Rs. 400 million were distributed. In agriculture, 9,580 kg of certified seeds, 2 million fruit plants, and 40,000 subsidized olive plants were distributed. In livestock, 123 sheep and goat farms were established, and in the fisheries sector, 45 fish ponds and 04 trout farms were established. 02 number of IT Excellence Centers were established. Furthermore, 3 food testing laboratories and 01 child protection units have been established, and education stipends were provided to 500 orphans. In terms of infrastructure, 38 mini sports/playgrounds, 2 tourist sites, and 01 museums were established. For industrial development, 9,376 interest-free loans were provided, along with 180 training programs conducted.

Gilgit Baltistan (GB)

During 2024–25, the development activities under multiple sectors were undertaken to achieve the long-term development objective of balanced development, aligned with URAAN Pakistan and SDGs. The sector-wise activities include, construction of 30 roads schemes, 18 road metaling schemes and 4 bridges of various types. Further, 9 buildings and 24 water supply schemes have been completed. In the energy and power sector, 07 HPP schemes have been completed to generate 14.3 MW of power, and 07 HPP schemes of 13 MW capacity will be completed by the end of the current year. In the education sector, 39 school education schemes have been completed. A total of 31 primary schools were constructed, and 44 middle, high, and higher secondary schools were upgraded. Furthermore, 2,225 teachers were trained to enhance their capacity. In higher education, 01 girls' degree college has been constructed, and a boys' college was upgraded.

In the health sector, 24 schemes for the construction of hospitals and health facilities were completed, and biomedical equipment was procured. In the social welfare, population welfare, and women development sectors, 6,080 women received training in sewing and stitching, e-commerce, social media marketing, cooking, and baking, along with access to daycare and gym facilities across various districts. In the rural and urban development (LG&RD) sector, 28 water supply schemes, 14 sewerage system schemes, 90 water channel schemes, and 27 link road schemes were completed.

In the rural and urban development (Gilgit Development Authority) sector, 05 km of roads and 04 water tanks were constructed, and a solid waste dumping site was completed. Furthermore, various small projects were completed to enhance the beautification of Gilgit city. In the agriculture sector, 3,192 acres of land have been irrigated through construction and land irrigation development schemes. Additionally, 47 kilometers of roads were constructed to connect farms to markets, and 76.3 meters of bridges of various types have been completed.

Merged Districts of KP

During 2024–25, a total of 528 projects have been included for the Merged Districts, with 273 projects being executed through AIP and 255 through ADP. Under the 10 year development programme 77 projects are being implemented in the roads sector, followed by 24 projects of water, 22 projects of education, 16 projects of energy, 15 projects for health and 15 projects of urban development and 15 schemes of other sectors.

In the infrastructure sector, 110 kilometers of roads and 01 bridge have been constructed, while 16 kilometers of roads have been rehabilitated. In the water sector, 196 irrigation channels, 268 water storage reservoirs/check dams, and 8 flood protection bunds have been constructed. Moreover, 17 solar-powered tube wells have been installed, and 104 existing tube wells have been upgraded to solar power. The renovation and civil works for the Khyber Digital Connect have been completed. In the education sector, 60 new schools have been constructed, and 13 existing schools have been rehabilitated. In the health sector, 66 percent of the targeted 3,094 medical scholarships have been awarded. The upgradation of the Civil Dispensary at Loe Shalman has been completed. Construction of 4 D-category hospitals has reached 90 percent completion.

For industrial development, a 01 laboratory has been established at the Khyber Digital Connect. Furthermore, 1,900 youth have been trained with certification. Moreover, 09 Science and Technology programs are currently underway. In the agriculture sector, 350 acres of olive orchards and 25 acres of fruit orchards have been established. High-value vegetable seeds were provided for 2,000 acres, and certified wheat and maize seeds were distributed for 2,200 acres. Additionally, 12,000 acres of land have been developed, and training has been provided to 30 farmers. Furthermore, 10 new agricultural tube wells have been established, and 79 existing tube wells have been solarized. In terms of infrastructure, 03 check dams, 16 delay action dams, 04 earthen water ponds, and 71 soil protection/diversion structures have been constructed. Medicinal plant harvesting kits were distributed to 355 farmers.

Box 23:1 Merged Districts Ten-Year Development Programme

The schemes under the Ten-Year Development Plan (TYDP) are at various stages of implementation; this programme was approved in 2018, following the merger of the erstwhile FATA with Khyber Pakhtunkhwa. It had been implemented as the Accelerated Implementation Program (AIP). The AIP aims to bring about transformational change in the Merged areas of Khyber Pakhtunkhwa and focuses on improving service delivery, expanding public infrastructure, and strengthening institutional development in the merged areas. It prioritizes sectors such as education, health, energy, social protection, economic growth, and good governance etc.

The AIP also aims to address the development challenges faced by the merged areas, which include a high poverty rate, a lack of access to basic services, and limited economic opportunities. It comprises 273 schemes. Out of total, 77 schemes are due for completion in the current financial year subject to availability of funds.

Outlook 2025-26

The development outlook for FY2025-26 across AJ&K, GB, and the NMDs of KP aligns closely with the URAAN Pakistan and SDGs, emphasizing inclusive and equitable growth, resilience, and innovation. The initiatives focus on inclusive growth, digital transformation, and environmental sustainability. Key programmes include infrastructure expansion, such as roads, bridges, and energy projects, alongside investments in IT hubs and broadband connectivity to drive digital inclusion. Priority sectors like education, health, and women's empowerment aim to uplift marginalized communities. While economic diversification through industrial estates and agriculture development will create sustainable livelihood facilities. The proposed initiatives in FY2025-26 have specific targets in various sectors, i.e., roads infrastructure, construction of schools, construction of health facilities, energy targets, digitization and IT hubs etc. directly supporting URAAN's pillars and SDG goals on infrastructure, education, energy, health, environment, and equity.

Programmes 2025-26

Table 23.3 Region-wise Financial Allocations for 2025-26

(Rs. In Billion)

Special Area	Allocation 2025-26
Azad Jammu & Kashmir (Block Allocation)	32
Gilgit Baltistan (Block Allocation)	22
Newly Merged Areas of KP (Block Allocation)	28
Merged Districts 10-Year Development Plan	37
Total (Special Areas)	**119**

Key Interventions / Programmes 2025-26

The proposed interventions in AJ&K are being implemented to boost exports, accelerate digital transformation, address environmental challenges, improve infrastructure, and ensure social equity. GB's priorities for FY2025–26 focus on key sectors including infrastructure, health, education, energy, digital governance, agriculture, and women's empowerment. Likewise, NMDs of KP focus on key sectors including education, health, infrastructure, agriculture, water, industry, and environment. This development agenda reflects a strong commitment to inclusive growth, improved service delivery, and socio-economic uplift of marginalized communities.

Azad Jammu & Kashmir

In AJ&K-ADP sectoral targets under major sectors during FY2025-26 are summarized as follows:

- In the Communication and Works sector, 100 km of major roads and 677 km of link roads are to be constructed, 1,000 meters of bridges will be built, and 100 km of roads are planned for rehabilitation during the plan period.
- In the education sector, 75 school buildings are planned to be constructed/upgraded, 50 schools will receive essential missing facilities, and 4,000 biometric systems are scheduled for installation across educational

institutions. Furthermore, 50 buses will be provided to support these institutes, and 200 Early Childhood Education (ECE) rooms are planned.

- 08 km of irrigation channels will be rehabilitated, 100,000 rural residents will be provided with water supply and sanitation facilities, and 12,000 PCC streets, paths, and link roads will be constructed, along with 25 bridges.
- Land records will be computerized in 07 tehsils, and 03 IT Excellence Centers will be established.
- Rs. 500 million worth of free emergency medicines will be provided, 95 percent of EPI coverage will be achieved, and the Infant Mortality Rate (IMR) will be reduced to 48 per 1,000 live births.
- In the social welfare/women development sector, stipends will be provided to 1535 orphans and 02 child protection units will be established.
- In the agriculture sector, 15,000 kg of certified seeds, 07 million fruit plants, and 40,000 subsidized olive plants will be distributed.
- In the livestock sector, 180 sheep and goat farms will be established, 19,523 doses of vaccine will be provided, and 1,000 high-quality heifers will be purchased.
- Power infrastructure will be expanded through 3,000 new electricity connections, 39 km of transmission lines, and 375 transformers. In addition, 02 grid stations, and generation of 49 MW through hydel power projects.
- 20 new tourist sites and 60 mini sports grounds/playgrounds will be established.
- 14,200 skill training opportunities will be provided under AJ&K TEVTA, and 12,500 individuals will receive interest-free loans.

Gilgit Baltistan

The following development activities under major sectors have been planned during FY2025-26.

- In the Communication and Works sector, 40 road construction schemes, 20 road metaling schemes, 15 bridges of various types, and 30 water supply schemes will be completed.
- In the health sector, 80 schemes will be completed for the construction of hospitals and health facilities, including the digitalization of major hospitals. Additionally, 80 schemes for the procurement of biomedical equipment will be completed.
- In the Rural and Urban Development (LG&RD) sector, 25 water supply schemes, 40 sewerage systems, 76 water channel schemes, and 30 protective bund schemes will be completed.
- In the education sector, 32 school education schemes will be completed. A total of 12 primary schools will be constructed, and 45 middle, high, and higher secondary schools will be upgraded. Moreover, a 01 training institute will be established and 2225 teachers will be trained.
- In energy/power, 16 HPP schemes of 29.25 MW will be completed, and the remaining work of the ongoing Nalter-III Gilgit 16 MW project will be completed.

- In the Rural and Urban Development (Gilgit Development Authority) sector, 1.5 km of roads will be constructed, and a water treatment plant is expected to be completed. The remaining work on various projects related to solid waste, sewerage and sanitation, and the beautification of Gilgit city is also scheduled for completion.
- Divisional offices for the Information Department will be established.
- In the agriculture sector, 10,881 acres of land will be irrigated through construction and land irrigation development schemes, and 180 kilometers of roads will be constructed to connect farms to markets.
- 9000 training in sewing, e-commerce, szocial media marketing, cooking, and baking will be provided to women, under the social welfare, population welfare, and women's development sectors.

Newly Merged Districts of KP

In NMDs of KP, major schemes/projects under ADP/AIP during 2025-26 are planned as under:

- In roads, 185 km roads will be constructed & 65 km will be rehabilitated further, 04 bridges will be constructed.
- In the water sector, 398 irrigation channels, 361 water storage reservoirs/ check dams & 192 flood protection bunds will be constructed, and 60 solar tube wells will be installed, and 187 existing tube wells will be solarized.
- In the education sector, 65 schools will be constructed, and 312 schools will be rehabilitated.
- In the health sector, construction work for 04 D-category hospitals and Paraplegic Center will be completed. The strengthening of EPI Programme, and the National Programme (NP) for Family Planning and Express Lines for 18 type-D hospitals will be completed.
- For industrial development, 5,250 youth will be provided training with certification.
- In the agriculture sector, 2,000 acres of olive orchards, 500 acres of fruit orchards, and 360,000 wild olive plants will be established. The promotion of vertical net farming will be implemented on 250 acres. High-value vegetable seeds will be provided for 2,000 acres, and certified maize seeds will be distributed for 200 acres. Furthermore, 12,000 acres of land will be developed, and training will be provided to 40 farmers. Additionally, 50 new agricultural tube wells will be established, and 467 existing tube wells will be solarized. 07 check dams, 30 delay action dams, 08 earthen water ponds, and 150 soil protection/diversion structures will be constructed.
- In the Forestry & Environment sector, a total of 29 capacity-building trainings will be conducted, with 900 individuals receiving training in conservation, harvesting, and grading. Medicinal plant harvesting kits will be distributed to 900 farmers.

24. MOVING TOWARDS JUST DEVELOPMENT – ADDRESSING THE CONTOURS OF DEPRIVATION

The Sustainable Development Goals (SDGs) call for collective action to eradicate poverty and ensure equitable access to basic rights, including food, shelter, healthcare and education. Poverty in Pakistan disproportionately affects women, rural populations and marginalized communities, exacerbating disparities in health and education outcomes. Sustainable poverty reduction requires inclusive policy interventions, as demonstrated by initiatives like URAAN Pakistan, which integrates economic growth (SDG 8 and 9), social equity (SDG 4 and 5), and environmental responsibility (SDG 13) into a cohesive development strategy. (5E's Tagging with SDGs is Given Below)

Table 24.1

5Es	**List of SDGs**
Exports	Goal 2 – Zero Hunger Goal 8 – Decent Work and Economic Growth Goal 9 – Industry, Infrastructure and Innovation Goal 11 – Sustainable Cities and Communities Goal 17 – Partnerships for Goals
E-Pakistan	Goal 4 – Quality Education Goal 8 – Decent Work and Economic Growth Goal 9 – Industry, Infrastructure and Innovation Goal 16 – Peace, Justice and Stronger Institutions Goal 17 – Partnerships for Goals
Environment & Climate Change	Goal 1 – No Poverty Goal 2 – Zero Hunger Goal 3 – Good Health Goal 6 – Clean Water and Sanitation Goal 7 – Clean and Affordable Energy Goal 9 – Industry, Infrastructure and Innovation Goal 11 – Sustainable Cities and Communities Goal 12 – Responsible Consumption and Production Goal 13 – Climate Action Goal 14 – Life Below Water Goal 15 – Life on Land Goal 17 – Partnerships for Goals
Energy & Infrastructure	Goal 3 – Good Health Goal 4 – Quality Education Goal 7 – Clean and Affordable Energy Goal 8 – Decent Work and Economic Growth Goal 9 – Industry, Infrastructure and Innovation Goal 10 – Reduced Inequalities

	Goal 12 – Responsible Consumption and Production Goal 14 – Life Below Water Goal 17 – Partnerships for Goals
Equity, Ethics & Empowerment	Goal 1 – No Poverty Goal 2 – Zero Hunger Goal 3 – Good Health Goal 4 – Quality Education Goal 5 – Gender Equality Goal 8 – Decent Work and Economic Growth Goal 10 – Reduced Inequalities

URAAN Pakistan also highlights essential social equity goals, particularly in education and training, healthcare, culture, population and gender empowerment. Its goals of increasing literacy rates (SDG 4.6), expanding vocational education (SDG 4.3, 4.5), and integrating technology in education delivery (SDG 4.b) support SDG 4 (Quality Education). Health-related targets include reducing maternal mortality (SDG 3.1), improving universal healthcare (SDG 3.8) and enhancing social protection systems (SDG 1.3 and SDG 3.8). Additionally, the focus on gender empowerment (SDG 5) and increased female workforce participation (SDG 5.5) ensures progress toward gender equality. By integrating climate resilience, sustainable agricultural practices (SDG 2.4) and water conservation (SDG 6.4, 6.5), it also aligns with environmental sustainability goals. Thus, it presents a holistic strategy that connects economic growth, social equity and environmental responsibility within the global SDG framework.

Poverty and Inequality in Pakistan

Around 54.75 million people in Pakistan are living below the national poverty line. Provincial disparities are stark, with Balochistan reporting the highest poverty rate at 41.8 percent, followed by Khyber Pakhtunkhwa (28.7 percent), Sindh (24.5 percent), and Punjab (16.5 percent). Rural areas experience higher poverty levels than urban centers, with Balochistan's rural poverty reaching 47.9 percent. Region-wise poverty rates are given in the Table 24.2 below.

