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Ministry of Planning, Development & Special Initiatives

URAAN PAKISTAN

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The Development Nexus

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Development Discourse fosters an exchange of ideas on major development concerns and challenges in Pakistan. Every issue concentrates on Pakistan Uraan's particular industries and has a unique theme. This forum enables contributions from all aspects of society. It facilitates debate among various segments of civil society, academia, the government, and other development sectors. Women and youth are actively involved in this burgeoning conversation, and the publication strives to feature their viewpoints. Articles blending analysis and public opinion enhance and inform the debate on development issues, while providing the most current information.

MINISTRY OF PLANNING, DEVELOPMENT & SPECIAL INITIATIVES

P Block, Pakistan Secretariat
Islamabad, Pakistan

For contributions and feedback, please write to
info@plancom.gov

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EDITORIAL

Pakistan's Economic Renaissance

Capturing Unprecedented Potential for the Global South

Turning Disruption into Development, Potential into Prosperity

BY
PROF. AHSAN IQBAL
FEDERAL MINISTER
MINISTRY OF PLANNING, DEVELOPMENT, AND SPECIAL INITIATIVES

HE TWEETS/POSTS @BETTERPAKISTAN AND CAN BE REACHED AT: MINISTER@PC.GOV.PK

A Defining Moment, Forged by Resilience and Vision

Pakistan stands at a pivotal juncture in its history, a moment our national philosopher, Allama Iqbal, envisioned when he called for the realization of Khudi (Selfhood) — the awakening of a nation's latent potential, through conscious action and unwavering purpose. The resilience demonstrated by our people today has recalibrated our position on the global stage. The outcomes of the 25th SCO Summit, our landmark Strategic Mutual Defense Agreement with Saudi Arabia, and the renewed strategic alignment with CPEC 2.0 are the tangible manifestations of this awakening. They are the foundations of a new economic and strategic reality, underpinned by our domestic blueprint for transformation: the Uraan Pakistan Framework. This strategy is our practical manifesto to operationalize Iqbal's vision, built upon an uncompromising trinity: our Youth as the Core, our People in the Lead, and Exports as the Engine.

The Imperative of Political and Policy Stability

A nation's potential remains dormant without the catalyst of stability. The past years have demonstrated the high cost of political and policy discontinuity. Today, we are forging a new consensus. A critical achievement has been the establishment of sustained political and policy stability, evidenced by the cross-party endorsement of the Pakistan Charter 2024 and the successful completion of an IMF program, which has restored fiscal discipline and international credibility. This stability is not an end in itself, but the essential platform upon which long-term investments both domestic and foreign can confidently be built. It allows for the consistent implementation of the URAAN Framework, sending a clear signal to the world that Pakistan is a serious and predictable partner for the long haul.

The Strategic Trinity: Youth, People, and Exports

The Uraan Framework is architected around a clear, interdependent strategy: Youth at the Core: We are not merely managing a demographic statistic; we are investing in the world's largest future workforce. Our focus is on transforming this cohort from a potential dividend into active vanguards of growth through digital

skilling, tech-enabled entrepreneurship, and leadership roles. This is the practical realization of Iqbal's Shaheen— a generation soaring with ambition and capability.

Exports as the Engine: To fuel this people-centric growth, we have positioned exports as the primary engine of our economy. We are moving beyond tradition and aggressively diversifying into IT services, agro-processed goods, pharmaceuticals, and high-value textiles. An export-led growth model is the most sustainable path to foreign exchange earnings, high-value job creation, and integrating Pakistani innovation into global value chains.

The Global South Paradigm: Where People Lead, Development Succeeds

This people-first approach is not unique to Pakistan; it is the defining lesson from the successful ascent of the Global South. The 20th-century development model, often imposed from outside, frequently prioritized macroeconomic aggregates over human well-being, leading to inequality and instability. In contrast, the emerging Global South paradigm, which Pakistan proudly champions, demonstrates that when development is rooted in the needs and aspirations of the people, it becomes inherently more equitable, ethical, and sustainable. This model fosters a powerful sense of collective purpose. When citizens see themselves as stakeholders and beneficiaries of growth, they become its most vigorous champions. This social cohesion is the ultimate driver of stability and the bedrock upon which unprecedented economic prosperity is built. It is the difference between growth that is extracted and growth that is empowered and shared.

Leading the Sustainable Development Leapfrog in a Changing World

The global environment is undergoing a historic reorientation, creating unprecedented opportunities for nations that put their people first. Pakistan, with its strategic geography, policy stability, and committed youth, is uniquely positioned to capitalize on this shift.

Our approach is authentically grounded, drawing from Islamic principles of stewardship (amanah) and justice (adl). Through the Uraan Framework, we are embedding this people-and-planet-centric philosophy into our national projects, leveraging renewable energy and circular economy principles to turn climate vulnerability into climate leadership. This is a strategic economic choice to secure a sustainable future for our people in a global, green economy.

Forging a Distinctive Development Path: From Potential to Proven Model

The journey of nation-building is not new to us. Our history is marked by monumental achievements that demonstrate our collective capability when united by a common purpose. The Uraan Framework is the modern embodiment of this same spirit. We are crafting a development discourse that synthesizes efficient execution with the ethical balance of Iqbal's philosophy, which rejects the "overconsumption trap" and advocates for a community-centric, shared prosperity.

Conclusion: Soaring with Purpose and Partnership

As the Global South consolidates its influence, Pakistan, stabilized by a new political consensus and guided by a visionary, people-first strategy, emerges as a nexus of strategic opportunity. Our story is one of resilience and collective hope a narrative that resonates with developing nations worldwide.

The future belongs to those who understand that enduring development is measured not by skylines but by the empowered lives of citizens. Pakistan, with its youth as the core, its people in the lead, and its exports firing the engine of growth, is ready for this role. We are not merely reclaiming our place on the world stage; we are transforming into the exemplar of self-realized, people-powered potential that Allama Iqbal dreamed of a nation that soars, innovates, and leads. We invite the world to join us on this journey.

5 YEAR
PAKISTAN DEVELOPMENT PLAN

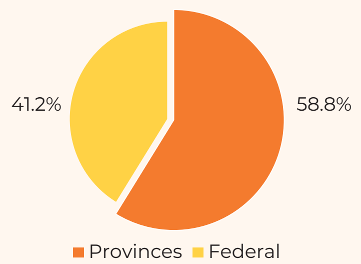
PAKISTAN'S NATIONAL DEVELOPMENT OUTLAY (2024–2029)

TOTAL 5-YEAR OUTLAY
17
TRILLION PKR

AMBITIOUS, INCLUSIVE, FUTURE-FOCUSED

Pakistan aims for sustainable, resilient, and equitable growth—powered by innovation, infrastructure, and human capital.