Table 24.2

(%)

Region	**All**	**Urban**	**Rural**
Punjab	16.5	9.1	20.9
Sindh	24.5	10.7	39.5
Khyber Pakhtunkhwa (KP)	28.7	17.8	30.9
KP (Without FATA)	21.3	10.9	27.5
Balochistan	41.8	25.6	47.9
Pakistan (National)	21.9	11.0	28.2

The Multidimensional Poverty Index (MPI) reveals deeper deprivation, with 30.5 percent of Pakistan's population classified as multidimensional poor in 2019-20. Balochistan again leads with 60.2 percent MPI poverty, followed by Sindh (40.3 percent) and Khyber Pakhtunkhwa (39.8 percent). Inequality is further highlighted by the declining income growth of the bottom 40 percent of the population, which fell from 7.41 percent to 3.01 percent, indicating widening economic disparities. See the Table below:

Table 24.3

Indicator	National	Rural	Urban	Punjab	Sindh	KPK	Balochistan
Multidimensional Poverty Index (MPI)	0.146	0.204	0.045	0.09	0.2	0.193	0.303
Incidence of Poverty (H, percent)	30.50 %	41.90 %	10.50 %	19.90 %	40.30 %	39.80 %	60.20 %
Intensity of Poverty (A, percent)	48.00 %	48.70 %	42.90 %	45.30 %	49.70 %	48.50 %	50.40 %
Population Share (percent)	100 %	63.70 %	36.30 %	53.00 %	23.50 %	17.80 %	5.70 %
Number of Poor (Millions)	69	60.1	8.6	23.7	21.3	15.9	7.7

National and Provincial Efforts for Equity Investments

The government continues to prioritize poverty alleviation through national programs and provincial development plans. The Benazir Income Support Programme (BISP) remains a cornerstone of social protection, with PKR. 80.87 million allocated in FY2024-25 for monitoring and evaluation. The Pakistan Poverty Alleviation Fund (PPAF) disbursed PKR. 2 billion in the first half of FY2024-25, focusing on microfinance, community infrastructure, and climate resilience. Provincial Annual Development Plans (ADPs) reflect significant commitments, with Punjab allocating Rs. 700 billion, Sindh Rs. 763 billion, and Khyber Pakhtunkhwa Rs. 627 billion. Targeted initiatives like the Southern Punjab Poverty Alleviation Project (SPPAP), in collaboration with the International Fund for Agricultural Development (IFAD), have supported 232,450 households through asset transfers, vocational training, and low-cost housing.

Higher Accumulated Prices, Modest Growth, Lower Inflation and Shocks

Pakistan's economy is projected to grow by 2.5 percent–3.5 percent in FY2024-25, driven by a rebound in agriculture, improved remittance inflows, and fiscal consolidation. Inflation has declined sharply from a peak of 38 percent in May 2023 to 1.5 percent in February 2025, attributed to stable exchange rates and tight monetary policies. However, geopolitical tensions, particularly India's suspension of the Indus Waters Treaty and closure of trade routes, pose risks to food security and critical imports like pharmaceuticals and fertilizers. These challenges underscore the fragility of Pakistan's economic recovery and the need for resilient policy measures.

Review of Annual Plan 2024-25

The Ministry of Poverty Alleviation and Social Safety (PASS) works to reduce poverty and enhance social protection in Pakistan by ensuring access to basic needs, promoting livelihoods and investing in human capital. Its flagship initiative, the Benazir Income Support Program (BISP), delivers cash transfers to vulnerable households, while microfinance programs like the National Poverty Graduation Program foster economic self-reliance. Education and healthcare reforms further strengthen human capital to break the poverty cycle. Despite progress, challenges like inequality and regional disparities demand sustained, targeted interventions for nationwide impact.

Benazir Income Support Programme (BISP)

BISP achieved major milestones in 2024-25, registering 6.2 million households through the National Socio-economic Registry (NSER) and expanding cash assistance, including Rs. PKR. 13,500 quarterly Kafaalat payments to 9.8 million beneficiaries and Ramadan relief to 4 million households. It enhanced financial inclusion through bank partnerships and digital literacy training for 240,000 women, while education and health programs like *Taleemi Wazaif* and *Nashonuma* improved child and maternal outcomes. Technological upgrades such as biometric authentication and satellite pilots bolstered data security and remote access. Supported by strong monitoring systems and institutional partnerships, BISP reinforced its position as Pakistan's premier social protection initiative.

Khyber Pakhtunkhwa Employees' Social Security Institution (KPESSI)

KPESSI expanded healthcare access for workers through social security hospitals and Medicare centers, offering free medicines and specialized treatments. A digital transformation initiative introduced Management Information Systems (MIS) and Hospital Information and Management Systems (HIMS) to enhance service efficiency and transparency. Awareness campaigns were conducted to educate workers about their rights, increasing enrollment in social security programs.

Small and Medium Enterprises Development Authority (SMEDA)

SMEDA played a pivotal role in fostering SME growth, aligning with SDGs 5 (Gender Equality), 8 (Decent Work), and 9 (Industry and Innovation). Key achievements included facilitating Rs. 91.9 million in investments, conducting 41 training programs, and empowering over 1,500 women entrepreneurs through digital skills training. SMEDA also promoted climate resilience by conducting energy audits and supporting sustainable practices, such as converting banana waste into textile fibers.

Worker Welfare Fund (WWF)

WWF disbursed Rs. 1,167.3 million in marriage grants and Rs. 3,646.5 million in scholarships to 29,388 students. Infrastructure projects included the completion of 1,008 flats in Islamabad and the adoption of e-Procurement systems to enhance transparency.

Proposals for 2025-26

- BISP will upgrade National Socio-economic Registry (NSER) operations through additional Mobile Registration Vans (MRVs), enhanced biometric systems, and satellite connectivity trials in remote areas while establishing permanent Dynamic Registration Centres (DRCs) (SDG 1.3.1, 16.9).
- Expansion of financial inclusion through "BISP Sahulat Accounts" and scaling up of the Hybrid Social Protection Saving Scheme (HSPS) following program evaluations (SDG 1.4, 8.10).
- Establishment of 40 Nutrition Stabilization Centres nationwide to address malnutrition challenges (SDG2.2, 3.2).
- Implementation of Raast digital payment systems alongside improved transparency measures and vocational training collaborations (SDG 8.3, 9.c, 17.6).
- KPESSI will modernize healthcare infrastructure, launch telemedicine services and enhance digital oversight capabilities (SDG 3.8, 9.1).
- SMEDA will improve financing access for SMEs, increase export capacity, and deliver specialized training for women entrepreneurs (SDG 5. a, 8.3, 9.3).
- Workers Welfare Fund (WWF) will digitalize welfare payments, increase Hajj participation to 85 workers, and build a secondary school for girls in Taxila (SDG 1.3, 4.1, 4.5, 10.4).

25. GOVERNANCE AND INSTITUTIONAL REFORMS

Governance involves the frameworks and processes that manage a nation's affairs efficiently, influencing all sectors and driving sustainable socio-economic development. Built on principles like rule of law, transparency, and accountability, good governance ensures fair resource use and inclusive growth. Democratic governance fosters integrity, participation, and private sector growth within strong systems. Central to national prosperity, it aligns with SDG 16 and URAAN Pakistan, where reforms aim to strengthen institutions, enhance service delivery, and build accountability through innovation and capacity development.

Progress Review (2024-25)

In the World Bank's Governance Indicators report 2023, Pakistan's governance indicators are not very encouraging as compared to regional countries despite the fact that the government has implemented a number of initiatives to improve governance indicators in the country. Comparative analysis of Pakistan's governance indicators with other regional countries shows that Pakistan's scores are below against certain indicators requiring more focus to strengthen the local governments system through voice and accountability, ensuring political stability and strengthening institutions to improve rules of law for sustainable socio-economic development.

Financial Review (2024-25)

An amount of Rs 28.0 billion including foreign aid of Rs 16.5 billion was allocated in PSDP 2024-25 for the governance sector development programmes/ projects. It is expected that an amount of Rs 28.56 billion including additional allocation and foreign aid would be utilized by 30th June, 2025. Public sector investment focused areas of innovation and process reengineering, capacity enhancement of institutions, performance management, delivery of public services, and institutional/public sector reforms especially justice, police, civil service, financial management and regulatory regime during 2024-25.

Public Sector Management Efficiency

Justice Sector Reforms

During FY2024–25, justice sector reforms focused on strengthening judicial systems in line with Pakistan's commitment to SDGs Goal 16: Peace, Justice, and Strong Institutions. Reforms emphasize streamlining judicial processes, ensuring equal access to justice, and reducing case backlogs. The 26th Constitutional Amendment aims to expedite justice delivery by increasing the number of Supreme Court judges.

The project "Strengthening and Capacity Enhancement of Legal Wings of Ministry of Law and Justice and Federal Ministries/Divisions" is underway to build legal capacity and promote international mediation and arbitration. A Case Assignment and Management System (CAMS) is being developed.

Under e-governance, the "Automation of Federal Courts/Tribunals" project supports digital archiving, legislation management, and the implementation of the Case Flow Management System (CFMS). Deployed in 170 Federal Courts, CFMS has registered 120,000 cases, with 400,000 more in progress. Features include a functional HR module and SMS alerts for litigants and lawyers.

Infrastructure upgrades include new court buildings, legal facilitation centers, ICT-enabled libraries, and automation of the Federal Ombudsperson Secretariat for Protection against Harassment (FOSPAH).

To enhance accountability in tax administration, the "Expansion of IT Systems of the Office of Federal Tax Ombudsman (FTO)" aims to modernize five new FTO regional offices using advanced IT tools to boost transparency and efficiency.

Peace, Security and Societal Harmony

The Prime Minister has constituted Federal, Provincial, and District Steering/Review Committees under the Revised National Action Plan (2021) to enhance governance, support equitable development, and address root causes of subversion. The National Prevention of Violent Extremism Policy (NPVE) 2024 is being implemented to counter all forms of extremism by addressing its root causes, promoting human rights, and fostering social cohesion.

The Draft National Internal Security Policy (2024–29), developed with stakeholder input outlines a comprehensive framework of kinetic and non-kinetic measures. Additionally, the Interfaith Harmony Policy and Strategy of Religious Tolerance are being executed to promote peace and national unity. These initiatives and committees are pivotal in strengthening societal harmony.

Revenue and Financial Management Reforms

The Federal Board of Revenue (FBR) has launched key initiatives to mobilize resources and improve the tax-to-GDP ratio, including reviewing tax policies, launching Mobile Tax Facilitation Services, enhancing taxpayer compliance, implementing anti-smuggling measures under the National Anti-Smuggling Strategy, and conducting technical consultations with provincial tax authorities for harmonization. Efforts also include staff capacity building, data analysis through a specialized Tax Unit using foreign asset information, and taxpayer facilitation via performance management scorecards.

The FBR Transformation Roadmap 2024 focuses on ICT adoption to modernize operations, broaden the tax base, and generate an additional US$81 billion by FY28/29. The Pakistan Raises Revenue program, supported by a US$400 million World Bank loan, targets increasing the tax-to-GDP ratio to 17% by 2024-25 by reducing tax expenditures and expanding revenue streams. Under this, US$150 million is dedicated to ICT upgrades, including 37 Digital Enforcement Stations and Mobile Enforcement Units to combat smuggling.

The Integrated Transit Trade Management Systems (ITTMS)-Revised project, part of ADB's CAREC-RIBS program, is underway with a total cost of Rs. 95,406.14 million (US$420.64 million), including a US$325.5 million ADB loan. It aims to modernize Border Crossing Points at Torkham, Chaman, and Wahga through joint operations involving Customs, ANF, Immigration, NADRA, and FIA, enhancing transit trade potential via ICT integration, strengthened customs controls, capacity building, and establishing the Pakistan Land Port Authority (PLPA). Land acquisition is complete, and infrastructure construction is near completion. The Pakistan Single Window Company now facilitates all trade-related activities under an IT-enabled system to streamline trade.

Civil Service / Institutional Reforms and Capacity Building Initiatives

The government has established committees on civil service reforms, Project Pay Scale revision, federal rightsizing, ICT governance of Islamabad Capital, regulatory function segregation, and a Cabinet Committee to uphold constitutional Principles of Policy.

In FY2024–25, the Ministry of Overseas Pakistanis and Human Resource Development spearheaded key reforms, including restructuring and 120 legal amendments across 35 frameworks. In partnership with the ILO, Pakistan ratified major labor conventions and launched the National OSH Profile. The National Emigration and Welfare Policy was drafted, alongside digital tools like the Pakistan Emigration Management Framework and Pak-Tok App. Plans for Labor Market Research and Centers of Excellence at five universities were developed.

Welfare efforts disbursed Rs. 594.41 million for death claims and Rs. 59.82 million for disability, with the Workers Welfare Fund supporting health, housing, and education. EOBI covers pensions for over 787,000 retirees, collecting Rs. 56.95 billion in contributions.

Public Financial Management

Public Financial Management (PFM) is crucial for fiscal discipline, improving public service delivery, and economic development. The Public Financial Management Act, 2019, reflects the government's commitment to effective financial governance. To implement this, the Ministry of Finance launched a Rs. 320 million project to integrate PFM Act provisions into federal operations, including automating budget modules and linking servers for seamless data transfer, promoting transparency and modernization. The Accountant General's Office initiated the Rs. 1,998 million "Online Billing Solution (SEHAL)" project, rolled out across 22 ministries and 57 Islamabad projects, enhancing transparency and accountability with plans to link with e-procurement and upgrade to SAP 4/HANA.

The "Audit Management Information System (AIMS)" project, costing Rs. 1,003 million, aims to digitize audit processes for improved quality, transparency, and efficiency. The State Bank of Pakistan's "Financial Inclusion and Infrastructure-Revised" project supports the National Financial Inclusion and Infrastructure Strategy (NFIS) by enhancing payment systems, launching a National Payment Gateway, expanding digital transaction access, and promoting loans to microenterprises and female borrowers. Additionally, Pakistan Mint is undergoing modernization with infrastructure upgrades, staff training, and new machinery procurement underway. These initiatives collectively support fiscal transparency, modernization, and contribute to SDGs and URAAN for sustainable progress.

Public-Private Partnership

Concept clearance was approved for the "Promoting Sustainable Public-Private Partnerships Program," backed by a US$500 million Asian Development Bank loan, supporting Pakistan's infrastructure financing through PPPs in priority sectors like roads, housing, health, education, water & sanitation, and technology. Additionally, a Rs. 5.5 billion project is enhancing federal capacity for PPP project preparation, policy development, and performance audits. These initiatives advance infrastructure investment aligned with URAAN and SDGs for sustainable development.

Public Procurement Regulatory Reforms

PPRA rules were amended to define Procurement Assignment and introduce Rule 45A for transferring assignments between agencies. Following the Prime Minister's directive, Rule 28 now mandates live media coverage of government bidding. Procuring agencies must establish grievance redressal mechanisms. New regulations address blacklisting, debarment of bidders, and disposal of public assets. A capacity-building program with NUST and LUMS awarded Pakistan's first accredited Diploma in Public Procurement, advancing professionalization. Ministries are adopting the Electronic Procurement System (EPADS) for online bidding, vendor registration, and real-time monitoring. These reforms boost transparency, reduce manual processes, minimize corruption, and promote fair competition, supporting URAAN and SDGs.

Automation of Development Project

Under URAAN Pakistan, the Intelligent Project Automation System (iPAS) and PSDP Portal drive technology-led transparent development by providing cost-effective access to information for informed decision-making. iPAS manages project preparation, appraisal, approval, monitoring, and evaluation, enhancing development efficiency. Project Directors and staff are appointed meritocratically on performance-based contracts, ensuring accountability and supporting SDGs.

Pakistan Telecommunication

Pakistan Telecommunication Authority (PTA) has implemented progressive regulatory frameworks aligned with strategic goals to optimize digital infrastructure, boost investment, enhance cybersecurity, and improve service delivery. Key measures include the Telecom Infrastructure Sharing Framework, RLAN/WLAN Regulations 2024, Code of Commercial Practice, and policies on spectrum sharing, MVNOs, and OTT services. PTA advanced 5G readiness via infrastructure upgrades and spectrum planning, introduced national roaming along the Makran Coastal Highway to improve rural connectivity, developed the National Fiberization Plan, and launched digital licensing platforms alongside satellite communication licensing under the National Space Policy.

For 2025-26, priorities include the 5G Spectrum Auction, LDI license renewals, district-level data licenses, and mid-year rollout of MVNO and satellite internet regulations. Efforts will focus on service quality, new spectrum bands, spectrum sharing, OTT regulation, gender inclusion in underserved areas, and online child protection, supporting URAAN and SDGs.

National Tariff Commission

National Tariff Commission enhanced industrial competitiveness and reduced import distortions by rationalizing 2,500 tariff lines under the National Tariff Policy. It revived Sectoral Councils and regulated Pink Salt exports via MEP to protect domestic interests. The Trading Corporation of Pakistan updated its governance to comply with state-owned enterprise laws.