Total 5-Year Outlay: Rs 17 Trillion
- Federal: Rs 7 Trillion
- Provinces: Rs 10 Trillion



5 YEAR ANNUAL DEVELOPMENT

Year	Total (Rs Bn)	Federal (Rs Bn)	Provincial (Rs Bn)
2024-25	2841	1100	1741
2025-26	3135	1280	1855
2026-27	3391	1410	1981
2027-28	3678	1530	2148
2028-29	4038	1700	2338
5-YEAR TOTAL	17083	7020	10063

5-YEAR GROWTH TARGETS

Year	GDP %	Agriculture %	Industry %	Service %
2024-25	2.7	0.6	4.8	2.9
2025-26	4.2	4.5	4.3	4
2026-27	5.1	4.4	6.2	5
2027-28	5.7	4.6	6.8	5.7
2028-29	6	5.1	6.9	6.2

KEY NATIONAL GOALS (2024–2029)

MACROECONOMIC
- o GDP growth from 2.5% to 6%
- o Exports increase to $63B
- o Inflation reduction to 6.2%
- o FDI up by 30%
- o Unemployment under 5%
- o 40% increase in industrial production

SOCIAL SECTOR
- o Education spending doubles to 4% of GDP
- o Poverty halved to 12%
- o Infant mortality reduced to 40/1000
- o Universal primary healthcare
- o Literacy rate rises to 85%
- o Gender parity in enrollment

INFRASTRUCTURE & ENVIRONMENT
- o Electric vehicles: 25% of new sales
- o Water storage capacity nearly doubles
- o GHG emissions halved
- o Renewable energy capacity up 60%
- o National road/rail network expands by 35%
- o Urban green spaces up 20%

2025-26 STRATEGIC PROJECTS

3 NEW NATIONAL CENTRES:

- Nanotechnology
- Quantum Computing
- New Manufacturing
- “Quantum Valley” for research & innovation

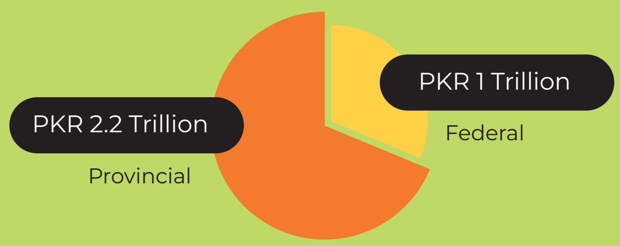
- Diamer Bhasha Dam: Rs 33 bn
- Mohmand Dam: Rs 35 bn
- K-IV Water Supply (Karachi): Rs 10 bn
- N-25 Quetta–Karachi Highway: Rs 100 bn
- M-6 Hyderabad–Sukkur Motorway: Rs 15 bn
- N-55 Indus Highway: Rs 25 bn
- M-8 (Hushaab, Awaran, Khuzdar): Rs 7 bn
- Karakoram Highway Realignment & GT Road Rehabilitation
- Jinnah Medical Complex: Rs 4 bn
- Danish Schools: Rs 9 bn
- PM Youth Skill Development: Rs 4.3 bn
- Hepatitis C Programme: Rs 1 bn
- Diabetes Programme: Rs 0.8 bn
- 20 Poorest Districts: Rs 2 bn
- Population Action Plan: Accelerated

2025–26: A RECORD YEAR FOR DEVELOPMENT FUNDING

TOTAL OUTLAY

4.2 Trillion PKR

Rs 1.1 trillion more than the initial plan



PROVINCES TAKE THE LEAD IN DEVELOPMENT

Provincial share in 2025–26: Rs 2.2 trillion (up from Rs 1.8 trillion)

SHIFT TO QUALITY, IMPACT, AND RESULTS

- Focus: high-impact, strategic, and innovative projects
- Prioritizing completion and efficiency
- Ensuring no waste of public investment
- Federal projects reduced from 1,071 to 800
- 367 low-efficiency projects (Rs 2,730 bn) excluded
- Ongoing federal projects: Rs 12.8 trillion
- PSDP throw-forward: Rs 8.5 trillion

CENTRAL REVIEW

Smart Governance Through Smart Development

Pathway to Transformative Leadership

The government must shed its legacy structures and adopt a results-driven, technology-first approach.

BY
AWAIS MANZOOR SUMRA
FEDERAL SECRETARY
MINISTRY OF PLANNING, DEVELOPMENT, & SPECIAL INITIATIVES

Pakistan faces a stark choice: embrace a wholesale transformation of governance, or accept mediocrity in its quest for economic relevance. If the dream of "Uraan Pakistan" reaching a $1 trillion economy by 2035 is to become reality, the government must shed its legacy structures and adopt a results-driven, technology first approach. Incrementalism won't cut it. The urgency is existential.

The Governance Deficit

The scale of Pakistan's governance deficit is sobering. The country now ranks 161 out of 190 in the World Bank's Ease of Doing Business Index, and the 2023 Corruption Perceptions Index by Transparency International places it at 133 out of 180, highlighting persistent trust and efficiency problems. Public sector productivity remains stagnant: the government employs over 1.6 million people at the federal and provincial levels, yet public service delivery lags behind much smaller and more agile states. The civil service promotion system remains almost entirely seniority-based almost entirely seniority-based, with less than 3% of top-tier positions filled by lateral entrants or technocrats. In the Global Innovation Index 2023, Pakistan languishes at 88th, trailing not only middle-income aspirants but also regional peers like India and Bangladesh.

Contrast this with the UAE's government, which introduced a performance-based federal government scorecard, and digitized over 90% of its public services by 2022. Saudi Arabia, under Vision 2030, has reduced the average time to start a business from 30 days to less than two, while Pakistan's average remains over 19 days. These states have moved decisively to link every public sector intervention to measurable economic outcomes.

Digital Transformation: Not a Luxury, a Necessity

Digital public infrastructure in Pakistan remains patchy and underutilized. NADRA's digital ID system is a rare success, covering over 98% of adults, and the Raast instant payments platform processed nearly 100 million transactions within

its first year. Yet, the broader digital public service landscape is fragmented. The UN E-Government Development Index 2022 ranks Pakistan 153rd out of 193 countries. Only 28% of federal government services are accessible online in any form, and inter-ministerial data sharing is almost non-existent.
In Bangladesh, a country with comparable economic challenges, more than 50 digital one-stop shops provide access to over 200 public services. Rwanda's Irembo platform allows citizens to register businesses, pay taxes, and obtain licenses from a single interface. In Pakistan, by contrast, the majority of citizens must still queue at government offices for basic services, with transaction times and costs among the highest in South Asia. The digital divide is stark: only 38% of Pakistanis have access to reliable internet, and digital literacy rates are below 30%, compared to over 60% in Malaysia.

Policy and Structural Reforms: From Rules to Results

Governance reform must go beyond digitization and tackle the structural roots of inefficiency. The state must pivot from process obsession to outcome obsession. At present, the public sector's performance management system is largely symbolic. According to the Establishment Division, less than 10% of departmental annual performance reports are actually used for decision-making, and fewer than 2% of underperforming officers are reassigned or held accountable. The 2019 Civil Service Reform Agenda which aimed to bring in lateral entry, introduce performance bonuses, and digitize HR processes has seen only partial implementation, with less than 100 lateral hires in five years and negligible progress on performance-based contracts. Meanwhile, in Singapore, over 70% of senior government appointments are made through open, competitive processes with clear, time-bound mandates. The UAE's Federal Competitiveness Authority ties ministerial bonuses to delivery of national targets, with real-time dashboards accessible by the Prime Minister. In Pakistan, even the Prime Minister's Delivery Unit, established in 2013, has lost momentum, with most ministries still operating in silos.

If Pakistan is to reach its $1 trillion goal, it must institutionalize contract-based recruitment for top positions, open mid-career paths for technocrats, and create a "delivery unit" within the Prime Minister's Office with the power and resources to coordinate reforms across ministries. The civil service promotion system must be overhauled to reward skill, innovation, and results - not just tenure.

Government as a Corporate: The Case for Entrepreneurial Statecraft Pakistan's government must be run like a high-performing corporate, not a caretaker bureaucracy. This means ruthless prioritization, customer-centric service design, and relentless measurement of what works.

Government expenditure as a share of GDP remains stuck at around 19%, yet less than 1% of that is spent on research, innovation, or digital transformation. The public financial management system is both paper laden and opaque: in 2022, over half of all government departments failed to submit audited accounts on time, leading to leakages estimated at 3% of GDP annually.

The private sector's best practices zero-based budgeting, agile project management, continuous feedback loops should be imported wholesale. Fiscal discipline and agility are equally critical. The government's current approach to budgeting and procurement is slow and compliance-focused, with less than 5% of procurement handled through digital platforms, compared to over 80% in Estonia. Dynamic reallocation, expenditure tracking, and results-based procurement must become the norm. Rwanda's Imihigo performance contracts, which cascade national development targets down to local government chiefs with transparent public dashboards and direct accountability to the president, offer a compelling model.

The Road to 2035: Critical Interventions

To reach $1 trillion by 2035, Pakistan must make service digitization a non-negotiable priority: every citizen-facing service should be digital by 2028, with full interoperability across ministries and provinces. Performance-based contracts must become mandatory for all senior public sector appointments, linking career progression and incentives directly to economic and social targets. The establishment of a national Delivery and Transformation Unit, reporting to the Prime Minister, is essential to drive cross-ministerial reforms and troubleshoot bottlenecks. Public sector recruitment should be opened to mid-career professionals from technology, business, and academia, breaking the monopoly of generalist cadres and injecting much-needed expertise. Real-time, data-driven budgeting and expenditure management must be adopted across federal and provincial governments, with annual regulatory reviews to remove obsolete rules and streamline investment processes. Without such changes, the economy will continue to underperform: productivity in the public sector rose by just 0.7% annually between 2010 and 2020, well below the 2.5% average seen in high-growth Asian economies.

Every year of drift costs Pakistan dearly. Demographics alone will not deliver growth; only a state that is agile, digital, and accountable can unlock the creative energies of its people. The examples of the UAE, Saudi Arabia, and Rwanda show what is possible when the government acts as a catalyst, not a constraint.

The $1 trillion economy is within reach but only if Pakistan is willing to govern smarter, not just harder. The future belongs to nations that get the basics right, at scale, and at speed.

STRATEGIC LENS

Beyond Stabilization: Putting People First

Aligning Labour Markets, Households, and Growth

Executive Summary:

Pakistan has hard earned macroeconomic stabilization through difficult but necessary reforms. Fiscal consolidation, tighter monetary policy, energy price rationalization, and external adjustment have helped restore short-term stability and avert deeper economic dislocation. Yet evidence from the recent Household Integrated Economic Survey (HIES) and the Labour Force Survey (LFS) shows that households have absorbed much of the adjustment cost while the labour market has struggled to generate productive employment at scale. Stabilization has largely been financed through compressed household welfare rather than rising productivity or expanded opportunity. This article argues that the next phase of reform must focus decisively to place people workers, households, and firms at the centre of economic strategy.

BY
NADEEM JAVAID
THE WRITER IS VICE CHANCELLOR OF THE PAKISTAN INSTITUTE OF DEVELOPMENT ECONOMICS (PIDE) AND MEMBER OF THE PLANNING COMMISSION OF PAKISTAN.

Key Policy Takeaways:

- Stabilization must be followed by labour-absorbing growth
- Households cannot continue to finance adjustment through welfare compression
- Job creation depends on firm scaling, not informality
- Productivity gains must be sequenced with employment expansion
- Skills, technology, and labour policy must move together

1. Beyond Stabilization: Why the Next Phase Matters

Pakistan's recent macroeconomic stabilization marks an important and necessary milestone. After years of repeated balance-of-payments crises, rising debt vulnerabilities, and macroeconomic volatility, difficult decisions were unavoidable. Measures related to fiscal discipline, energy pricing, and import management have helped restore a measure of order to the macro framework and improved short-term confidence.

Yet stabilization is not an end goal. It is a transition phase. History shows that countries that stop at stabilization often relapse, as social stress, weak growth, and political resistance undermine reform momentum. The real test is whether macro stability can now be translated into improved livelihoods, productive employment, and durable growth.

“Pakistan has stabilized its economy—but not yet the lives that depend on it.”

2. What Households Are Absorbing

The HIES provides a grounded view of how macroeconomic adjustment has been experienced at the household level. While average nominal incomes have risen by 97 percent, household expenditures have increased at a faster pace of 113 percent, driven largely by non-discretionary costs such as food, energy, transport, housing, and healthcare. For many families, this has meant a sustained erosion of real purchasing power.

Households have adjusted not only by cutting back on consumption, but by downgrading consumption quality. Per-capita intake of essential food items has declined, preventive healthcare is postponed, and education-related spending is increasingly constrained. These coping strategies are rarely visible in headline macro indicators, yet they quietly undermine human capital formation and future earning potential.

Savings buffers, particularly among lower- and middle-income households, have thinned significantly. Informal borrowing has increased, and vulnerability to shocks has risen. Household resilience has delayed the social manifestation of adjustment, but resilience has limits. Without a recovery in real incomes and job quality, temporary coping risks may turn into long-term impoverishment.

3. Why Work No Longer Guarantees Security

The Labour Force Survey helps explain why household stress persists even among the employed. Pakistan adds roughly 2.5 to 3 million new workers to its labour force each year, yet absorbs only about half in productive employment. The remainder enter low-paying informal activities, remain underemployed, or exit the labour force altogether after getting discouraged.

Youth face the sharpest constraints, encountering prolonged school-to-work transitions and weak returns on education. Female labour force participation remains among the lowest in the region, reflecting both social constraints and the limited availability of suitable, safe, and productive job opportunities.

In a labour market that is not generating sufficient quality jobs, increased female participation initially produces a “scarcity reshuffle” more people competing for a fixed pool of opportunities. Employment, increasingly, does not guarantee income security, reinforcing household stress and inequality.

4. The Structural Constraint: Productivity Without Absorption

At the core of Pakistan’s labour challenge lies persistently low labour productivity. The economy is locked into a low-skill, low-productivity equilibrium, reinforced by informality, weak firm scaling, limited access to finance, and underinvestment in workforce development. Most workers are employed in small, informal firms that neither grow nor train creation.