Security and Exchange Commission

SECP made significant strides in regulatory reforms, digital transformation, and financial inclusion by upgrading the Electronic Mortgage Register, reducing access fees, and enhancing efficiency for financial institutions. It amended rules for Non-Banking Finance Companies and strengthened Shariah compliance in mutual funds. Reforms on Investment Plans improved governance and retail participation. The Women's Equality in Finance Policy Framework for NBMFCs advanced women's financial inclusion. SECP also proposed faster crediting of bonus and right shares and registered 29,023 new companies by April 2025, reinforcing ease of doing business and supporting URAAN and SDGs.

Competition Commission of Pakistan

CCP established the Market Intelligence Unit (MIU) to detect market manipulation, abuse, and collusion using data-driven analysis. This enhances consumer choice, lowers prices, improves product quality, attracts investment, and promotes fair wealth distribution. Legal team restructuring addressed over 550 court cases with penalties exceeding Rs 74 billion, achieving record recoveries of Rs 100.16 million. In FY2024-25, CCP completed 20 cartel inquiries, issued a policy note on cement standards to PSQCA, and held a public hearing on deceptive real estate marketing, reinforcing consumer protection aligned with URAAN and SDGs.

Special Investment Facilitation Council (SIFC)

SIFC, led by the Prime Minister, acts as a single window to streamline investment, reduce business costs, and boost economic growth. It enhances interdepartmental cooperation and investor ease through initiatives like digital trade, logistics, and B2B linkages with Saudi Arabia, Malaysia, China, and Turkiye, securing multiple MoUs. At the multilateral level, SIFC supported Pakistan's accession to IFDA and CPTA, ratified the WTO Fisheries Subsidies Agreement, and advanced policy reforms including the Transshipment Policy and Land Port Authority Act, promoting trade facilitation via NTTFC and maritime policy. These efforts align with URAAN and SDGs for sustainable development.

Governance Reforms in Provinces and Special Areas

Punjab: Punjab advanced transparency, efficiency, and service delivery through Digital Punjab, Smart Safe Cities, and social protection reforms like Himmat and Nigahban Cards. Urban governance and climate initiatives further modernized institutions. Public-private partnerships and tax automation supported growth, while the Home Department enhanced security systems and launched District Courts automation for better administration.

Sindh: Sindh focused on social protection, flood rehabilitation, and urban development through the CLICK project, enhancing governance and sustainability in Karachi. The province strengthened PPP capacities with ADB and FCDO support, improving project selection and fiscal risk management.

Khyber Pakhtunkhwa: KP initiated the Revenue Mobilization and Public Resource Management Program with World Bank assistance to digitize government transactions, boost own-source revenue, and implement climate financing. Land Records computerization and digital services expanded across districts, including merged areas, to improve land administration and dispute resolution.

Balochistan: Balochistan prioritized governance, digital capacity, and disaster resilience via CRVS improvements, BLEP, and strengthening of P&D's M&E wing. The Post-Flood Reconstruction Program focuses on infrastructure and livelihoods, supported by a federal PMU. Local government enhanced sanitation, offices, and solar power access.

Azad Jammu & Kashmir: AJ&K is transforming governance through integrated databases, a dedicated Governance sector, and infrastructure development in law, police, and food security. Key projects include judicial complex upgrades, police and jail facilities, forensic labs, mobile food testing units, and capacity building in project monitoring.

Gilgit-Baltistan: GB improved governance with ICT-based M&E reforms, revenue system digitization, disaster risk management, and law enforcement modernization including tourist police and automation of police services. The Performance Management and Reforms Unit drives performance governance, supported by targeted funding for planning, accountability, and public finance modernization.

Outlook/Programs for 2025-26

The current coalition government's governance reform agenda focuses on institutional strengthening, market development, inclusive and sustainable growth, civil service reforms, criminal justice enhancement, efficient public service delivery, domestic resource mobilization, and public sector enterprise reform. Emphasis will be placed on completing ongoing initiatives to boost public sector capacity for timely service delivery.

URAAN Pakistan will unify governance efforts, prioritizing political stability, peace, human capital development, policy reforms, and equitable growth to reduce disparities and empower youth, women, and marginalized groups, fostering social cohesion and global competitiveness.

Inclusive governance will address extremism through implementing the Revised National Action Plan, National Prevention of Violent Extremism Policy, the draft National Internal Security Policy (2024-29), and the Interfaith Harmony Policy, focusing on root causes, social harmony, and peace consolidation.

Local government reforms will include stakeholder consultations, institutionalizing the Provincial Finance Commission aligned with SDGs, and enhancing civic engagement through digital platforms. A comprehensive review of the 18th Amendment and NFC Award will ensure fair resource distribution, while Public Account Committees and Parliamentary Standing Committees will strengthen fiscal oversight.

Anti-corruption and procurement reforms will be intensified by empowering institutions, enhancing investigative capacity for white-collar crimes, implementing Anti-Money Laundering regimes, and digitizing procurement through EPADS and standardized bidding documents.

Rule of law improvements will focus on capacity-building across law enforcement and judicial bodies, court digitalization, record management, and applying AI to increase judicial efficiency. Public financial management and tax administration will continue modernization via digital reforms.

The Transformation Plan (2024) aims to evolve FBR into a modern tax body, expanding the tax base to generate an additional US$81 billion by FY28/29. The Board of Investment will promote industrialization and ease of doing business via 35 approved SEZs and one-stop-shop services. The Competition Commission will establish a Center of Excellence for enhanced policy and enforcement, SECP will drive regulatory digitization, and PTA will launch 5G, renew LDI licenses, and expand district-level internet services.

Governance and public sector reforms recommended by Prime Minister's committees will be implemented with a whole-of-government approach, uniting federal and provincial stakeholders to achieve lasting peace, stability, and improved governance indicators that support broader sectoral progress.

Financial Outlay for 2025-26

An amount of Rs. 17.01 billion, including foreign aid of Rs 12.79 billion, has been proposed for the governance sector in 2025-26. The allocation indicates a decrease of 39.24 percent over last year's allocations. To accomplish the reform agenda, the 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 2025-26.

Provinces Development Priorities

26. PUNJAB

Punjab holds a central role in driving Pakistan's economic and social development. The ADP 2024–25, initially pitched at PKR 842 billion and later revised upward to PKR 1,109 billion, reflects Punjab's dynamic response to emerging priorities and fiscal opportunities. This substantial increase in public investment was aimed at boosting growth in key sectors, including health, education, agriculture, infrastructure, environment, and local governance. In particular, high allocations to the Roads sector (PKR 328 billion), Health (PKR 165 billion), and Education (PKR 82 billion) emphasized the government's focus on connectivity, human capital, and service delivery. Simultaneously, the inclusion of innovative programs under the URAAN Pakistan and SDGs highlighted Punjab's strategic shift toward transformative development.

Following the 18th Constitutional Amendment and the 7th NFC Award, Punjab's fiscal landscape has undergone significant transformation, with increased responsibilities devolved to the provincial government, prompting a series of fiscal and governance reforms to enhance financial sustainability, public service delivery, and institutional efficiency. Key fiscal measures include expanding the revenue base through automated tax collection (notably by the Punjab Revenue Authority and Board of Revenue), rationalizing expenditures, and boosting Own Source Revenue (OSR), while Public Financial Management (PFM) reforms and Medium-Term Budgetary Frameworks (MTBF) have improved planning and performance-based budgeting.

The proposed ADP 2025-26, set at PKR 1000 billion, represents a continuation and consolidation of these priorities. The plan emphasizes the efficient use of resources through improved targeting, impact evaluations, and policy reforms. Approximately one-third of the plan is dedicated to social development, while infrastructure and productive sectors receive substantial shares to support economic diversification and competitiveness. Focus has been laid on environment protection, forestry and wildlife for improving environment and reducing climate related effects. Cross-cutting investments under special initiatives and public-private partnerships will drive innovation and scale successful interventions.

Given the above context, Punjab's development strategy is not merely about building infrastructure or increasing spending; it is about creating an enabling environment for inclusive economic growth, resilience to climate change, digital transformation, and equitable access to opportunities. Through a focused ADP, strong leadership, and alignment with national and international frameworks such as SDGs and "URAAN Pakistan," Punjab is charting a development path that is both aspirational and grounded in evidence-based policymaking. This chapter presents a performance-focused review of ADP 2024–25 and strategic outlook of ADP 2025–26, underscoring Punjab's sectoral and regional priorities.

Review of Provincial Annual Development Program (ADP) 2024-25

ADP for the fiscal year 2024-25 was pitched initially at PKR 842 billion, and after the Cabinet's approval, it was revised to PKR 1,110 billion against which PKR 743 billion (67 percent) have been utilized as on 29.05.2025. Total No. of schemes 8297 out of which 5522 targeted to be completed during CFY. The utilization is expected to reach 875 billion in CFY.

This budget is divided into a local component of PKR 989 billion and a foreign component of PKR 121 billion. The local component is further categorized into Core ADP of PKR 891 billion, Universal Health Insurance (UHI) PKR 41 billion and Other Development Program (ODP) PKR 57 billion. The foreign component encompasses both ongoing and new schemes. The allocation is distributed across various key sectors, the Education sector receiving PKR 82 billion (7 percent), Health PKR 165 billion (15 percent), Roads PKR 328 billion (30 percent), Agriculture, Forest, Livestock, Wildlife, and Fisheries PKR 51 billion (5 percent). Other sectors, such as District SDGs, Irrigation, Governance & IT, and Transport, have also been allocated significant funds amounting to PKR 64 billion (6 percent), PKR 35 billion (3 percent), PKR 25 billion (2 percent), and PKR 48 billion (4 percent), respectively.

Alignment of ADP and CM Initiatives with the 5Es-based URAAN Pakistan and SDGs

Exports – Boosting Productivity & Global Competitiveness

The ADP 2024-25 allocates significant resources to enhance export-oriented sectors, including PKR 37 billion for Agriculture, PKR 12 billion for Industries, Commerce & Investment, and PKR 1.2 billion for Tourism. These allocations aim to increase productivity, modernize infrastructure, and promote global competitiveness. Complementing these efforts, the Chief Minister's initiatives focus on innovative programs such as the Punjab Kisan Card (PKR 4 billion) and the Green Tractor Program (PKR 9.65 billion) to empower farmers and reduce input costs. The CM’s Program for Solarization of Agricultural Tubewells in Punjab (PKR 8.83 billion) and Establishment of Model Agriculture Malls (PKR 1.17 billion). A mega initiative for Asaan Karobar Finance (PKR 9.5 billion) for promoting small and Medium Entrepreneurs (SMEs) in Punjab by providing interest free financial assistance in establishing and to promote their businesses. Chief Minister's Program for Promotion of Exports and International Trade (PKR 0.25 billion) has also been launched successfully.

E-Governance – Smart, Transparent & Digital Public Services

To transform governance and promote digital efficiency, the ADP 2024-25 earmarks PKR 25 billion for Governance & IT, PKR 22.30 billion for Higher Education, and PKR 2.03 billion for Special Education. These investments aim to create a digital-first approach in service delivery, education, and institutional reforms. In alignment, the Chief Minister has launched targeted digital initiatives, Strengthening of the Provincial Intelligence Center (PIC), Home Department (PKR 0.26 billion) to ensure the development of system by means of dashboard for effective implementation and monitoring of the steps taken under National Action Plan (NAP), such as Smart Safe Cities Project (PKR 5.18 billion) this project involves establishment of Integrated Command, Control and Communication Centers in 18 Cities of Punjab. Construction of Advanced Analytics, Automation & Artificial Intelligence Centre of Special Branch Punjab (PKR 0.25 billion) for establishing advanced Analytics, Automation & Artificial Intelligence system. These steps will not only enhance public access to services but also improve transparency, efficiency, and responsiveness of government systems.

Environment – Sustainable Urban Growth & Climate Resilience

The ADP allocates PKR 75 billion to Urban Development, PKR 9.3 billion to Environment & Climate Change, and PKR 9.2 billion to Forestry & Wildlife, reflecting a commitment to sustainability and resilience. The Chief Minister's environment-focused initiatives include the Induction of Eco-Friendly Buses in Punjab (PKR 39 billion) to promote green mobility and reduce emissions, and the CM Lahore Development Program (WASA) (PKR 77.89 billion) to address urban water and sanitation challenges. Furthermore, programs like Urban Greening & Waste Management (PKR 5.25 billion), Punjab Rural Sustainable Water Supply and Sanitation Project (PKR 96 billion), and the Expansion of National Parks & Conservation Areas (PKR 4.50 billion) demonstrate a strong vision for ecological protection and urban sustainability. In addition, investments are being made to strengthen environmental monitoring infrastructure through the establishment and upgradation of environmental labs across the province. These labs will play a key role in regular environment testing, ensuring data-driven decision-making and improved enforcement of environmental regulations.

Energy – Clean, Affordable & Reliable Power

Energy is the lifeline of the economy, and Punjab is committed to utilizing its abundant indigenous energy resources, including solar, hydel, biomass, wind, and coal. The Energy Department is pursuing a two-pronged strategy focused on environmentally friendly energy generation and energy efficiency. Under the Chief Minister’s initiatives, several renewable energy projects have been launched. In the Annual Development Programme (ADP) 2024–25, PKR 10.78 billion was allocated to the energy sector, with a major focus on renewable energy schemes. Notably, the Chief Minister’s Free Solar Panel Scheme, with an allocation of PKR 9.9 billion, aims to provide solar systems to 100,000 households across Punjab, helping to meet domestic energy needs and reduce peak load on the national grid. Additionally, PKR 0.5 billion was allocated for the indigenization of solar panel and related equipment manufacturing to boost local production capacity. Punjab’s vast canal network of 22,700 km is being considered for low-head hydroelectric power generation with a worth PKR 100 million approved under the Chief Minister’s Initiative for Promotion of Renewable Energy Technologies. On the demand side, the Punjab Energy Efficiency and Conservation Program allocated PKR 3.6 billion for the solarization of public health facilities, including DHQs and THQs. Moreover, net meters have been installed at public buildings with solar power systems to credit surplus electricity back to the national grid. To support industrial growth and quality assurance in clean energy technologies, industrial labs and specialized surgical and electrical equipment testing labs are being established. Furthermore, the development of an industry for 1,500 electric buses is underway with plans for further expansion of public transport system to all major cities to meet growing transportation needs while reducing emissions. These initiatives collectively aim to enhance energy security, promote sustainability, and contribute to provincial economic growth.

Equity – Inclusive Growth & Human Capital Development

A large share of ADP 2024-25 is directed towards human development and social equity, with PKR 165 billion for Health, PKR 53 billion for School Education, PKR 5.24 billion for Livestock & Dairy Development, PKR 4.00 billion for Social Welfare, and PKR 1.40 billion for Women Development. The Chief Minister's equity-driven initiatives further expand the outreach through projects like the CM Himmat Card Program for Persons with Disabilities (PWDs) (PKR 2.66 billion) and Provision of Assistive Devices (PKR 0.4 billion). Healthcare access is being revolutionized through the Revamping of BHUs in South, North & Central Punjab (PKR 20 billion) and the establishment of the Nawaz Sharif Institute of Cancer (PKR 14 billion). In education and youth empowerment, programs such as the Punjab Education Support Program (PKR 6.50 billion), CM Laptop Program (PKR 9.97 billion), Undergraduate Scholarships (PKR 4.5 billion), and Internship Scheme for Agriculture Graduates (PKR 0.75 billion) are instrumental in creating equal opportunities and a knowledge-driven economy. The Women Empowerment & Skills Development Initiatives also play a critical role in building a more inclusive society.

In line with Article 156 of the Constitution, the Government of Punjab is committed to regional equity through district-level programs and South Punjab earmarked allocations. The ADP 2025–26 incorporates district-wise planning aligned with divisional priorities. Quantifiable targets, a centralized monitoring dashboard, and third-party evaluations will track progress and ensure result-oriented implementation.

Outlook ADP 2025-26 and Its Alignment with "URAAN Pakistan"

Overview of Proposed ADP 2025–26

The proposed Punjab Annual Development Program (ADP) 2025–26, with a total tentative allocation of Rs. 1000 billion, emphasizes inclusive and sustainable growth. Key allocations include Rs. 434 billion for social sectors, Rs. 268 billion for infrastructure, Rs. 91 billion for the production sector, and Rs. 126 billion for services. Moreover, Rs. 45 billion for others, while Rs. 36 billion supports special initiatives like flagship programs. This strategic distribution aims to accelerate GDP growth, reduce poverty, boost exports, and align Punjab's development with national goals.

Table: 26.1 Proposed ADP 2025-26 Allocation Breakdown (Rs. 1,000 Billion)

Sector/Theme	Allocation (Rs. Billion)	Percentage of ADP
Social Sectors (Health, Education, etc.)	434	43%
Infrastructure Development	268	27%
Production Sector (Agri, Industry)	91	9%

Services Sector	126	13%
Others	45	5%
Special Initiatives	36	4%
Total:-	**1,000**	**100%**

** All figures are tentative*

Table 26.2: Sector-Wise ADP Allocation – Revised 2024–25 vs. Budget Estimates 2025–26

(Rs. Billion)

Sectors	Revised Estimates 2024-25			Budget Estimates ADP 2025-26			% Change Total
	Local	F.Aid	Total Allocation	Local	F.Aid	Total Allocation	
Social Sectors	344.5	52.0	396.5	384.8	49.0	433.8	9%
Infrastructure Development	489.7	18.6	508.2	234.1	34.5	268.5	-47%
Production Sectors	63.0	17.6	80.6	76.5	14.8	91.3	13%
Services Sectors	62.8	8.8	71.6	115.6	10.2	125.6	76%
Others	27.9	23.8	51.7	28.8	15.9	44.6	-14%
Special Initiatives	0.5	0.0	0.5	36.1	0.0	36.1	7784%
Grand Total	**988.3**	**120.7**	**1,109.0**	**875.7**	**124.3**	**1,000.0**	**-10%**

** All figures are tentative*

The comparative analysis of sector-wise allocations between the revised ADP 2024–25 and the proposed ADP 2025–26 highlights key strategic shifts in development priorities. While allocations to social sectors have increased by 9%, reflecting continued focus on health, education, and human development, the infrastructure development sector has seen a significant rationalization, with a 47% reduction compared to the previous year. Notably, services sectors have received a 76% boost, aligned with Punjab's push toward digitization, smart governance, and public service delivery. The rise in funding for special initiatives—from negligible allocations last year to PKR 36 billion—signals a stronger commitment to flagship and transformative programs under the URAAN framework. Overall, the proposed allocations represent a deliberate effort to balance growth with equity, resilience, and innovation.

Table 26.3:

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n Assistance-Based Budget by Executing Agency

Sectors	Amount Committed in US$ Eqv.	Budget Estimates 2025–26 (USDM)	Budget Estimates 2025–26 (PKRM)
Agriculture Sector	434.63	40.30	11687.00
Governance & IT	150.00	35.00	10150.00
Health Department	180.80	1.70	493.00
Industries Department	109.53	10.67	3094.30
Irrigation Sector	39.97	35.34	10248.60
LG & CD Department	879.88	145.37	42157.30
P&D Sector	664.38	54.67	15854.30
Population Welfare Department	6.19	4.66	1351.40
Roads	276.16	0.00	0.00
School Education	150.00	17.24	4999.60
Urban development Sector	321545.84	83.59	24239.94
Grand Total	**324437.38**	**428.54**	**124275.44**

** All figures are tentative*

The foreign assistance portfolio for ADP 2025–26 spans a diverse set of executing agencies, reflecting the integrated nature of development financing in Punjab. The Local Government & Community Development Department leads with over PKR 42 billion in foreign-funded projects, followed by the Urban Development and Planning & Development sectors, each receiving significant commitments aimed at strengthening urban infrastructure, institutional capacity, and service delivery. Notable inflows in agriculture, irrigation, and health sectors further underline donor confidence in Punjab’s reform agenda.

Punjab’s development portfolio also incorporates federally-financed interventions such as SDGs Achievement Programme (SAP) and schemes transferred from Federal Ministries including the Finance Division, NFS&R, and Water Resources Division. The Federal Government has also transferred 133 schemes to provinces including 48 schemes to Govt of Punjab for execution by new executing agencies of the Provinces due to winding up of Pak-PWD. Such schemes are local in nature and help the provincial government to improve the basic infrastructure in the areas. The Punjab ADP also includes cost-sharing projects jointly funded by the Federal and Provincial Governments. These include major infrastructure and water resource schemes. The collaborative model ensures shared fiscal responsibility and enhanced delivery on national and provincial priorities.

Alignment of ADP 2025-26 with URAAN Pakistan

Punjab's ADP, 2025-26 aligned with URAAN Pakistan & SDGs is envisaged to sustain and enhance the momentum in export-oriented sectors by continuing investments in agriculture, industry, and tourism. Building upon the successful implementation of schemes like the CM Punjab Kisan Card and the Green Tractor Program, the government is likely to expand its reach to a greater number of smallholders. Programs like the Agri-Tech Initiative and the establishment of Agricultural Malls will be further promoted to integrate technology and improve value chain linkages. In tourism, the Murree Development Programme and similar regional tourism initiatives are expected to receive continued funding to enhance visitor experiences and boost local economies. These targeted interventions aim to modernize production processes, reduce import dependency, and increase Punjab's share in national exports.

As Punjab continues its digital transformation journey, ADP 2025–26 will emphasize smart governance and digital public services. The government aims to build on existing programs like Smart Governance Initiatives and the Digital Transformation of Public Services while enhancing the Higher Education and Special Education sectors with tech-enabled solutions. Expansion of IT infrastructure, digitization of land records, and e-governance platforms in education and health will be prioritized to improve service delivery, transparency, and citizen engagement. The creation of integrated IT hubs and data centres is also anticipated to support decision-making and innovation. These developments align with the vision of a smart and responsive provincial government, with projected investments exceeding PKR 50 billion.

Given climate change and rapid urbanization, the ADP 2025–26 is expected to continue prioritizing sustainable and climate-resilient development. Allocations to Urban Development, Environment, and Forestry sectors will support various initiatives, including urban greening, solid waste management, water conservation, and expanding protected areas. The successful rollout of the eco-friendly bus initiative will likely be replicated in other major cities to promote sustainable mobility. Strategic investments in the CM Lahore Development Program (WASA) and the expansion of conservation zones and national parks will help tackle pollution, water scarcity, and biodiversity loss. Environment-related allocations mounted significantly, supporting Punjab's broader ecological and sustainability objectives.

The ADP 2025–26 will reinforce Punjab's clean energy transition by scaling up solar and renewable energy initiatives. Programs like the CM Punjab Free Solar Panel Scheme will see broader outreach, particularly in underserved and rural areas. In addition, projects supporting the indigenization of solar panel manufacturing and the expansion of hydroelectric facilities will strengthen local energy supply chains. Public buildings will continue to be retrofitted for energy efficiency, while investments in sustainable transport systems will further reduce carbon emissions. These initiatives align closely with national climate commitments and the provincial clean energy roadmap, with energy-sector allocations expected to exceed PKR 7.5 billion.

Equity will remain the central focus of the ADP 2025–26, with a strong emphasis on health, education, rural development, and social protection; including funding of Basic Health Units (BHUs) across Punjab, the Nawaz Sharif Institute of Cancer, the Himmat Card for persons with disabilities, and women-focused empowerment schemes. Livestock development and the Modern Village Program has been emphasized which will definitely promote rural livelihoods and infrastructure. While the ADP remains a central instrument of development spending, it is tightly integrated within the province's broader fiscal strategy. The 2025–26 ADP has been aligned with the thematic pillars of URAAN Pakistan, ensuring that each public investment contributes toward productivity, equity, sustainability, and digital transformation.

Provincial Economic Growth Strategies/Initiatives

Agriculture Modernization and Diversification

The strategy emphasizes adopting innovative farming techniques, improving water use efficiency, and promoting Agro-based industries. This will enhance yields, reduce poverty in rural areas, and increase agricultural exports, thereby contributing significantly to GDP growth.

Industrial Development and Small-Scale Manufacturing

The strategy prioritizes upgrading manufacturing sectors, especially small and medium enterprises (SMEs), to boost value addition and employment. Special focus on textiles, food processing, and light engineering aims to expand industrial output and exports, facilitating diversification from traditional agriculture.

Services Sector Expansion

Initiatives include strengthening wholesale and retail trade, transportation, communication, and financial services. Modern infrastructure, digital transformation, and regulatory reforms are targeted to attract private investment and improve service quality.

Infrastructure and Investment Climate Enhancement

To support growth, Punjab is investing in infrastructure development, including transportation corridors, energy projects, and urban planning. Simplified business procedures and investment incentives are designed to attract domestic and foreign capital, fostering a conducive environment for sustainable growth.

Human Capital Development

Improving education, health, and social services underpins long-term growth. Upgrading skills and expanding social safety nets are essential to harness the full potential of the labor force and achieve inclusive development.

Provincial SDGs Priorities

Punjab has strategically prioritized key goals, including SDG 3 (Health), SDG 4 (Education), SDG 6 (Clean Water and Sanitation), SDG 8 (Decent Work and Economic Growth), SDG 13 (Climate Action), and SDG 16 (Peace, Justice, and Strong Institutions), ensuring targeted interventions in critical development sectors.

To foster public participation and local ownership, the province has conducted divisional-level workshops and grassroots consultations, with a special emphasis on reducing development disparities in South Punjab. Additionally, Punjab has mainstreamed gender equality and social inclusion across all SDG initiatives. A prime example is the Women on Wheels program, which enhances women's mobility, economic empowerment, and engagement in public life—demonstrating the province's dedication to equitable and inclusive progress.

27. SINDH

Amidst evolving economic challenges and recovery from devastating floods the Plan is a strategic blueprint for resilience, growth, and inclusive development. Aligned with URAAN Pakistan and the SDGs, this plan adopts a dual focus, strengthening socio-economic infrastructure to spur livelihoods and advancing equitable access to healthcare, education, and climate adaptation.

The plan prioritizes export-driven industrialization, digital transformation, climate resilience, energy security, and social equity. It builds on lessons from post-flood reconstruction, emphasizing efficient resource mobilization and public-private collaboration to bridge development gaps. By investing in critical infrastructure, human capital, and innovation, Sindh aims to foster sustainable prosperity while ensuring no community is left behind. It outlines a forward-looking vision—one that transforms adversity into opportunity, driving Sindh's progress as a cornerstone of Pakistan's economic future.

Review of Annual Development Program (ADP) 2024-25

During FY2024-25, ADP was estimated at Rs. 493.09 billion with a District ADP of Rs. 55 billion. However, revisions necessitated by the notification of the Composite Schedule of Rates (CSR) 2024 led to a downward adjustment of Rs. 415.39 billion and Rs. 44 billion, respectively. The budget prioritized ongoing schemes—particularly those addressing flood rehabilitation and infrastructure repairs—ensuring each had reached at least 70 percent expenditure or carried a throw-forward liability of up to Rs. 50 million. This fiscal recalibration was integral to managing resource constraints in the aftermath of severe flood impacts.

Key Sectoral Achievements: Under the Exports pillar, investments concentrated on establishing essential industrial infrastructures and developing SEZs, with a recorded allocation of Rs. 9.668 billion. The E-Pakistan segment, though modestly funded at Rs. 0.216 billion, laid the groundwork for digital transformation initiatives focused on enhancing public service efficiency. For Environment & Climate Change, the allocation of Rs. 45.267 billion was deployed to rehabilitate irrigation and drainage systems, remodel canal networks, and integrate disaster risk reduction measures through enhanced coordination with the PDMA. These steps were crucial given the extensive damage—such as 20,000 school buildings lost and 8,400 km of roads washed away.

The dominant share of the budget was funneled into the Energy & Infrastructure area, amounting to Rs. 309.959 billion. This included projects focused on Thar Coal utilization, renewable energy generation, and rural electrification, as well as large-scale transit and connectivity projects such as the rehabilitation of road networks and the Karachi Circular Railway upgrades. Furthermore, the Equity, Ethics & Empowerment component saw Rs. 77.402 billion invested in solidifying educational facilities (e.g., the rehabilitation of 975 flood-affected primary schools and 150 secondary schools, and upgrading 330 primary schools) and health infrastructure (including the upgrade of 38 Basic Health Units and constructing new facilities).

Implementation and Challenges: Despite significant sectoral progress, overall activities experienced a moderate slowdown primarily due to the extensive scheme revisions following CSR 2024. The reliance on ongoing schemes meant that while continuity was maintained, new initiatives were not introduced—underscoring a critical need for faster fund disbursement and improved fiscal planning. Nevertheless, high-priority projects, particularly the SPHF scheme—which has seen over 1,060,000 houses initiated, with 686,000 construction commencements in the last fiscal year and a projection to reach 1,200,000—demonstrated remarkable progress. Currently, 680,000 houses have advanced beyond the plinth level (with targets to reach 800,000), and completed homes already numbered 400,000, with an output of 50,000 per month aimed at surpassing 500,000 completed units by June 2025.

In summary, the performance review of ADP 2024-25 reflects a mix of prudent budget realignment and sector-focused implementation amidst post-flood recovery challenges. These insights form the basis for adjusting strategies within the forthcoming ADP 2025-- 26.

Outlook ADP 2025-26 and Its Alignment with "URAAN Pakistan"
Financial Strategy and Revenue Mobilization

For FY2025-26, Sindh has projected a Provincial ADP of Rs. 520 billion—a 5 percent increase over the revised 2024-- 25 budget. This increase is designed to more effectively tackle post-disaster recovery while investing in forward-looking infrastructure. The financial strategy emphasizes:

Enhanced Revenue Mobilization: Strengthening tax collection mechanisms, revising property and service taxes, and utilizing innovative fiscal instruments to maximize domestic revenue.

Capital Receipts and Provincial Bonds: Issuance of provincial bonds and other capital instruments to bridge financing gaps.

Leveraged Public Investment and PPPs: Greater integration of public expenditure with targeted private sector participation across the 5Es based URAAN Pakistan. The Energy & Infrastructure sector remains the largest with a Rs. 309.959 billion allocation, coordinated PPPs aim to accelerate projects such as on-grid solar parks and mass transit systems.

Exports: Investment in basic industrial infrastructure, including upgrading SEZs (e.g., at Dhabeji) and enhancing trade facilitation measures to improve domestic and international commerce.

E-Pakistan: Expanding digitization efforts through the deployment of IT-enabled platforms across government services, ensuring transparency and efficiency that drive economic competitiveness.

Environment & Climate Change: Comprehensive funding (Rs. 45.267 billion) will support the rehabilitation of flood-damaged irrigation, canal remodeling, and the incorporation of small retention and recharge dams in vulnerable regions (such as Thar and Kohistan) to conserve water and mitigate future climate impacts.

Energy & Infrastructure: Focused investments include the development of on-grid solar parks with a total capacity of 400 MW, the solarization of public buildings, rural electrification, and mass transit projects such as the Karachi Circular Railway upgrade.

Equity, Ethics & Empowerment: Continued investments in rehabilitating educational institutions, boosting healthcare infrastructure, and improving social welfare measures are planned. These include specific targets to improve gross enrollment ratios at various educational levels and enhanced support to vulnerable groups through microfinance and community development projects.

Implementation Framework and Monitoring

The ADP 2025-26 will be implemented through a multi-layered institutional framework:

Inter-Agency Coordination: Establish a central task force comprising representatives from all key departments (housing, education, energy, transport, digital governance, disaster management) to oversee project implementation, ensuring that each of the 5 pillars of URAAN Pakistan is addressed cohesively.

Regulatory Reforms and PPP Acceleration: Streamline policies to attract private investment and expedite major projects (e.g., the Malir Expressway, urban transit systems, and irrigation rehabilitation schemes).

Performance Monitoring and Adaptive Management: Deploy an advanced monitoring and evaluation framework that tracks progress against established milestones—including periodic reviews against the Sindh SDG Framework—to ensure that funds are utilized efficiently. This system will include real-time reporting and regular audits to adjust resource allocation dynamically.

Alignment with External Commitments: Ensure that all investments conform with Sindh Vision 2025 and national SDG commitments, thereby enhancing the province's ability to attract additional foreign project assistance, as has already been demonstrated by the ongoing implementation of 25 foreign-funded projects amounting to Rs. 1,286.8 billion and an additional pipeline of projects worth approximately US$ 1.5 billion.

Provincial Economic Growth Strategies/Initiatives

The annual plan is aligned with Sindh's growth strategy that leverages its vast natural resources and strategic economic hubs to permanently boost national GDP. Key strategies include:

Resource Endowment: Sindh produces 71 percent of Pakistan's gas, 44 percent of its oil output, and possesses 185 billion tons of coal (including Thar Coal); with one-third of the country's mineral resources and a major share of federal revenues (e.g., 68 percent of Federal Tax Revenue, 80 percent of Customs Duties). These factors position Sindh as a vital energy and mineral powerhouse.