Productivity-led growth is essential for long-term competitiveness, but in the short run it presents risks if not sequenced carefully. Automation, digitization, and artificial intelligence can reduce labour demand unless paired with labour-absorbing sectoral expansion.
The challenge, therefore, is not choosing between productivity and employment, but sequencing them correctly; broadening the employment base while upgrading skills and technology so that productivity gains reinforce, rather than replace, jobs.

5. Strategic Pivot: Turning Stability into Opportunity

The post-stabilization phase demands a strategic pivot that aligns labour absorption, productivity growth, and household welfare. Growth incentives must be rewired toward firm scaling and skills investment in labour absorbing sectors such as agro-processing, IT-enabled services, light manufacturing, construction, and tradable services.
Labour market institutions need reform to encourage mobility, formal hiring, and skill matching rather than protecting informality. Technology policy must be integrated with human capital development so that digital adoption raises worker productivity instead of displacing labour.

Upgraded labour export strategies focused on skills rather than numbers can complement domestic reform by supporting remittances, knowledge transfer, and international labour mobility. Above all, households must no longer be treated as passive shock absorbers. Social protection, education, and health spending are productivity-enhancing investments essential for sustained growth.

Conclusion:

Macroeconomic stabilization has created an opening but not a guarantee. Putting people first means ensuring that work leads to dignity, productivity, and upward mobility, and that households are no longer the silent financiers of macroeconomic adjustment. A focused economic strategy is required, one that aligns growth with jobs, productivity with inclusion, and reform with social resilience. If used wisely, this moment can transform stabilization into a foundation for lasting prosperity rather than a pause before the next crisis.

STRATEGIC LENS

Strengthening Human Capital Through Cooperative Federalism

Reflections on the FY 2026 Budget

BY
DR IMTIAZ AHMED
CHIEF ECONOMIST
MINISTRY OF PLANNING, DEVELOPMENT, & SPECIAL INITIATIVES

URAAN Pakistan is a strategic policy framework that aims to promote inclusive growth, human development, and long-term economic resilience. It envisions a future where every child receives world-class education, and every family can access quality healthcare with dignity. This vision is influencing institutional approaches to public financial management, with implications for planning, budgeting, and intergovernmental coordination. The FY 2026 budget brings this commitment to life by advancing a shift from centralized control to collaborative progress, anchored in the principles of cooperative federalism.

Under the guidance of the 18th Constitutional Amendment and reinforced by the National Fiscal Pact, the system now empowers provinces to lead in service delivery while the federal government focuses on strategic investment-i.e. supporting digital learning, national scholarship programs, disease prevention, and maternal health initiatives. This is not just fiscal reorientation; it is a development philosophy rooted in trust, shared responsibility, and people-first governance.

With 57.5 percent federal divisible pool revenues allocated to provinces, the financial and administrative authority for planning, financing, and implementing policies in these critical sectors, i.e., education affairs and services and health, rests predominantly at the subnational level. This realignment has been further reinforced by the National Fiscal Pact, which calls for the rationalization of federal expenditures and a greater role for provinces in delivering services in devolved subjects. As such, the apparent federal allocations must be viewed within this broader structural transformation, where the federal government's role has transitioned toward policy coordination, standard-setting, and targeted support, while provinces are constitutionally mandated to lead service delivery. This reflects a mature federal model that emphasizes responsiveness and localized accountability in human development.

Education and health are key components of Pakistan's development agenda under the URAAN Pakistan initiative, with federal efforts focusing on transforming these key sectors. Education spending will increase to 4 percent of GDP by 2028-29, ensuring greater investment in infrastructure, teacher training, and learning resources.

Key education goals include a 24 percent rise in early childhood education enrollment and a 10 percent increase in the national literacy rate, with a focus on modernizing curricula, integrating digital tools, and mainstreaming Madrassa education. In healthcare, the plan aims to increase the Universal Health Coverage Index by 12 percent, with a strong emphasis on expanding rural healthcare accessibility, improving governance, and adopting digital solutions like telemedicine.

The government will also develop human capital in the health sector through specialized training programs and better resource allocation. This national transformation plan includes targeted federal interventions such as TeleSchool Pakistan for digital outreach, Sehatmand Pakistan to enhance primary healthcare infrastructure in underserved regions, and the National Disease Control Program targeting hepatitis and diabetes. Complementary efforts include cardiac care expansion under the Health Infrastructure Revolution, the National Nutrition Drive, and Education Stipends to dismantle access barriers.

At the national level, for FY 2025-26, the consolidated budgetary allocations for education and health have continued to grow. Total consolidated funding (federal and all provinces combined) for education has increased by 30 percent, rising from PKR 1,055 billion (FY 2025 revised estimate) to PKR 1,367 billion in FY 2026. Similarly, health allocations have grown by 9 percent, from PKR 1,020 billion to PKR 1,116 billion. As a share of GDP, education expenditure has increased from 0.92 percent to 1.05 percent. Both current and development spending have shown encouraging trends. In FY 2026, provinces demonstrated strong fiscal commitment to education, with Punjab increasing its allocation by 52 percent, Sindh by 42 percent, Khyber Pakhtunkhwa by 18 percent, and Balochistan by 15 percent, reflecting a nationwide effort to prioritize human capital investment.

Furthermore, in education, current expenditure increased by 25 percent, rising from PKR 834 billion in FY 2025 to PKR 1,040 billion in FY 2026. Development expenditure surged by 48 percent, increasing from PKR 220 billion to PKR 327 billion. In the health sector, current expenditure grew by 5 percent, from PKR 845 billion to PKR 885 billion, while development spending jumped by 32 percent, moving from PKR 175 billion to PKR 231 billion.

These figures reflect a strong national commitment to human development, affirming that both education and health continue to receive focused investment within Pakistan's evolving constitutional and fiscal landscape. These upward trends, observed across both current and development spending, indicate that provinces are increasingly stepping up their constitutional role in social service delivery, while the federal government continues to provide strategic direction and support. Much of the media discourse has focused on a perceived decline in federal allocations for education and health. However, analyzing these figures in isolation risks misunderstanding Pakistan's evolving fiscal federalism. Critically, this realignment is not an isolated adjustment but a deliberate step in realizing URAAN Pakistan's transformative vision, where provincial leadership in service delivery is matched by federal stewardship of equity and innovation. Under the 5Es Framework, specifically the ' Equity, Ethics & Empowerment' pillar, the federal role now focuses on setting national standards, bridging cross-provincial gaps, and tackling systemic threats.

This synergy transforms decentralization from administrative theory into a performance-driven engine: provinces tailor solutions to local needs while federal initiatives ensure no one is left behind, driving toward URAAN's targets.
Still, the federal government is not limiting itself to a stewardship role; rather, it remains actively involved in driving education and skills development across Pakistan. Key initiatives include nationwide scholarships delivered through BISP and HEC, skills training and certification programs through NAVTTC, and the expansion of higher technical education via the National Skills University.