Industrial and Trade Corridors: Leveraging Karachi's status as the nation's commercial nucleus, along with connected SEZs and coastal advantages (over 300 km of coastline), to boost exports and attract foreign direct investment.

Human Capital Investment: Expanding quality education, vocational training, and digital literacy programs to build a competitive workforce.

Business Environment & Infrastructure Renewal: Implementing legal and regulatory reforms to create a business-friendly environment while embarking on major infrastructure projects—such as road network enhancements, mass transit (e.g., Karachi Circular Railway targeting 650,000 daily passengers), and urban transformation—to boost overall economic competitiveness.

Poverty Alleviation and Employment Generation: Supporting MSMEs, microfinance initiatives, and youth entrepreneurship programs to drive job creation and reduce poverty. Collectively, these initiatives will reinforce Sindh's role as a key engine of Pakistan's economic growth by increasing export competitiveness, sustaining industrial modernization, and ensuring inclusive socio-economic development.

Provincial SDGs Priorities

The Government of Sindh has established a comprehensive development framework deeply anchored in the SDGs. This strategic plan prioritizes transformative interventions across critical sectors, beginning with education (Goal 4) reform through the rehabilitation of flood-damaged schools, infrastructure upgrades, and targeted programs to eliminate gender disparities in enrollment. In healthcare (Goal 3), the province is executing large-scale modernization of medical facilities, converting Basic Health Units into Rural Health Centers, expanding hospital networks, and establishing new medical colleges to improve service delivery.

The energy (Goal 7) sector is undergoing a strategic shift toward renewable solutions, including utility-scale solar parks, waste-to-energy conversion, and rural electrification initiatives to reduce dependence on fossil fuels. Post-flood reconstruction efforts focus on climate-resilient infrastructure (Goal 13), encompassing irrigation system rehabilitation, urban road network improvements, and modernization of mass transit systems like the Karachi Circular Railway.

Crucially, Sindh is leveraging global partnerships (Goal 17) with multilateral institutions including the World Bank, Asian Development Bank, and Islamic Development Bank to mobilize resources for sustainable recovery and development. Province is creating an integrated development model that combines economic growth with social inclusion, environmental sustainability, and climate adaptation – ensuring progress that is both transformational and equitable for all citizens.

28. KHYBER PAKHTUNKHWA

A citizen-centric budget remained the focus standard in all complementing policies under the theme of “Triumphant Khyber Pakhtunkhwa”. This fiscal blueprint demonstrates our commitment to financial autonomy through comprehensive revenue reforms, strengthening our capacity to deliver meaningful progress across all regions. Despite challenging economic conditions, we have maintained fiscal discipline while increasing investments in critical services and infrastructure. Our approach harmonizes immediate needs with long-term objectives, ensuring balanced development across both settled and merged districts.

Key innovations include enhanced performance-based budgeting systems and gender-responsive fiscal policies, reflecting our dedication to transparency and inclusive growth. By optimizing resource allocation and institutional accountability, we are building a resilient financial framework that responds effectively to our people's aspirations.

This budget represents more than numbers - it embodies our promise of good governance, equitable opportunities, and shared prosperity for all citizens of Khyber Pakhtunkhwa. Through prudent fiscal management and strategic reforms, we are laying the foundation for a more prosperous and self-reliant future.

Review of Annual Development Program (ADP) 2024-25

The ADP was formulated with a size of Rs.220 billion comprising 1920 projects, including 1632 ongoing projects with an allocation of Rs.183.157 billion and 288 new projects with an allocation of Rs.33.843 billion. An additional Rs. 130.587 billion was anticipated in foreign assistance in 55 donor-funded projects, thereby constituting the total ADP outlay as Rs. 350.587 billion. The provincial ADP is financing 277 projects in all sectors of Merged Districts, having the current approved cost of Rs.348.149 billion, with estimated expenditures by 30th June 2025 as Rs.127.041 billion, hence, leaving a throw-forward liability of Rs.221.108 billion only at current cost for the subsequent years. This means at the current rate of Rs.40 billion allocation per annum, it will take another 6 years to complete these projects, while the AIP’s 10-Year Development Plan is in its 8th Year by now (with only Rs.132.15 billion released against the committed Rs.700 billion in 7 years). In the MDs Sector portfolio, another 261 projects costing around Rs.142.268 billion would be receiving only Rs.69.078 billion by June 2025, leaving a liability of Rs.73.19 billion.

Outlook 2025-26

KP's PSDP/ADP, 2025-26 aligned with URAAN Pakistan & SDGs as illustrated below:

E-Pakistan: Transforming government colleges into Institutes of Applied Sciences and Technology (PKR 4,132.93 M), establishing a Center of Excellence for STEAM (PKR

1,200 M), and operationalizing the University of Engineering and Applied Sciences in Swat (PKR 4,751.2 M). Complementary measures include the setup of a Strategic Support Unit (PKR 482 M), launching a KP Digital Talent Ecosystem (PKR 5,115.69 M) and the National Precision Medicine Initiative (PKR 3,841 M), as well as dedicated projects like the Daanish Model School (PKR 2,300 M), a specialized Construction Machinery Training Institute (PKR 2,000 M), and the ambitious One Million Skilled Youth Program (PKR 8,000 M) alongside a Nutrition Program in Girls' Primary Schools (PKR 7,000 M).

Environment (Water Management and Food Security): Construction of four dam projects—Chaudwan Zam in D.I. Khan (PKR 39,885.58 M), Torawari in Hangu (PKR 8,185.39 M), Barsawa in Haripur (PKR 2,176.35 M), and Sumari Payan in Kohat (PKR 3,174.08 M).

Energy and Infrastructure: KP is dedicating PKR 2,532 M to ensure a stable power supply to key economic zones in Bannu, Chitral, and DIK; Procuring 100 electric BRT buses (PKR 5,534 M) aims to reduce urban emissions, and introducing ZigZag technology in brick kilns (PKR 1,809.07 M).

Equity (Inclusive Social Welfare and Public Services): Hangu & Thall (PKR 937.44 M), UC Agra in Malakand (PKR 2,182.83 M), Dir Lower (PKR 1,296.92 M), and Sarai Naurang in Lakki Marwat (PKR 1,595.43 M). Additionally, community-focused projects such as the establishment of a Forensic Science Laboratory in Peshawar (PKR 9,700 M), a state-of-the-art Hospital in District Chitral (PKR 13,000 M), and a KP Socio-Economic Registry (PKR 1,000 M).

Provincial Economic Growth Strategies/Initiatives

Khyber Pakhtunkhwa Government has planned to formulate its Annual Development Programme for the FY2025-26 with a magnitude of Rs.253 billion plus 147 billion in foreign assistance. Below is a list of provincial economic growth strategies/initiatives to augment the National GDP through the implementation of projects in sync with URAAN Pakistan:

- Transforming government colleges into Institutes of Applied Sciences and Technology (PKR 4,132.93 million), establishing a Center of Excellence for STEAM (PKR 1,200 million), and activating a Strategic Support Unit (PKR 482 million).
- Enhancing higher education further with the operationalization of the University of Engineering and Applied Sciences (Swat) (PKR 4,751.2 million) and introducing innovative schooling models such as the Danish Model School in Lakki Marwat (PKR 2,300 million).
- KP Digital Talent Ecosystem (PKR 5,115.69 million), the National Precision Medicine Initiative (PKR 3,841 million), a dedicated Construction Machinery Training Institute (PKR 2,000 million), and the One Million Skilled Youth Program

(PKR 8,000 million) collectively build a robust foundation for modern knowledge and skills development.

- A quartet of dam projects—the Chaudwan Zam Dam in D.I. Khan (PKR 39,885.58 million), Torawari Dam in Hangu (PKR 8,185.39 million), Barsawa Dam in Haripur (PKR 2,176.35 million), and Sumari Payan Dam in Kohat (PKR 3,174.08 million)—are central to enhancing water management, irrigation, and potentially renewable energy generation.
- Complementing these are the procurement of 100 electric BRT buses (PKR 5,534 million), which promote cleaner urban mobility, and the introduction of ZigZag Technology to modernize brick kiln operations (PKR 1,809.07 million), reducing industrial emissions and fostering sustainable practices.
- A series of drinking water and sanitation schemes – the Drinking Water Supply for Hangu and Thall (PKR 937.44 million), Bulk Drinking Water Supply at UC Agra in Malakand (PKR 2,182.83 million), Khall Greater Water Supply in Dir Lower (PKR 1,296.92 million), and Water & Sanitation Schemes for Sarai Naurang (PKR 1,595.43 million).
- Strengthening institutional capabilities and public services through the establishment of a Forensic Science Laboratory in Peshawar (PKR 9,700 million) and a KP Socio-Economic Registry (PKR 1,000 million).
- Additionally, initiatives like a Nutrition Program in Girls Primary Schools in Peshawar (PKR 7,000 million) and the construction of a state-of-the-art Hospital in District Chitral (PKR 13,000 million) further illustrate KP’s commitment to uplifting vulnerable communities.
- Land Acquisition for Swat Motorway Phase-II (costing Rs.20,000 M.) has so far received only Rs.8610 M., despite the fact PPP Agreement has been made warranting 60% encumbrance-free land to the Concessionaire by the financial close; however, meager allocations are halting tangible progress on the project maturity. The remaining Rs.11900 M. may be allocated in the FY2025-26.

Provincial SDGs Priorities

KP’s PSDP 2025-26 focuses on transformative education through tech-upgraded colleges, STEAM Centers, and expanded universities while prioritizing girls' access (SDGs 4 & 5). Critical water security (SDG 6) is addressed through dam projects like Chaudwan Zam and Torawari alongside clean water schemes, while energy initiatives power economic zones sustainably (SDG 7). The province fosters inclusive growth via the KP Digital Talent Ecosystem, One Million Skilled Youth Program, and vocational training (SDGs 8 & 9), coupled with green mobility (electric BRT) and industrial modernization like ZigZag brick kilns (SDGs 11 & 13). Healthcare and governance see major boosts through advanced hospitals, forensic labs, and the Socio-Economic Registry (SDGs 3, 10 & 16), all strengthened by public-private partnerships (SDG 17). Despite fiscal challenges, KP remains committed to the Merged Districts' development, self-funding priority projects amid federal funding gaps to ensure equitable progress across the province.

Issues

Government of Khyber Pakhtunkhwa being vigilant of its own serious security concerns as well as geo-political and geo-economic strategies, is left with no alternative than to divert resources of other key priorities to the emergent needs of the Merged Districts, compromising on developmental needs of other regions of the province.

By June 2025, the Government of Khyber Pakhtunkhwa, in meeting such emergent demands, for restoration of peace and security in the region, honoring dictates of the National Action Plan, Socio-Political Domain, etc. all in sundry, will be adding around Rs.18 billion from own resources, at the cost of compromising key priorities, in bridge financing the liabilities of the AIP in Merged Districts.

Funding of the Merged Districts development portfolio remained a key issue, as per previous years of short funding due to overall national fiscal issues, especially the Federal PSDP funding. The 10 Years Development Program for the Merged Districts, namely Accelerated Implementation Programme, since its inception, remained short-funded. In the CFY2024-25, only the first tranche of Rs. 6.347 billion was released, in view of which, the provincial government had to finance priority projects from own resources by funding additional Rs.13.145 billion yet being itself a resource deficient province, with limited fiscal space, had to compromise on its other equally important strategic priorities.

29. BALOCHISTAN

The Balochistan Comprehensive Development and Growth Strategy (BCDGS) 2021–2026 establishes a transformative agenda based on inclusive economic growth, sustainable development, and improved living standards. The strategy is deeply influenced by national imperatives such as URAAN Pakistan, CPEC and the SDGs. According to the Balochistan Drought Needs Assessment (BDNA), nearly 25 percent of the province's population still depends on unsafe and unimproved water sources. This alarming statistic, combined with widespread poor sanitation and inadequate hygiene practices, poses significant public health risks and stifles socio-economic development.

Balochistan has mobilized extensive resources to upgrade the provincial water infrastructure. A total of 1,539 projects with an aggregate value of Rs. 60.133 billion have been initiated, with 866 projects (Rs. 44.994 billion) currently in progress and 673 projects (Rs. 15.139 billion) included in the existing PSDP for FY2024-25. An earmarked allocation of Rs. 19.028 billion reinforces ongoing and new projects aimed at mitigating water insecurity.

Balochistan's education sector has historically faced steep challenges due to decades of underinvestment, geographic isolation, and socio-cultural barriers compounded by security concerns. Millions of children have been deprived of quality education, and systemic issues—ranging from outdated curricula and insufficient teacher training to dilapidated school infrastructure—have perpetuated low learning outcomes. Recognizing these urgent challenges, the Government of Balochistan developed the Balochistan Education Sector Plan (BESP) as a strategic response.

In parallel, the significance of these interventions is compounded by ongoing challenges. The impact of historic floods, which devastated large swaths of the province, underscores the urgency of rebuilding resilient infrastructure. The current strategy represents not only a response to past calamities but also a proactive step toward ensuring long-term water security and sanitation improvements in Balochistan. By leveraging state-of-the-art technology, renewable energy solutions, and enhanced public-private partnerships, the government is setting the stage for a new era of water sector reform—one that is capable of delivering lasting benefits in public health, economic growth, and social empowerment.

In essence, the introduction lays the groundwork for a comprehensive plan that addresses both immediate recovery needs and long-term developmental goals for Balochistan's PHE sector while firmly aligning with URAAN Pakistan's five-pillared framework.

Review of Provincial Annual Development Program (ADP)2024-25

Budget and Project Implementation: For FY2024-25, the Provincial ADP for the PHE sector was embedded within a larger development framework. The initial budget allocation for the province stood at Rs. 60.133 billion, covering 1,539 water projects; however, funding adjustments were made, accounting for ongoing projects under the PSDP, where 866 projects valued at Rs. 44.994 billion were in progress, and another 673 projects worth Rs. 15.139 billion were planned. These allocations were predominantly directed toward immediate post-disaster reconstruction of flood-damaged water infrastructure and long-term capacity building in water supply and sanitation. Disbursement challenges and delays in fund releases were observed due to the revision of scheme values following the notification of the Composite Schedule of Rates (CSR) 2024. Despite these challenges, key projects maintained momentum, with rigorous oversight ensuring that each project met its critical milestones.

Sectoral Achievements in the Context of the 5Es Framework:

Exports: Improving water infrastructure is indirectly enhancing the province's agribusiness sector. Reliable water supply and sanitation facilities contribute to higher agricultural yields and quality, strengthening the export potential of agriproducts.

E-Pakistan: Initial investments in automated monitoring systems and digital reporting protocols have begun to streamline project management. Though still in nascent stages, these digital initiatives are expected to lay the groundwork for more efficient administrative processes in future ADPs.

Environment & Climate Change: A substantial portion of the budget facilitated the solarization of water supply systems across several towns. The approved cost for solarization under PSDP 2024-25 was Rs. 3,924.923 million; this investment not only reduces dependence on conventional energy sources but also contributes to climate resilience by lowering carbon footprints. Furthermore, investments were made to rehabilitate and enhance water filtration and wastewater treatment facilities—an essential response to the poor sanitation coverage exacerbated by past flood events.

Energy & Infrastructure: Received the lion's share of project funding, part of which is dedicated to the construction of the Mangi Dam in Quetta (approved at Rs. 13,625.390 million). Additionally, infrastructure improvements included the extensive modernization of water schemes by implementing three phases of solarization (Phases I–III) with allocated budgets of Rs. 1,426.640 million, Rs. 1,498.283 million, and Rs. 1,000.000 million, respectively, thereby ensuring a sustainable power supply to water systems.

Equity, Ethics & Empowerment: Interventions primarily focused on ensuring that even the most underserved and drought-affected regions had access to a reliable water supply. This equity-oriented approach is crucial considering that nearly a quarter of the population depends on unsafe water sources. Community engagement has been bolstered through local water committees, ensuring accountability and improved service delivery.