The PM Youth Development Program has become a coordinated effort aimed at expanding access to skills development and employment pathways for youth. The Daanish School model, once confined to basic education, is now being transformed into Daanish University. Additionally, the federal government has established National Centers in cutting-edge fields such as Artificial Intelligence, Big Data, Cloud Computing, Robotics, Cybersecurity, and GIS, demonstrating federal alignment with emerging global trends in STEM and digital capacity-building.

The FY 2026 budget reflects not just a fiscal plan, but a strategic document that reaffirms the commitment. This is the essence of URAAN Pakistan; a vision that places people at the heart of policymaking, one that sees education and health not as costs, but as catalysts for inclusive prosperity. By empowering provinces to lead and by anchoring our efforts in transformative governance, we are shaping a future where development is not imposed from above but built from the ground up. Let us continue to nurture this model with sincerity, trust, and shared purpose. Through collective resolve, we will truly rise together.

STRATEGIC LENS

Pakistan's Private Sector

Engine for Export-Led Growth

The private sector is not just a stakeholder in this journey; it is the engine that must drive it.

BY
DR SOHAIB HASSAN
MEMBER, PRIVATE SECTOR
MINISTRY OF PLANNING, DEVELOPMENT & SPECIAL INITIATIVES

Pakistan finds itself at a crossroads of extraordinary potential and urgent necessity. With a population of over 240 million, abundant natural resources, and a strategic location bridging South Asia, Central Asia, and the Middle East, the country possesses all the ingredients for economic greatness. Yet, despite these advantages, Pakistan has remained trapped in a cycle of consumption-driven growth and an alarming dependence on imports.

Today, as global supply chains reshape themselves in the post-pandemic world, Pakistan has a unique window of opportunity to position itself as a manufacturing and export powerhouse. The private sector, with its inherent dynamism and innovation, must emerge as the protagonist in this narrative of national renewal. However, the path forward has been clouded by a fundamental challenge that has plagued Pakistan's economic planning for decades: the absence of reliable, real-time data.

The Uraan Pakistan framework, with its ambitious 5E vision (Exports, Equity, E-Pakistan, Environment, Energy & Infrastructure, and Empowerment), represents a bold new approach to national development. Yet, one of the most critical realizations of this framework is acknowledging that Pakistan has historically operated in a data-deficient environment. Without accurate, timely information on industrial capacity and sectoral performance, policymakers have often been forced to make decisions in the dark.

Infrastructure: Prerequisite for Inclusive Growth

In the bustling industrial districts of Karachi, Lahore, and Faisalabad, the cost of moving goods tells a sobering story. Pakistani exporters watch helplessly as transport and freight costs devour 20% of their export earnings, a staggering figure that is double the rate faced by their Chinese competitors.

According to World Bank data (2023), Pakistan's logistics costs account for 18 to 20% of GDP, compared to just 8 to 10% in China and Vietnam. Meanwhile, power outages continue to plague manufacturing units, with energy shortages alone draining 2% of GDP annually. Industrial zones face 6 to 8 hours of power cuts daily, pushing manufacturers toward costly diesel generators (Lahore Chamber of Commerce, 2024), which not only inflate operating costs but also disrupt production schedules

The World Bank's assessment is clear: Pakistan needs to invest 7 to 8% of its GDP annually just to bridge the infrastructure gap that separates it from regional competitors. The Asian Development Bank echoes this urgency, estimating that tens of billions of dollars must be mobilized to create the highways, ports, power grids, and digital networks that will enable Pakistan's export transformation. Yet, the scale of the challenge is underscored by the fact that only 4% of Pakistan's freight moves by rail, compared to 30 to 40% in India. This highlights the pressing need for railway modernization, particularly projects like the ML-1 upgrade, which could slash freight costs by up to 40%.

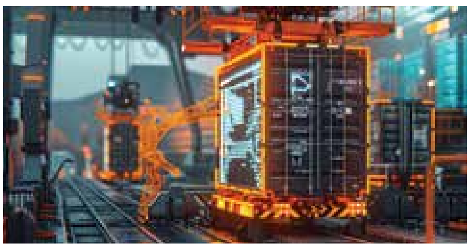
Diversification: Beyond the Comfort Zone

Walk through Pakistan's export offices, and you'll encounter a troubling reality: textiles account for 60% of all exports, creating a dangerous over-reliance that leaves the entire economy vulnerable to global cotton price fluctuations and shifting fashion trends. The COVID-19 pandemic starkly illustrated this vulnerability when global apparel demand plummeted, sending shockwaves through Pakistan's export earnings. The future demands courage to venture beyond familiar territories and embrace eight transformative sectors that could redefine Pakistan's position in the global economy.

The journey toward diversification is not about abandoning Pakistan's textile heritage but rather about building upon it while simultaneously nurturing new engines of growth. Each of these eight sectors represents a different chapter in Pakistan's export story: some require building from modest foundations, others demand scaling up existing capabilities, and a few need a complete reimagining of how Pakistan presents itself to the world.

Together, they form a comprehensive ecosystem that can insulate the economy from single-sector shocks while positioning the country as a multi-dimensional player in global trade.

Manufacturing and Engineering Goods



Pakistan's engineering exports currently stand at a modest \$300 million (PKR 83.4 billion), a figure that pales in comparison to Thailand's impressive \$30 billion (PKR 8.34 trillion). Yet, this disparity driven by the automotive industry's shift toward electric vehicles and the growing automation across manufacturing sectors. The key lies in upgrading from basic assembly operations to high-precision manufacturing, investing in computer-controlled machinery, and developing quality certification systems that meet international standards. However, only 15% of engineering firms in Pakistan currently use CNC machinery (Pakistan Engineering Council, 2023), highlighting a critical gap in technological capability. Furthermore, tapping into the $50 billion global EV supply chain could serve as a catalytic opportunity for the auto parts subsector (UNIDO, 2024).

The pharmaceutical sector presents one of Pakistan's most compelling export opportunities, currently generating $800 million (PKR 222.4 billion) in exports—a figure that seems modest when compared to India's $25 billion (PKR 6.95 trillion) pharmaceutical export industry. However, the global pharmaceutical landscape is evolving rapidly, with increased demand for generic drugs, biosimilars, and specialized medications for chronic diseases. Pakistan's pharmaceutical industry has built a strong foundation in generic drug manufacturing, with several companies already meeting WHO-GMP standards.

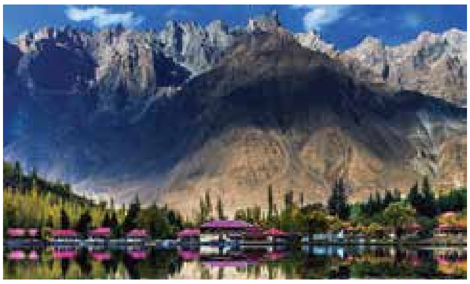
Yet, 80% of active pharmaceutical ingredients (APIs) are still imported (DRAP, 2023), limiting self-reliance and constraining export scalability. The path to reaching $5 billion (PKR 1.39 trillion) in pharmaceutical exports by 2030 requires strategic investments in FDA and EMA compliance, research and development capabilities, and domestic production of APIs. Currently, only five Pakistani plants are FDA-approved, compared to over 500 in India (USFDA, 2024), signaling a competitive disadvantage that must be urgently addressed.