Lessons and Challenges: Despite notable progress, challenges persist. Administrative delays and issues with timely fund disbursement have occasionally hampered project momentum. Nevertheless, the robust project monitoring frameworks and adaptive management practices instituted during FY2024-25 have provided critical lessons. These lessons will inform adjustments in the upcoming ADP 2025-26, with a renewed focus on streamlining procurement processes and boosting digital oversight.

Outlook ADP 2025-26 and Its Alignment with "URAAN Pakistan"

Financial Strategy and Revenue Mobilization
For FY2025-26, the Provincial ADP for the PHE sector is projected at Rs. 520 billion, representing a 5 percent increase over the prior fiscal year. This increment is designed to accelerate both reconstruction and sustainable development initiatives. The financial strategy prioritizes:

Enhanced Domestic Revenues: Strengthening tax collection, revising property and service tax structures, and introducing innovative fiscal instruments to bolster provincial revenues.

Capital Receipts and Provincial Bond Issuance: The issuance of provincial bonds and similar capital instruments will bridge financing gaps while reducing dependency on external aid.

Leveraged External Assistance: Although the focus remains on domestic revenue, ongoing integration with foreign project assistance (e.g., 25 projects with a cumulative value of Rs. 1,286.8 billion) continues to complement provincial investments.

Sectoral Investment and 5Es Integration
The ADP 2025-26 will ensure balanced funding across the five “E” pillars: • **Exports:** Investments to support water supply improvements indirectly boost the agrifood sector. A reliable water system enhances product quality and export readiness through improved agricultural productivity.

E-Pakistan: The expansion of digital monitoring systems, such as advanced project management dashboards, will streamline the execution of water projects. Digital tools will allow real-time data tracking, ensuring efficiency and accountability in disbursement.

Environment & Climate Change: Continuing investments in renewable energy through the solarization of water systems are critical. Funding will be allocated to remediate flood-prone areas—improving water filtration, wastewater treatment, and sanitation systems that are essential for climate resilience.

Energy & Infrastructure: A major component of the ADP is the ongoing and proposed physical infrastructure projects. The upcoming priorities include Phase-IV of the solarization of town water supply schemes (Rs. 1,500.00 million), the installation of sewerage treatment plants at Samungli Road in Quetta (Rs. 2,496.15 million), and further rehabilitation of existing UF & RO filtration plants (Rs. 1,000.00 million). Infrastructural projects such as raising the Akra Kaur Dam in Gwadar (Rs. 2,000.00 million) and constructing new water supply schemes in Zhob and Loralai are designed to ensure resilient water delivery.

Equity, Ethics & Empowerment: Special focus is given to underserved populations. Investments target equitable water access for vulnerable communities and drought-affected areas. Mechanisms to strengthen local oversight through community water committees will ensure transparency and accountability.

Implementation Framework and Monitoring
Successful implementation will rest on a strengthened institutional framework:

Central Coordination: Establish a task force with representatives from the P&D, PHE, energy, environment, and digital governance departments to oversee project progress and ensure alignment with the 5Es strategy.

Regulatory Reforms and PPPs: Accelerate public-private partnership engagement to deliver projects swiftly, using streamlined procurement procedures and supportive policy reforms.

Advanced Monitoring and Evaluation: Deploy a robust M&E framework with clear, pre-defined KPIs and real-time digital reporting. Periodic third-party audits and stakeholder feedback mechanisms will ensure adaptive management and timely intervention if deviations occur.

Alignment with National and International Standards: All projects will be cross-checked with provincial, federal, and international benchmarks—ensuring compliance with the Sindh Vision 2025 and the UN SDG Agenda. This synergy not only reinforces investor confidence but also facilitates additional foreign investment as part of post-disaster and climate-resilient reconstruction efforts.

Provincial Economic Growth Strategies/Initiatives
(To augment the National GDP through the implementation of projects in sync with URAAN Pakistan)
Balochistan's economic growth strategy is intricately linked with transforming its education sector and broader development initiatives. The province's rich resource

base—including its substantial gas (71 percent of national gas production), oil (44 percent of the nation's output), and mineral reserves—combined with its strategic location, positions it as a critical driver of national growth. Key strategic pillars include:

Human Capital Development: Strengthening education through increased enrollment, enhanced teacher training, and digital modernization ensures a skilled workforce that drives productivity and innovation. Improved education systems are expected to yield graduates who bolster exports, contribute to industrial modernization, and attract global investments.

Infrastructure Renewal: Upgraded educational facilities, combined with reliable electricity (through renewable energy initiatives) and enhanced connectivity (via improved road networks and digital platforms), create a conducive learning environment and stimulate economic activity in adjacent sectors.

Business-Friendly Environment: Reforms promoting digital governance, streamlined administrative processes, and robust PPP models create a favorable investment climate that attracts both domestic and foreign direct investments.

Inclusive Growth and Poverty Reduction: By targeting marginalized groups—especially girls and rural populations—for intensive support and capacity-building, the province not only promotes educational equity but also catalyzes employment generation and overall socio-economic uplift.

Leveraging Natural Resources: The integration of resource-driven revenues with educational investments creates a virtuous cycle where improved human capital drives innovation and industrial growth, contributing significantly to the national GDP. Together, these strategies ensure that Balochistan evolves into a hub of technical excellence and productivity, thereby reinforcing its role in Pakistan’s broader economic transformation.

Reliable water and sanitation infrastructure underpin agricultural productivity—a key export sector—and enhance overall public health. By ensuring uninterrupted and sustainable water supply, investments in solarization (with phased expenditures totaling nearly Rs. 3,924.923 million across three phases) and major dam projects such as Mangi Dam (Rs. 13,625.390 million) create a conducive environment for industrial and agrarian growth. In addition, improvements in sanitation and water filtration support a healthy workforce, thus attracting both local and foreign investments that augment national GDP.

Provincial SDGs Priorities
(**Alignment with Federal initiatives and international commitments, and steps taken to achieve SDGs in Balochistan)**

Balochistan's PHE sector strategy is closely aligned with the Sustainable Development Goals (SDGs) and national directives. The provincial SDG framework, underpinned by the United Nations Agenda 2030 and supported by internal planning documents such as Sindh Vision 2025, has been integrated into budgeting and project implementation. Key priorities include:

Quality Education (SDG 4): Investments in school infrastructure, teacher training, and curricular reforms are geared toward achieving higher enrollment rates and improved learning outcomes. Specific targets include a significant reduction in learning poverty and closing gender gaps, reinforced by initiatives such as all-girls schools and capacity-building for female teachers.

SDG 6 (Clean Water and Sanitation): The solarization of town water schemes is aimed at ensuring safe, reliable drinking water for over 500,000 people, while investments in RO/UF filtration and sewerage treatment plants address sanitation deficits.

SDG 7 (Affordable and Clean Energy): Renewable energy projects, such as on-grid solar parks for water supply systems, reduce dependency on fossil fuels, lower energy costs, and contribute toward a green economy.

SDG 13 (Climate Action): Rehabilitation and water infrastructure projects are designed to enhance climate resilience, mitigate flood risks, and adapt to drought conditions.

SDG 10 (Reduced Inequalities): By targeting underserved, drought-affected, and remote areas, the program promotes equitable access and empowers vulnerable communities through enhanced water service delivery.

SDG 17 (Partnerships for the Goals): The province continues to collaborate with federal agencies and international partners (such as the World Bank, ADB, and Islamic Development Bank) to mobilize resources, evidenced by previous pledges of US$ 10.96 billion for post-flood reconstruction.

Regular tracking against established SDG targets, enhanced by digital monitoring systems, ensures that progress is measured transparently. These integrated strategies not only support provincial development but also contribute substantially to meeting national and international commitments, positioning Balochistan's water and sanitation framework as a model of sustainable, inclusive impact.

30. AZAD JAMMU AND KASHMIR

The Annual Plan 2025-26 for Azad Jammu & Kashmir (AJ&K) represents a renewed commitment to comprehensive development and sustainable growth. This plan builds upon the accomplishments and challenges of the previous year while aligning with national development policies and the international SDGs.

Over the past fiscal year, the AJ&K government, in close coordination with the Ministry of Planning, Development & Special Initiatives, has worked to modernize infrastructure, upgrade social services, and stimulate economic activity. The ADP 2024-25, with a total allocation of Rs. 44,000 million, laid a strong foundation by prioritizing the Communication & Works sector, which is pivotal for improving regional connectivity and boosting economic activity. Parallel investments were made in sectors such as Energy & Water Resources, LG&RD, Education, and Health to ensure a holistic development approach.

The Annual Plan 2025-26 seeks to address critical challenges, including funding shortfalls, infrastructural deficits, and geopolitical constraints, while capitalizing on opportunities presented by enhanced digital connectivity and renewed international engagement. The plan envisions a future where improved transportation networks, robust energy infrastructure, and effective local governance catalyze economic growth, create jobs, and enhance the quality of life for citizens.

Furthermore, the plan reinforces AJ&K's commitment to environmental sustainability and social inclusion. In alignment with SDGs, particularly those targeting poverty reduction, quality education, clean energy, and climate action, the plan incorporates specific measures to ensure that development is both inclusive and resilient. Programs to upgrade health and education facilities, improve water sanitation, and bolster digital literacy have been prioritized to create a more equitable society.

The integration of AJ&K's strategies with the national "URAAN Pakistan" initiative underscores the interconnectedness of regional development with broader national objectives. This collaborative framework aims to create a synergy that not only addresses local needs but also positions AJ&K as a significant contributor to Pakistan's overall development narrative. While transitioning into ADP 2025-26, AJ&K's objectives are to build on past achievements, address existing gaps, and set a course for sustainable, inclusive growth.

Review of Provincial Annual Development Program (ADP) 2024-25

The Total volume of the AJK Development portfolio is Rs. 44.000 billion for the fiscal year 2024-25 as detailed below: -

Table 30.1

(Billion Rs.)

ADP 2024-25		Allocation 2024-25
i.	Federal Share	28.000
ii.	AJ&K Own Resources	13.000
iii.	Foreign Aid Component:	3.000
Sub-Total		**44.000**

The ADP 2024-25 for AJ&K is structured to address broader sectoral and regional priorities. The program focuses on infrastructure development, energy generation, tourism, health, education, rural uplift, information technology, governance, and financial inclusion. Below is an overview of the key initiatives and progress across various sectors:

Road Infrastructure & Tourism Connectivity

A significant portion of the ADP is allocated to road infrastructure, enhancing connectivity across AJ&K. The program includes the construction and rehabilitation of 330 KM of main roads and 660 KM of link roads, ensuring better accessibility and improved transportation facilities across the region. These roads will play a vital role in boosting tourism by linking scenic destinations, cultural heritage sites, and other tourist attractions with urban centers. Improved infrastructure will also enhance service delivery across AJ&K, ensuring that essential services such as healthcare, education, and emergency response become more efficient and accessible to all communities.

Energy & Clean Energy Initiatives

The AJ&K has vast Hydropower potentials and offers great investment opportunities by the public & private sector as given below:

- Total Estimated Potential 15,000 MW
- Identified Potential 9397.69 W
- Projects Completed public sector (AJ&K) 80.12 MW
- Projects Completed (WAPDA) 2069 MW
- Project under private sector (PPC/PPIB) 1055.480MW
- Projects Under Implementation public (AJ&K) 202.420 MW
- Projects with IPPs 1831.78 MW
- Project under process in the private sector: 2651.78 MW

Recognizing the need for energy sufficiency, the ADP prioritized hydropower projects. Special emphasis is placed on clean and renewable energy sources to ensure sustainable power generation, reduce dependency on fossil fuels, and mitigate environmental impacts. The promotion of green energy solutions contributes to AJ&K's commitment to an eco-friendly and energy-secure future. The construction of 3 Hydropower projects at Naushera, Khursheedabad and Phullawai will contribute to catering to the need for energy at the national level. Additionally, the construction of grid stations at Sehensa and Samahni will improve electricity distribution and grid stability.

Tourism Development

To promote sustainable tourism and cultural heritage, the ADP includes the Third-Party Evaluation of Infrastructure/Assets and Master Planning for Tourism and Archaeological Development. These initiatives aim to enhance the tourism sector by ensuring proper planning and effective resource utilization. By integrating tourism with regional infrastructure projects, the government aims to create new economic opportunities, increase local employment, and position AJ&K as a leading tourist destination.

- Extensive Road Network upgraded through ADP, providing access to maximum tourist potential sites.
- Religious and cultural heritage tourism
- AJ&K's tourism development aligns with the 5Es framework and the URAAN Pakistan Initiative by promoting eco-tourism, enhancing digital infrastructure, and empowering local communities. The following areas are specially earmarked as priority in the tourism sector in AJ&K.
    - Eco-Tourism
    - Adventure Tourism
    - Water Tourism and Sports

Health Sector & Healthcare Improvement

A Mega health sector project amounting to Rs 2.800 billion is proposed to upgrade and improve health facilities across AJ&K. The project focuses on the construction, upgradation, and modernization of hospitals, clinics, and primary healthcare centers to ensure that medical facilities are well-equipped to meet the needs of the growing population. Special attention is being given to maternal and child healthcare, emergency services, and the availability of advanced medical technologies to improve overall healthcare outcomes in the region. Moreover, to ensure public health, 3 Food Testing Labs have been established at the divisional headquarters.

Education

To strengthen the education system, projects included for providing missing facilities in girls' elementary and secondary schools, while funds earmarked for higher education development. These investments will bridge the infrastructure gaps and improve the quality of education across AJ&K. The focus remains on addressing examination gaps, teacher training, improving literacy rates, modernizing curricula, and integrating technology in education to prepare students for future challenges.

Rural Development

The ADP emphasizes rural uplift through extensive development projects. More than 8,000 rural development projects will be executed, significantly contributing to economic growth and improved living conditions in rural areas. Moreover, priority is to provide water to the rural population as at present 67 percent of rural and 52 percent of urban population is served with piped water supply in AJ&K. Special focus has been laid on the local bodies for development at grass root level.

Information Technology (IT) & Investment in Human Capital
To promote digital transformation, the government is establishing IT Excellence Centers in Poonch and Muzaffarabad. Furthermore, initiatives such as E-Office implementation and the computerization of land records, including State Subjects and Domicile Certificates, are being introduced to streamline administrative processes. A crucial aspect of the IT development strategy is the investment in human capital for skill development. By training youth in emerging IT skills, software development, and digital entrepreneurship, the government aims to enhance employability and create opportunities in the growing technology sector. Furthermore, telehealth centers have also been established to provide online health care to the rural population.

Public Safety & Governance
Under the Police Department, the ADP continues to support projects aimed at enhancing security and governance. Key initiatives include:

- Khidmat Marakaz (Citizen Facilitation Centers)
- Crime Scene Investigation Units
- Safe City Projects
- Provision of Armored Vehicles

Entrepreneurship and Economic Empowerment
To promote economic empowerment and entrepreneurship, microfinancing facilities are being provided to the targeted population. In this regard an interest free loan is being provided through AKHUWAT. In the first phase of the project 102,257 persons have been provided with financial assistance whereas the 2nd phase has recently been launched and aims to provide support to 72,000 people. The microfinance program will prioritize women entrepreneurs, small-scale farmers, and youth-led startups, ensuring inclusive financial growth and reducing economic disparities.

The ADP 2024-25 for AJ&K reflects a comprehensive strategy aimed at holistic development. By prioritizing infrastructure, energy, tourism, health, education, digital transformation, governance, and financial inclusion, the program seeks to accelerate socio-economic growth and improve the quality of life for the people of AJ&K. The successful implementation of these projects will pave the way for a more prosperous and self-sufficient region. With a strong focus on clean energy, healthcare advancements, IT skill development, and enhanced service delivery, AJ&K is set to witness transformative progress in the coming years.

Key Achievements:

- Baseline Data: Available for 118 out of 145 indicators (2015-2023).
- Sectoral Policies: Education, Health, and Youth Empowerment aligned with SDGs; technical support for Agriculture, Livestock, Tourism, and Social Protection.
- Legislation: AJ&K Legislative Assembly endorsed SDGs (2019); 157 Acts/Ordinances support SDGs.

- Surveys & Statistics: MICS-6 conducted; CRVS digitization underway.
- Education & Gender Equality: ECE introduced in 1145 schools, first-ever Women Police Station & Gender MIS developed.
- Social Protection & Indexing: AJ&K SDGs Index, District Scorecards (2023), Social Protection Roadmap drafted with ILO Pakistan.
- Policy Coherence: AJ&K first in Pakistan to set a baseline for SDG 17.14.1.
- National Conference on SDGs 2030 Roadmap held on 3rd February 2025.

AJ&K has made significant SDG progress, yet challenges persist. Federal & donor support is crucial to sustain momentum and achieve the 2030 SDG agenda, considering AJ&K's financial limitations.

Outlook 2025-26

The Total financial requirement of the AJK Development portfolio for the next fiscal year 2025-26 has been proposed as detailed below: -

Table 30.2

(Billion Rs.)

Component		Requirements 2024-25
i.	Federal Share	64.783
ii.	Foreign Aid Component:	2.500
Total		**67.283**

AJ&K is aligning its development priorities with URAAN Pakistan to drive sustainable economic growth, technological advancement, environmental resilience, and social inclusivity. The government is actively promoting the expansion of cottage industries and the export of artisanal crafts and agricultural products, recognizing their potential to strengthen the region's presence in global markets. Key projects such as the Muzaffarabad Industrial Estate and Planned Export Processing zones aim to provide structured platforms for local entrepreneurs, enabling them to scale their businesses and contribute to economic diversification.

GoAJ&K is making significant strides in digitalization under the E-Pakistan initiative, like AJ&K IT Excellence Hub and the Muzaffarabad Technology Park, which will serve as incubators for startups and software development firms, boosting IT exports and employment opportunities. Additionally, the AJK Digital Inclusion Initiative is working to expand broadband connectivity, aiming to achieve 90 percent internet coverage across the region by 2026, ensuring that even the most remote communities have access to digital resources.

Addressing the energy needs of the region while leveraging its natural endowments, the government is making substantial investments in hydroelectric power generation. 2 Mega projects, Jagran IV (22 MW) and Shounter (48 MW) are in progress and set to significantly enhance energy production, contributing both to regional energy stability and the national grid. Moreover, the construction of 3 Hydropower projects at Naushera, Khursheedabad and Phullawai reflects the AJ&K Government vision for the provision of clean energy. Additionally, infrastructure development remains a priority, with the AJ&K Integrated Road Network Expansion Plan facilitating the construction of 330 KM main roads and 660 KM link roads to improve connectivity, facilitate trade, and support economic mobility.

The government is actively implementing initiatives under the AJ&K Women Empowerment and Entrepreneurship Program, providing vocational training, microfinance opportunities, and market access to women entrepreneurs, thereby fostering economic independence. Moreover, the AJK Inclusive Education Initiative is addressing disparities in education by increasing school enrollment rates, modernizing educational facilities, and ensuring that children from underprivileged backgrounds receive quality education. These efforts are being reinforced through investments in higher education, with the establishment of new technical training centers and research institutions to bridge the gap between academia and industry, preparing the youth for a competitive job market.

In addition to economic and social development, the government remains committed to disaster preparedness and resilient recovery through the Resilient Recovery, Rehabilitation, and Reconstruction Framework (4RF). AJ&K, a region prone to natural disasters, has taken proactive measures to strengthen its infrastructure against future calamities.

Furthermore, AJ&K's policies are integrated with the United Nations' Sustainable Development Goals (SDGs), focusing on poverty eradication, quality education, renewable energy expansion, sustainable urban development, and climate resilience. By 2026, the government aims to reduce regional poverty, increase renewable energy capacity, and achieve a major reduction in disaster-related infrastructure losses. The implementation of data-driven governance and evidence-based policymaking is ensuring that these goals are met efficiently and transparently, fostering trust among citizens and international development partners.

Economic Growth Strategies/Initiatives

AJ&K is committed to accelerating economic growth in line with URAAN Pakistan, and SDGs. Through targeted projects, AJ&K aims to contribute to Pakistan's GDP by leveraging its unique geographical, economic, and human capital potential.

- **Road Networks:** Improved Communication means will enhance regional trade, tourism, and logistics efficiency.
- **Energy Sector:** Harness the AJ&K Hydel Power Potential to provide cheap and clean energy for Pakistan through 5 Hydropower Projects at Shounter, Jagran, Naushera, Khursheedabad and Phullawai. Future solar and hydro projects will strengthen Pakistan's clean energy matrix

- **Special Economic Zones (SEZs):** AJ&K's planned SEZs under CPEC initiatives will attract investments, promote manufacturing, and increase exports.
- **IT infrastructure**: Aligns with E-Pakistan's digital economy goals through the Universal Service Fund (USF) to improve internet penetration for the promotion of Freelancing & E-Commerce Development.
- **Digital skills training and online work facilitation:** Will increase Pakistan's IT services exports, contributing to GDP.
- **TEVTA and AKSIC programs:** To provide skilled labor for industry, construction, and IT sectors.
- **Microfinance:** To promote Entrepreneurship & SME Growth by self-employment and new ventures, strengthening Pakistan's SME sector. Production of carpets, shawls, and organic produce to integrate AJ&K's unique products into Pakistan's global export markets.
- **Eco-tourism, adventure tourism, and heritage conservation** will position AJ&K as a major contributor to Pakistan's tourism GDP.
- **Development partners collaboration:** To co-finance infrastructure projects, including hydropower, highways, and digital transformation initiatives.

AJ&K's economic strategy is a crucial contributor to Pakistan's overall economic trajectory, reinforcing sustainable and inclusive growth across key sectors. By implementing these projects in sync with URAAN Pakistan, AJ&K aims to boost Pakistan's GDP by increasing productivity in energy, tourism, IT, and exports and strengthen the labor market by creating employment and skill development opportunities.

SDGs Priorities

To drive sustainable progress in Azad Jammu & Kashmir, key focus areas include enhancing road networks to improve regional connectivity and trade (SDG 9), while harnessing the region's hydropower potential through projects like Shounter and Jagran to provide clean energy (SDG 7). The establishment of CPEC-linked Special Economic Zones will stimulate economic growth (SDG 8), complemented by digital transformation initiatives including IT infrastructure development through the Universal Service Fund and skills training to boost e-commerce and freelancing (SDG 9). Human capital development will be strengthened through TEVTA and AKSIC vocational programs (SDG 4), alongside microfinance support for SMEs to promote entrepreneurship in traditional crafts and organic produce (SDG 8). Sustainable tourism development focusing on eco-tourism and heritage conservation will capitalize on AJ&K's natural assets (SDG 12), with strategic partnerships (SDG 17) facilitating co-financing of critical infrastructure projects in energy, transportation and digital sectors - collectively creating a framework for inclusive growth that leverages the region's unique resources and strategic position.

31. GILGIT-BALTISTAN

Gilgit-Baltistan stands poised to transform from a geographically remote region into an economic hub through the visionary URAAN Pakistan Framework. This strategic blueprint harmonizes the region's unique assets with national development goals – SDGs.

The region's vast hydropower potential remains largely untapped, creating paradoxical energy shortages that hinder economic progress. Addressing this through renewable energy investments forms the cornerstone of development planning, alongside digital infrastructure expansion enabled by the Pakistan-China Optical Fiber Cable. These foundations will unlock opportunities in IT innovation, remote education, and e-governance, particularly for the region's youthful population.

Tourism emerges as a transformative sector, with GB's breathtaking landscapes offering immense potential for eco-tourism and adventure travel. Parallel efforts to modernize agriculture focus on climate-resilient practices and value-added processing to enhance food security and rural livelihoods. The development strategy emphasizes equitable access to these opportunities, with targeted programs in education, healthcare, and vocational training designed to uplift marginalized communities.

This integrated approach recognizes Gilgit-Baltistan's dual role as both an ecological treasure and an emerging economic corridor. By balancing infrastructure development with environmental stewardship, the plan seeks to create sustainable livelihoods while preserving the region's natural heritage. Success hinges on collaborative governance, private sector engagement, and continued federal support to realize GB's potential as a model of mountain region development and a vital link in regional connectivity.

The vision positions Gilgit-Baltistan not merely as a transit route, but as a thriving, climate-resilient economy that offers its citizens equal opportunities while contributing meaningfully to national prosperity.

Review of Annual Development Program (ADP) 2024-25

The Provincial ADP 2024-25 demonstrated notable successes as well as challenges in aligning GB’s multi-sectoral priorities with targeted development outcomes. On the tourism front, strategic investments, institutional reforms such as the implementation of the GB Town Planning and Building Control Regulation 2023, legislative measures including the PPP Act (2019) and recent tourism-specific Acts resulted in a significant uptick in tourist inflow. International arrivals reached 16,000 in 2024, up 77 percent from 9,000 in 2018, while hospitality infrastructure expanded from 819 hotels in 2021 to 1,155 in 2024. District-level master plans intensify the focus on culturally rich destinations like Hunza to further strengthen this sector.

Energy Sector:
Energy remains a critical challenge. During the 2024-25 period, despite an ambitious allocation of Rs. 6 billion to add 18 MW of capacity, chronic load shedding persisted, with affected areas experiencing up to 22 hours of outages in winter. The results from PSDP interventions were mixed; while several hydropower projects (targeting a combined capacity of 16 MW with an investment of Rs. 5.2 billion) showed progress, delays and cost escalations underscore the need for more robust federal oversight and improved project management. The announced 100 MW solar energy initiative represents a breakthrough in bridging the supply-demand gap, yet pending grid synchronization continues to hinder full operationalization.

Mining, IT, and Agriculture Initiatives:
The mineral sector recorded promising developments. Comprehensive geological surveys and the promotion of modern extraction techniques have laid the groundwork for transforming GB's resource potential into a high-value export sector. These efforts are particularly significant given that the global mining industry is valued at approximately US$ 24.9 trillion, with GB's potential assets contributing to a sub-segment valued at over US$ 3.15 trillion.

The IT sector experienced early successes through the operational Pakistan-China Optical Fiber Cable and supportive measures to foster tech parks and startup incubation centres aimed at transforming GB into a "High-Skilled Hub."

Agriculture sector witnessed a focused push to improve productivity and move toward value-added agribusiness models. Enhanced irrigation systems, farmer training programmes, and plans for establishing cold storage and processing facilities were initiated, aimed at not only ensuring food security but also increasing agricultural exports.

Fiscal Discipline and Investment Gaps:
Despite an overall allocation of Rs. 131.434 billion over the past five years, only Rs. 106.542 billion was disbursed, a shortfall of about 19 percent of the committed funds. This ad-hoc and inconsistent release of funds has led to delayed project implementation and missed opportunities for timely infrastructural development. The experience from ADP 2024-25 highlights the critical need for improved financial planning, more predictable budgetary flows, and enhanced donor as well as private sector engagement to overcome these constraints.

Outlook 2025-26
Financial Strategy and Revenue Mobilization:
The plan is structured to reduce over-dependence on federal disbursements by strengthening internal revenue mobilization through enhanced tax collection mechanisms, a revision of property and service taxes, and innovative fiscal instruments. In tandem, capital receipts will be boosted through the issuance of provincial bonds and

targeted investment vehicles, ensuring that critical projects, especially in tourism, energy, and digital infrastructure, receive timely funding.

The financial blueprint earmarks significant public investment in enterprises and development authorities that directly align with the URAAN Pakistan. This includes mechanisms to mobilize funds for both short-term operational projects (e.g., the addition of 18 MW via an Rs. 6 billion allocation) and longer-term projects such as the 56.2 MW capacity target under the URAAN Pakistan period (supported by a Rs. 27.35 billion investment).

Investment Strategy and Enterprise-Level Initiatives:
A sector-specific investment strategy spans multiple layers. Tourism investments will focus on enhancing hospitality infrastructure and expanding the capacity of critical transport nodes, most notably, the urgent expansion of Gilgit Airport to accommodate larger aircraft and reduce current operational constraints. In energy, the plan calls for fast-tracking solar projects and expediting PSDP hydropower projects that, together, aim to systematically reduce load shedding and achieve a secure power supply.

Funding is also directed towards upgrading mining and resource processing capacities, supported by public-private partnerships that harness modern extraction and processing technologies. The IT sector is slated for dynamic growth, with commitments for establishing IT zones, tech parks, and digital skill centres to tap into the region’s young and educated workforce. Agriculture and allied sectors will receive investments in modern cooling and processing facilities, coupled with support for export-oriented agro-business models that promise to enhance income levels and stimulate rural employment.

Implementation Layers and Strategic Integration:
The proposed ADP 2025-26 will be implemented through a multi-layered approach that integrates institutional coordination, regulatory reforms, and capacity-building measures. An inter-agency task force will oversee project execution, ensuring that provincial departments, from P&DD to foreign investment agencies, maintain a coordinated effort. Regulatory reforms are under review to streamline administrative processes and enhance investor confidence, particularly in sectors where PPP models have already shown promise.

A dedicated performance monitoring framework will ensure that projects adhere to milestone targets while mitigating potential risks and delays. This framework will integrate lessons learnt from ADP 2024-25, such as the need to address financial shortfalls and operational inefficiencies. Looking ahead, the plan also mandates closer alignment with national initiatives like the URAAN Pakistan and the broader objectives of the SDGs, ensuring that all investments contribute not only to regional economic growth but also to inclusive social development and environmental sustainability.

Economic Growth Strategies/Initiatives

Gilgit-Baltistan’s strategy to augment the national GDP is anchored in a multi-pronged approach over key sectors:

- **Eco-Tourism**: The region will harness its natural beauty and cultural heritage, with planned infrastructure expansions (e.g., a 77 percent increase in international tourist arrivals from 9,000 in 2018 to 16,000 in 2024 and a hotel growth from 819 to 1,155), to create high-value tourist exports. This hotel growth has complied with the GB Environmental Protection Agency (GB-EPA) 2023 directives that mandate green solar energy installations on all hotel businesses operating in GB[2].
- **Modernized Mining Sector:** By capitalizing on local resources and inviting private investment, noting that GB’s potential in minerals contributes to a market segment valued at over US$ 3.15 trillion globally.
- **Digital Transformation Agenda** will turn GB into a “High-Skilled Hub,” leveraging state-of-the-art connectivity via the Pakistan-China Optical Fiber Cable to catalyse IT exports, reduce brain drain, and attract foreign direct investment.
- **Energy Initiatives**, including a short-term target of an additional 18 MW (Rs. 6 billion) and a longer-term projection of 56.2 MW (Rs. 27.35 billion), will foster industrial growth and stabilize the operating environment.
- **Investments in Agriculture**, notably in modern processing and export-readiness infrastructure, will diversify the region’s economic base and uplift rural incomes.

SDGs Priorities

Gilgit-Baltistan’s development plan is closely aligned with the Sustainable Development Goals (SDGs), ensuring that strategy and practice go hand-in-hand. The region will harness its hydropower resources to overcome chronic electricity shortages (Goal 7) while expanding digital connectivity via the Pakistan-China Optical Fiber Cable to boost IT innovation (Goal 9), education (Goal 4) and health (Goal 3).

Tourism development capitalizes on GB's spectacular landscapes through eco-friendly infrastructure (Goal 8 & 9). Agricultural modernization (goal 2) focuses on climate-resilient crops Goal 15) and food processing to strengthen rural livelihoods.

This balanced approach transforms GB from a remote region into an economic hub while protecting its fragile ecosystems. Strategic investments in renewable energy, digital infrastructure and sustainable tourism create new opportunities, with agricultural reforms securing food sovereignty. Social programs guarantee shared prosperity, particularly for youth and women.

The vision positions GB as both an ecological treasure and vital economic corridor, requiring collaborative implementation between government, private sector and

[2] Gilgit-Baltistan Climate Change Strategy and Action Plan [https://www.pmrugb.gov.pk/dipatch/Gilgit-Baltistan percent20CC percent20Strategy percent202023.pdf]

communities to achieve sustainable, inclusive growth that benefits all residents while preserving the region's natural heritage.