Information Technology and Digital Economy

Pakistan's IT story is already one of remarkable growth, with exports reaching $3.142 billion in fiscal year 2025, supplemented by an additional $567 million from freelancers working across global platforms. The global technology sector is experiencing unprecedented expansion, driven by digital transformation, artificial intelligence, and the growing demand for software solutions across all industries. Pakistan's young, English-speaking population provides a natural advantage in this sector, but achieving the ambitious target of $10 billion (PKR 2.78 trillion) by 2030 requires systematic upgrades to digital infrastructure, including a nationwide 5G rollout and the integration of international payment platforms like PayPal and Stripe. However, the 5G rollout has been postponed to 2027 due to unresolved spectrum pricing issues (PTA, 2024), delaying critical improvements in connectivity.

At the same time, 70% of freelancers still rely on informal channels for payments due to PayPal's absence (Karachi Fintech Survey, 2024), creating friction in earnings and limiting access to global clients. . The current venture capital investment of just $350 million (PKR 97.3 billion) annually needs to increase dramatically to fuel.

Services: Logistics, Tourism, and Fintech



Pakistan's services sector represents a sleeping giant, with tourism alone generating approximately $1 billion (PKR 278 billion) annually despite having the potential to reach $30 billion (PKR 8.34 trillion). The global tourism industry is shifting toward experiential and cultural tourism, areas where Pakistan's rich history and diverse landscapes provide unique competitive advantages. Religious tourism, particularly targeting the Muslim world, and eco-tourism focused on Pakistan's northern mountainous regions can attract premium travelers seeking authentic experiences. Simultaneously, Gulf investors, in particular, are actively seeking investment opportunities in Islamic fintech solutions, positioning Pakistan to become a regional hub for innovative financial services that align with Islamic principles while serving modern business needs.

Manpower Exports

The $38 billion in remittances that overseas Pakistanis sent home in 2025 tells a story of both success and missed opportunity. While these workers have provided crucial foreign exchange earnings, the majority are engaged in low-skilled labor in construction and services. The global labor market is evolving rapidly, with acute shortages emerging in healthcare, information technology, and specialized engineering fields. Countries across Europe, North America, and the Gulf are actively seeking skilled professionals in nursing, software development, renewable energy systems, and advanced manufacturing.

Pakistan can transform its manpower export strategy by investing heavily in vocational training programs that align with international certification standards, particularly in nursing education, IT skills development, and engineering specializations. With projected demand for 200,000 Pakistani nurses in GCC and EU markets by 2030 (WHO, 2023), the current output of only 5,000 certified nurses annually (PNC, 2024) underscores a critical training gap. This shift from quantity to quality in manpower exports could potentially double or triple the average earnings per overseas worker while addressing critical skill shortages in destination countries.

Mines and Minerals

Beneath Pakistan's diverse landscape lies mineral wealth that remains largely untapped, representing one of the country's greatest unexploited economic assets. Global demand for minerals is surging, driven by the renewable energy revolution's need for lithium, rare earth elements, and copper, as well as traditional demand for coal, gold, and gemstones.

Pakistan's mineral sector suffers from inadequate geological surveys, a lack of transparent data, and insufficient investment in extraction infrastructure. With proper geological mapping, transparent licensing procedures, and strategic partnerships with international mining companies, Pakistan's mineral exports could realistically reach $3 to $5 billion (PKR 834 to 1,390 billion) annually.

Reko Diq alone could attract over $5 billion in foreign direct investment if security conditions improve, presenting a singular opportunity in Balochistan (Barrick Gold, 2024). The development of specialized mineral processing zones, combined with value-added processing capabilities, can ensure that Pakistan captures maximum value from its natural resources rather than simply exporting raw materials.

Blue Economy

Pakistan's 1,046-kilometer coastline along the Arabian Sea represents an underutilized economic frontier, with current fisheries exports of $450 million (PKR 125.1 billion) representing just the beginning of potential blue economy development. Global seafood consumption is rising steadily, driven by health conscious consumers and growing populations in and growing populations in Asia and Africa. Pakistan can expand its fisheries exports to $2 billion (PKR 556 billion) through investments in deep-sea fishing vessels, modern processing facilities, and aquaculture development. The development of Gwadar Port as a regional logistics hub is crucial not just for Pakistan but also for serving as a gateway for Central Asian and Chinese trade. This strategic positioning can generate significant revenue through port services and value-added processing of goods in transit, transforming Pakistan's coastal regions into dynamic economic zones.

Creative Industries

The global creative economy is experiencing unprecedented growth, driven by streaming platforms, digital content consumption, and increasing global appreciation for diverse cultural expressions. Pakistani music, particularly Sufi and contemporary fusion genres, has gained international recognition, while Pakistani fashion designers are making a mark in global markets. Pakistan's media, fashion, and music industries currently earn a modest $100 million in exports. Despite generating $20 million annually from platforms like Spotify (2023), Pakistani artists lose up to 80% of their potential income to piracy (IFPI), severely limiting revenue growth. Similarly, intellectual property theft in fashion curtails export potential, which could otherwise reach $300 million (PFDC, 2024). With stronger IP protection, strategic partnerships with international streaming platforms, and greater investment in digital content production, Pakistan's creative industries could exceed $1 billion (PKR 278 billion) in exports while simultaneously enhancing the country's soft power and global cultural influence.

Agriculture and Agri-Processing

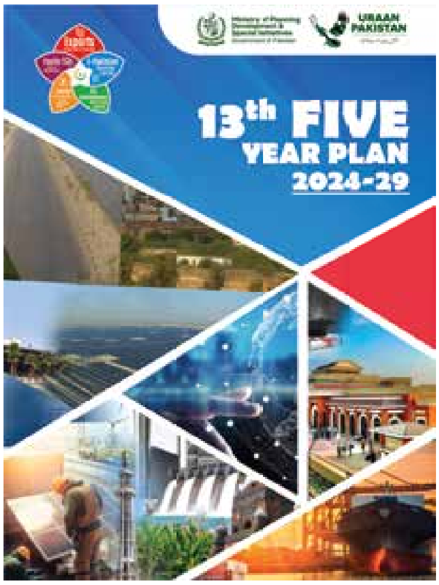
Agriculture remains Pakistan's largest employer and a significant export earner at $5 billion (PKR 1.39 trillion), yet only 5% of agricultural output undergoes processing—a stark contrast to Thailand's 30% processing rate. Post-harvest losses for fruits and vegetables reach up to 40%, particularly due to lack of cold chains and logistics infrastructure (FAO, 2023). This represents not just lost value addition but also missed opportunities in global food markets that increasingly demand processed, packaged, and branded products.

With only 200 halal-certified Pakistani firms (PSQCA, 2024), expanding certification could unlock access to high-growth halal markets in the EU and GCC. China alone represents over $1 billion (PKR 278 billion) in unmet demand for halal meat products. Middle Eastern and African markets also offer substantial opportunities for processed foods, particularly products that combine traditional flavors with modern packaging and convenience.