ABBREVIATIONS & ACRONYMS

Abbreviation	Full Form
3G/4G	Third/Fourth Generation Mobile Networks
4IR	Fourth Industrial Revolution
4RF Strategy	Resilient, 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
AIIC	Allama Iqbal Industrial City
AIMS	Audit Management Information System
AIP	Accelerated Implementation Programme
AJ&K	Azad Jammu & Kashmir
AKHUWAT	Microfinance Program
AKSIC	Azad Jammu & Kashmir Small Industries Corporation
ALP	Accelerated Learning Program
APCC	Annual Plan Coordination Committee
APIs	Active Pharmaceutical Ingredients
APP	Associated Press of Pakistan
ARIMA	Auto-Regressive Integrated Moving Average (Statistical Model)
ASF	Airport Security Force
ASIP	Access to Scientific Instrumentation Program
B2B	Business-to-Business
B2C	Business-to-Consumer
BBNJ	Biodiversity Beyond National Jurisdiction
BCC	Behavior Change Communication
BCDGS	Balochistan Comprehensive Development and Growth Strategy
BCP	Border Crossing Points
BDNA	Balochistan Drought Needs Assessment
BESP	Balochistan Education Sector Plan
BESS	Battery Energy Storage System
BHU	Basic Health Unit
BICs	Business Incubation Centers
BISP	Benazir Income Support Programme
BLEP	Balochistan Livelihood and Entrepreneurship Project
BNP	Benazir Nashonuma Program

BoI	Board of Investment
BOP	Balance of Payments
BoT	Build-Operate-Transfer
BP	Basic Prices
BPM6	Balance of Payments Manual, 6th 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 Program)
BRI	Belt and Road Initiative
BSL-II	Bio-Safety Laboratory-II
BSP	Budget Strategy Paper
C&TA	Cartels and Trade Abuse
C&W	Communication & 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 Asian Regional Economic Cooperation-Regional Improving Border Service
CASA-1000	Central Asia-South Asia Power Project (Kyrgyzstan-Tajikistan-Afghanistan-Pakistan)
CBFC	Central Board of Film Censor
CBT	Competency-Based Training
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 Program
CDWP	Central Development Working Party
CERT	Cyber Emergency Response Team
CFMS	Case Flow Management System
CFY	Current Fiscal Year
CLICK	Competitive and Livable City of Karachi Project

CLRMIS	Centralized Land Records Management Information System
CMU	Central Monitoring Unit
CNIC	Computerized National Identity Card
CoEs	Centers of Excellence
CPD	Continuous Professional Development (for teachers)
CPEC	China-Pakistan Economic Corridor
CPI	Consumer Price Index (implied by inflation discussions)
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
CTTI	Construction Technology Training Institute.
DDWP	Departmental Development Working Party
DEMP	Directorate of Electronic and Print Media
DES	Digital Enforcement Stations
DHIS-2	District Health Information System (Version 2)
DHQ	District Headquarters
DISCOs	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 Centers
DREAMS	Developing a Resilient Environment and Advancing Municipal Services
DRM	Disaster Risk Management
DRM	Digital Radio Mondiale
DUS	Distinctness, Uniformity, Stability (related to plant breeders' rights)
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
EEF	Extended Fund Facility
EEZ	Exclusive Economic Zone
EIA	Environmental Impact Assessment
EIS	Energy Information System
EMOs	Emergency Medical Officers
EMP	Energy Master Plan

EMR	Electronic Mortgage Register
EOBI	Employees' Old Age Benefit Institution
EoDB	Ease of Doing Business
EPADS	Electronic Procurement and Disposal System
E-Pakistan	Digital Transformation Initiative
EPI	Expanded Program on Immunization
EPRC	Energy Planning & Resource Center
E-Procurement	Electronic Procurement
ERP	Enterprise Resource Planning
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 AC Transmission Systems
FATA	Federally Administered Tribal Areas
FBR	Federal Board of Revenue
FCA	Federal Committee on Agriculture
FCDO	Foreign, Commonwealth & Development Office (UK)
FDE	Federal Directorate of Education
FDI	Foreign Direct Investment
FESCO	Faisalabad Electric Supply Company
FGEHA	Federal Government Employees Housing Authority
FIA	Federal Investigation Agency
Fitch	Fitch Ratings (credit rating agency)
FM	Frequency Module
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-III
FSC&RD	Federal Seed Certification & Registration Department
FTF	Federal Task Force
FTO	Federal Tax Ombudsman
FWCs	Family Welfare Centres
FY	Fiscal Year

G2G	Government-to-Government
GARL	Geoscience Advance Research Laboratories
GB	Gilgit Baltistan
GBA+	Gender-Based Analysis Plus
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 Enrollment Ratio
GHI	Global Hunger Index
GIR	Gross Intake Ratio
GIS	Geographic Information System
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Agency)
GLLSP-II	Gwadar-Lasbela Livelihood Support Project Phase-II
GMOs	Genetically Modified Organisms
GNP	Gross National Product
GoP	Government of Pakistan
GoS	Government of Sindh
GPA	Gwadar Port Authority
GSP	Geological Survey of Pakistan
GST	General Sales Tax
GVA	Gross Value Added
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 and Management Systems
HISDU	Health Information and Service Delivery Unit
HKC	Hong Kong International Convention
HPC	High Performance Computing
HPP	Hydropower Project
HRD	Human Resource Development
HSPS	Hybrid Social Protection Saving Scheme
HVDC	High-Voltage Direct Current
IBC	Indicative Budget Ceiling
IBIs	Islamic Banking Institutions
IBIS	Indus Basin Irrigation System

ICPD	International Conference on Population and Development
ICRG	International Collaborative Research Grant
ICT	Information and Communication Technology
IDA	International Development Association (World Bank)
IDP	Internally Displaced Persons
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 Labor Organization
IMF	International Monetary Fund
IMR	Infant Mortality Rate
IoT	Internet of Things
IP	Intellectual Property
iPAS	Integrated Project Approval System
IPC	Inter Provincial Coordination
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 Funding
ISGS	Interstate Gas Systems
IT	Information Technology
ITTMS	Integrated Transit Trade Management Systems
ITU	International Telecommunication Union
IWRM	Integrated Water Resource Management
IYCF	Infant and Young Child Feeding
JCC	Joint Cooperation Committee
JICA	Japan International Cooperation Agency
JV & PPP	Joint Venture & Public
JWG	Joint Working Group
KCR	Karachi Circular Railway
KoFHA	Korangi Fisheries Harbour Authority
KIP	Karachi Industrial Park
K-IV	Karachi Water Supply Project (Phase IV)
KKH	Karakoram Highway
KoFHA	Korangi Fisheries Harbour Authority
KP	Khyber Pakhtunkhwa
KPT	Karachi Port Trust

KPEC	Khyber Pass Economic Corridor
KPESSI	Khyber Pakhtunkhwa Employees' Social Security Institution
KS&EW	Karachi Shipyard and Engineering Works.
KTDMC	Karachi Tools, Dies, and Moulds Centre
kV	Kilovolt
KWSSIP	Karachi Water & Sewerage Services Improvement Project
LCF	Local Challenge Fund
LEAP	Long-range Energy Alternatives Planning (Software)
LESCO	Lahore Electric Supply Company
LG&RD	Local Government & 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
M/o H&W	Ministry of Housing and Works.
M/o IT&T	Ministry of Information Technology and Telecom
M/o NFS&R	Ministry of National Food Security & Research
M/o PD&SI	Ministry of Planning, Development & Special Initiatives
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 & Devices Innovation Center
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 PMD
MICS	Multiple Indicator Cluster Survey
MIS	Management Information Systems
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
MoI&P	Ministry of Industries and Production
MOIB	Ministry of Information & 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 & Technology
MoU	Memorandum of Understanding
MP	Market Prices
MPC	Monetary Policy Committee
MPI	Multidimensional Poverty Index
MRVs	Mobile Registration Vans
MSUs	Mobile Service Units
MTDF	Medium-Term Development Framework
MTOE	Millions of Tons of Oil Equivalent
MVAR	Megavolt-Ampere Reactive
MVNOs	Mobile Virtual Network Operators
MW	Megawatt
N4G	Nutrition for Growth
NA	Not Available (or Not Applicable)
NAB	National Accountability Bureau
NAC	National Accounts Committee
NADRA	National Database and Registration Authority
NAP	National Adaptation Plan
NAVTTC	National Vocational and Technical Training Commission
NCAI	National Center for Artificial Intelligence
NCBC	National Center in Big Data and Cloud Computing
NCBD	National Center for Brands Development
NCCS	National Center for Cyber Security
NCDC	NUST Chip Design Centre
NCERT	National Cyber Emergency Response Team
NCMCL	Naymat Collateral Management Company Limited
NCPI	National Consumer Price Index
NCRA	National Center for Robotics and Automation
NCRE	National Centre for Rainfall Enhancement
NCSA	National Cyber Security Academy

NDA	Net Domestic Assets
NDCs	Nationally Determined Contributions
NDRC	National Development and Reform Commission (China)
NEC	National Economic Council
NEER	Nominal Effective Exchange Rate
NER	Net Enrollment Rate
NETP	National Economic Transformation Plan
NFA	Net Foreign Assets
NFC	National Finance Commission
NFDC	National Fertilizer Development Centre
NFIS	National Financial Inclusion Strategy
NGIA	New Gwadar International Airport.
NH&CD	National Heritage & Culture Division
NH&MP	National Highways & Motorway Police
NHA	National Highway Authority
NHSR&C	National Health Services, Regulations, and Coordination
NIC	National Incubation Center
NICVD	National Institute of Cardiovascular Diseases
NIE	National Institute of Electronics
NIISS	National Institute of Intelligence and Security Studies
NIM	National Institute of Management
NIMAR	National Information Media Archive Repository
NKH	National Knowledge Hub
NLP	National Library of Pakistan
NLPD	National Language Promotion Department
NMDs	Newly Merged Districts
NNS	National Nutrition Survey
NP	National Programme
NPG	National Payment Gateway
NPMP	National Productivity Master Plan
NPVE	National Prevention of Violent Extremism Policy
NRPU	National Research Program for Universities
NSDI	National Spatial Data Infrastructure
NSER	National Socio-Economic Registry
NSHRDP	National Semiconductor HR Development Program
NSPAIT	National Strategic Programme for Acquisition of Industrial Technology
NSPP	National School of Public Policy
NTA	National Transfer Accounts
NTC	National Tariff Commission
NTDC	National Transmission & 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 Qualification Framework
O&M	Operation and Maintenance
OBOR	One Belt One Road
OCR	Ordinary Capital Resources (ADB)
OD	Other Deposits
ODP	Other Development Programme
OM Module	Organization and Management Module
OOSC	Out-of-School Children
OOSC	Out of School Children
OPF	Overseas Pakistanis Foundation
OPOID	One Patient One ID
ORICs	Offices of Research, Innovation, and Commercialization
OSH	Occupational Safety and Health
OTT	Over-The-Top services
P&D	Planning & Development
P&DD	Planning and Development Department
P3A	Public Private Partnership Authority
PAAA	Pakistan Audit & Account Academy
PACRS	Provincial Agriculture Crop Reporting Services
Pakistan @ 2050	Foresight report on demographic trends
Pak-PWD	Pakistan Public Works Department
PakSat MM-1	Pakistan Multi-Mission Communication Satellite System
PAL	Pakistan Academy of Letters
PAOs	Principal Accounting Officers
PAP	Program Action Plan
PASS	Ministry of Poverty Alleviation and Social Safety
PBC	Pakistan Broadcasting Corporation
PBS	Pakistan Bureau of Statistics
PC	Planning Commission
PCC	Per Capita Consumption
PCD: Ph.D.	Country Directory
PC-I / PC-II	Project Concept I / Project Concept II (Planning Commission Form)
PCRWR	Pakistan Council of Research in Water Resources
PCS	Plan Coordination Section
PCSIR	Pakistan Council of Scientific & Industrial Research
PD	Planning Development
PDNA	Post Disaster Needs Assessment
PEADS	Pediatrics

PEF	Punjab Education Foundation
PEIMA	Punjab Education Initiative Management Authority
PEMRA	Pakistan Electronic Media Regulatory Authority
PES	Primary Energy Supply
PESCO	Peshawar Electric Supply Company
PETCORE	Pakistan Petroleum Corehouse
PFM	Public Financial Management
PG	Postgraduate
PHE	Public Health Engineering
PHIMC	Punjab Health Initiative Company
PIC	Pakistan Information Commission
PID	Press Information Department
PIE	Pakistan Institute of Education
PIMS	Pakistan Institute of Medical Sciences
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
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 Program
PNAC	Pakistan National Accreditation Council
PNCA	Pakistan National Council of Art
PNSC	Pakistan National Shipping Corporation
PP&H	Physical Planning & 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
PQT	Port Qasim Trust
PQI	Productivity, Quality, and Innovation
PRI	Pakistan Remittance Initiative

PRIAT	Punjab Resilient and Inclusive Agriculture Transformation
PRSS-O2	Pakistan Remote Sensing Satellite-2
PRSWSSP	Punjab Rural Sustainable Water Supply and Sanitation Project
PSDP	Public Sector Development Programme
PSEB	Pakistan Software Export Board
PSEs	Public Sector Enterprises
PSF	Pakistan Science Foundation
PSQCA	Pakistan Standards and Quality Control Authority
PSX	Pakistan Stock Exchange
PTA	Pakistan Telecommunication Authority
PTVC	Pakistan Television Corporation
QESCO	Quetta Electric Supply Company
QIM	Quantum Index of Manufacturing
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	Re-gasified Liquefied Natural Gas
Rs.	Rupees (Pakistani currency)
RTP	Registration and Trading Platform
RTTG	Rapid Technology Transfer Grant
S&T	Science and Technology
SAP	Systems, Applications, and Products
SBA	Stand-By Arrangement
SBAS	Space-Based Augmentation System
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
SDG 13	Sustainable Development Goal 13
SDG 4	Sustainable Development Goal 4
SDG 6	Sustainable Development Goal 6
SDG 7	Sustainable Development Goal 7
SDG 9	Sustainable Development Goal 9
SDPI	Sustainable Development Policy Institute
SECP	Securities and Exchange Commission of Pakistan
SEHAL	Online Billing Solution

SEPCO	Sukkur Electric Power Company
SERCs	Semiconductor Education & Research Clusters
SEZ	Special Economic Zone
SFD	Saudi Fund for Development
SI Sukuk	Sustainable Investment Sukuk
SIDCL	Sindh Infrastructure Development Company Limited.
SIFC	Special Investment Facilitation Council
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
SOEs	State-Owned Enterprises
SPDs	Standard Procurement Documents
SPHF	Sindh People's Housing for Flood Affectees
SPPAP	Southern Punjab Poverty Alleviation Project
SPS	Sanitary and Phytosanitary
SSGCL	Sui Southern Gas Company Limited
SSM	Small-Scale Manufacturing
STC-MoCC	Strengthening Technical Capacities of the Ministry of Climate Change
STED	Science, Technology & Engineering for Development
STEM	Science, Technology, Engineering & Mathematics
STI	Science, Technology, and Innovation
STPs/ITPs	Software Technology Parks/Information Technology Parks
STZA	Special Technology Zones Authority
SUGS	Strategic Underground Gas Storage
SUN	Scaling Up Nutrition
SUPARCO	Space and Upper Atmosphere Research Commission
T&C	Transport and Communication.
T&D	Transmission and Distribution (losses)
TA Component	Technical Assistance Component (under the capacity-building component)
TAPI	Turkmenistan-Afghanistan-Pakistan-India Gas Pipeline
TCF	Trillion Cubic Feet
TDF	Technology Development Fund
TESCO	Tribal Areas Electric Supply Company
TEUs	Twenty-foot Equivalent Units
TEVTA	Technical Education & Vocational Training Authority
TFR	Total Fertility Rate
Thar Coal	Indigenous coal reserves of Sindh
THQ	Tehsil Headquarters

TIMES	The Integrated MARKAL
TORs	Terms of Reference
TSG	Technical Supplementary Grant
TTSF	Technology Transfer Support Fund
TVET	Technical and Vocational Education and Training
TYDP	Ten-Year Development Plan
UG	Undergraduate
UHC	Universal Health Coverage
UIS	Unified Information System
UNDP	United Nations Development Program
UNFPA	United Nations Population Fund
URAAN	URAAN Pakistan Framework
URAAN Pakistan	A national framework organized around five “E” pillars: Exports; E-Pakistan; Environment & Climate Change; Energy & Infrastructure; and Equity, Ethics & Empowerment
USF	Universal Services Fund
USTPs	Upskilling Training Programs
VEDA	Variant Elimination and Data Assessment (software for TIMES)
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 Equality in Finance Policy
WHA	World Health Assembly
WHO	World Health Organization
WTO	World Trade Organization
WWF	Worker Welfare Fund
YoY	Year on Year
ZTBL	Zarai Taraqiati Bank Limited

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