Global Market Reach: Expanding Beyond Traditional Boundaries

Pakistan's export journey must embrace both the familiar and the unexplored. While traditional markets in North America and Europe continue to offer substantial opportunities for textiles, pharmaceuticals, and IT services, emerging markets present exciting new frontiers. The Middle East and Gulf regions are experiencing unprecedented demand for halal foods, construction materials, and Islamic fintech solutions, driven by both growing populations and increasing purchasing power. Africa's rising middle class creates opportunities for pharmaceuticals, light engineering products, and processed foods, while East Asia offers potential for supply chain integration in electronics, automotive components, and agricultural technology. This geographical diversification strategy reduces dependence on any single market while positioning Pakistan to capitalize on the fastest-growing regions of the global economy.

Enabling Reforms: Creating the Framework for Success



The ease of doing business must improve through simplified customs procedures. Currently, customs delays average 72 hours. Faster tax refund processes with $2 billion remaining stuck in pending tax refunds (World Bank & FBR, 2024) and digitized licensing systems are essential. Energy costs, currently averaging 9.5¢/kWh, need to be reduced to 5¢ through renewable energy investments in industrial zones.
Small and medium enterprises, which contribute 40% of GDP but receive only 6% of total credit, require expanded access to financing through initiatives like the PKR 30 billion SME fund and replication of successful cluster models like Sialkot's sports goods industry. Expanding credit guarantees with 50% risk-sharing could unlock $5 billion in SME loans.

The Road Ahead: Transforming Vision into Reality

The Uraan Pakistan framework has established a comprehensive roadmap with the 13th Five-Year Plan setting achievable yet ambitious targets: $10 billion (PKR 2.78 trillion) in IT exports, $5 billion each (PKR 1.39 trillion) in pharmaceuticals and agri-processing, and $3 to 5 billion (PKR 834 to 1,390 billion) in minerals and blue economy exports. Achieving a $100 billion (PKR 27.8 trillion) export economy by 2035 requires unprecedented coordination between public and private sectors, sustained investment in human capital and infrastructure, and an unwavering commitment to reforms that enable rather than hinder business growth.

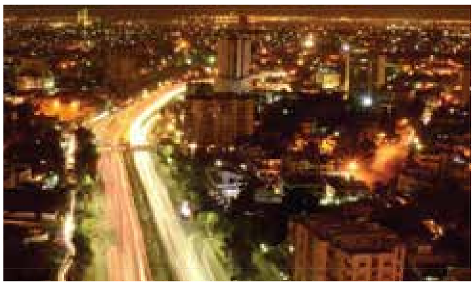
Priority reforms such as fast-tracking 5G deployment, integrating payment platforms like Stripe and PayPal, and launching a national single-window trade platform could each unlock $1 billion or more in annual economic value.

This transformation is not merely an economic necessity; it is Pakistan's path to reclaiming its historical position as a vibrant trading nation that connects continents and cultures. With visionary leadership, data-driven decision-making, and the unleashed potential of its private sector, Pakistan can write a new chapter in its economic history one that transforms challenges into opportunities and dreams into measurable achievements.

The journey toward export-led growth is not just about reaching financial targets. It is about building a Pakistan that its citizens can be proud of and the world can rely upon as a stable, prosperous, and innovative partner in global commerce.

Conclusion

Pakistan stands at a defining moment where its vast economic potential, urgent need for progress, and growing institutional readiness must come together. The Uraan Pakistan framework, aligned with the 13th Five-Year Plan, offers a clear and ambitious vision built around key pillars: Exports, Equity, E-Pakistan, Environment, Energy & Infrastructure, and Empowerment. But having a vision isn't enough. What truly matters is turning that vision into reality through strong coordination, credibility, and effective delivery. This transformation goes beyond numbers. It is Pakistan's chance to reclaim its historic role as a vibrant trading hub, bridging continents and cultures. With visionary leadership, data-driven choices, and the passion of its private sector, Pakistan can turn challenges into opportunities and ambitions into real, tangible results. Building an export-led economy isn't just about meeting targets; it is about creating a country its people can be proud of and a partner the world can trust.



To unlock this potential, however, Pakistan must tackle long-standing hurdles: widespread informality, low productivity, scattered policies, infrastructure gaps, and unpredictable regulations. These barriers have held back investment, innovation, and competitiveness. Countries like Vietnam and Bangladesh have shown that focused institutional reforms grounded in data, collaboration, and support for businesses can transform a nation within a generation.

One of Pakistan's biggest challenges is the lack of real-time, reliable economic data. Without this, policies are often based on outdated assumptions that don't reflect current market realities, such as industrial capacity or skills shortages. This results in missed opportunities and misallocated resources. What Pakistan needs is a dedicated platform to generate actionable insights, track progress, and translate vision into targeted action. To bridge the gap between economic vision and on-ground transformation, Pakistan must establish a national institution dedicated to strategic economic intelligence and coordinated execution, embedded within the Ministry of Planning, Development & Special Initiatives. This platform should not function as a conventional think tank, but as a high-impact engine for structural reform and export acceleration.

At its core would be robust, real-time intelligence systems that diagnose productivity gaps, map sectoral strengths, and align regional capabilities with national priorities. By generating actionable insights on industrial performance, innovation trends, and global competitiveness, this intelligence architecture would serve as the foundation for all downstream interventions. This ensures that reform is not only evidence-based but also strategically coherent.

Building on this backbone, the institution would operationalize reform through a portfolio of specialized, outcome-driven programs. These would include initiatives to formalize informal enterprises, enhance SME access to finance, strengthen ertification and quality systems, embed sustainability into production, and support entrepreneurial and innovation ecosystems. Importantly, it would also invest in applied human capital by cultivating industry-ready talent and facilitating commercialization of academic research. Together, these initiatives would create a full-cycle transformation model, from diagnosis to delivery.

But without the enabling role of deep structural intelligence and productivity benchmarking, such interventions risk fragmentation. By placing data, foresight, and regional specialization at the center of national planning, Pakistan can finally unlock the full potential of its private sector and position itself as a competitive player in the global economy. This approach draws inspiration from global success stories like Singapore's EDB, Malaysia's MIDA, and Chile's CORFO, which have linked data, finance, and industrial policy to build export competitiveness.

In today's fast-changing digital world, success depends not just on cost but on smart coordination, reliable data, agility, and trust. Pakistan already has powerful assets: a young and dynamic population, a strong global diaspora, rich natural resources, and emerging sectors ready to grow. But potential alone isn't enough. Execution is key. A strong, central platform that connects strategy with delivery, led by the Planning Ministry and responsive to private sector needs, can become the backbone of this export revolution. This journey is about more than hitting numbers. It is about shaping an economy that is resilient, competitive, inclusive, and worthy of the 21st century. With the right reforms, tools, and leadership, Pakistan can turn its hopes into lasting prosperity and a brighter future for all its people.

The time to act is not tomorrow. It is now. As Iqbal said,

جہانِ تازہ کی افکارِ تازہ سے ہے نمود

کہ سنگ و خشت سے ہوتے نہیں جہاں پیدا

"The emergence of a new world comes from new ideas,
For worlds are not created from bricks and stones."

IN FOCUS

Agriculture Production Decline of 2025

Is it an Opportunity or a Crisis?

The private sector is not just a stakeholder in this journey; it is the engine that must drive it.

BY
DR MUBARIK ALI
CONSULTANT, AGRICULTURE & FOOD SECURITY
MINISTRY OF PLANNING, DEVELOPMENT & SPECIAL INITIATIVES

Agriculture production of wheat, maize, and cotton has declined significantly from FY2024 to FY2025, which has plummeted the sector annual growth from the target rate of 4.4% to only 0.57%. Although, it is statistically inappropriate to compare the performance of a sector in a particular year with its peak performance level in the previous year, this one-year decline has created a political uproar presenting it as a sign of long-term productivity and farmers' income 'crisis', without diving into its causes. Here the causes of the decline in wheat and maize production during 2025 are discussed, leaving cotton for another note, as root causes of the grain crops decline are common but different than those in cotton.It is concluded that this decline in wheat and maize production is related to farmers' response to changing market situations, which in fact is a healthy sign and indicate their ability to optimally allocate resources to market signals.

In fact, this provides an opportunity for crop diversification, and the government should support this by strengthening market and value chains of new emerging potential crops. Such phenomenon is part of the cyclical trend, usually happens after every 7-10 years, and shows no sign of long-term productivity decline or food security crisis in the country, provided that the existing wheat stocks and imports are managed efficiently. It would be erroneous to relate this phenomenon with the recent government policy reforms to leave the agricultural markets uninterrupted as it would have happened with or without government intervention. To smooth out the impact of fluctuations in crop production on the income of producers and consumers, a stabilization tax-subsidy mechanism is proposed.

Wheat

During FY2025, the total wheat output in Pakistan was estimated at 28.98 million tonnes, marking an 8.9% decline from the record-high harvest of 31.81 million tonnes during FY2024. About three-fourth of this decline was contributed by 6.8% loss in its cultivated area from 9.7 million ha to 9.1 million ha, i.e., a loss of 0.6 while per ha yield of 3193kg during 2025 was maintained at almost previous year's peak of 3,264 kg/ha.

The production of wheat during FY2025, although 8.9% lower than the previous year peak, was still 4.1% higher than the last five-years' average. Similarly, per hectare yield, although 2.2% lower than its peak in 2024, was 5.0% higher than the previous five years' average. Indeed, a respectable growth more than double the population growth in the country.

It is worth noting that such so called 'crises' in wheat production is not new in the country. Over the FYs 2017 and 2018, it declined 6%, between FYs 2011 and 2012 there was a 7% decline, and wheat production reduced by 9.8% over the FY2000 and FY2001. Over these three periods, per ha wheat yield lowered by 4.1%, 4.2%, and 6.6%, respectively. Thus, serious decline in wheat production is a regular phenomenon happened after every 7-10 years' period.

However, a 6.5% decline in cultivated area under wheat looks relatively high as historically it drops maximum 2-3% from its previous year level. This decline in FY2025 was in response to a sudden drop in wheat farmgate (harvest time) price from PKR4000 in 2023 to PKR3000 in 2024. This drop, however, was linked with the international trend where wheat prices plummeted from US$380 to US$267 during the respective year.

Clearly, government for the last 20 years the government has been trying to keep the domestic wheat price in line with the international price. When international prices went up as high as >US$380 per tonne in 2022, the government increased the support price from PKR2200 to PKR3900 in just one year. This type of price fluctuation is very common in any commodity market, but more so in agricultural commodities, because they are more prone to environmental factors. A similar slum in agricultural commodity prices of 2024 was also observed in 2016, 2010, and 2000 when it caused similar decline in agriculture production and agriculture growth.

The drop in wheat prices in 2024 and resultant reduction in its production in 2025 was incidentally coincided with the shift in government policy from controlling wheat market through procurement to leave it completely on the private sector. It is worth mentioning that earlier slums in wheat production happened despite the government presence in the market at various levels.

One reason for this policy shift in 2025 from a half century market control was due to its exorbitant cost, and squeezing government's financial space to fund these costs. The operation was sucking liquidity available with the banks as high as PKR540 billion just to purchase 6 million tonnes of wheat by the public sector. In addition, around 90 billion would have been required for incidental and operational cost to manage the wheat stock. Similar costs during the previous years and losses in public sector wheat marketing have resulted in a circular debt of over PKR1.0 trillion.

During 2025, it was politically very difficult for the government to keep such a big difference in international and domestic prices, or announce such a dramatic reduction in wheat prices by itself. Thus, it left the price to decline through market forces.

Leaving the wheat market uninterrupted by the public sector, either due to political, market, or financial constraints, was in fact a wise decision as doing business is not the government's job and the cost of doing this business was exorbitant. It has freed lots of space for private sector investment in the wheat market, as well as resources for the government to meet other more important socioeconomic development obligations, like agriculture research, education, etc.

Private sector has done a good job to keep the wheat prices closer to international market, thus making government intervention irrelevant anyway. This has also provided an opportunity for the government to free the international trade of wheat from Pakistan. Research has shown that private sector import without government control is much cheaper than that with public sector controlled.

The government move to leave the domestic market uninterrupted will not compromise the food security situation in the country, as enough wheat reserves were available in the public and private sector just before the harvest time to compensate the loss in wheat production in 2025. However, it would require continuous market vigilance and timely decisions for import of wheat, if necessary.

How has the lower wheat production affected the agriculture sector? The reduction in wheat area by 635 thousand ha was utilized by other high value crops. Sesamum alone picked up 339 thousand ha, rice area was up by 252 thousand ha, while rapeseed and mustard area increased by 65 thousand ha. All these are international (i.e., exportable or importable) products, thus expected to improve the trade balance of the agriculture sector. This enhanced crop diversity is indeed good for production sustainability of the crop sector, which will reduce farmers' dependence on a low value wheat crop and enhance their income by moving to high value crops.

As wheat price has further reduced in 2025, the wheat area is expected to further decline. If the government can strengthen the marketing and value chain system of emerging high-value crops, this loss will not be a problem as it would be compensated by the increased area and production of other crops. The government should encourage rather than discourage these market induced substitutions. However, the government has to encourage the private sector to invest in strengthening the market and value chain systems of emerging crops, especially of oilseed and sesamum. The possibility of sesamum processing into oil should also be explored.

This production loss in wheat has reduced the income of those 35% farmers having wheat surplus (with >1 ha farm size), but will not affect the income of remaining 65% farmers (having <1 ha) who do not have any or little surplus to sell in the market. Diversion of crop areas to high value crops have further reduced the number of farmers impacted by the lower wheat production in 2025.

However, the decline in the growth of agricultural GDP is mainly the reflection of lower commodity prices, especially of oilseed, sesamum, etc. as their market system could not properly handle the bumper output of these crops. An important aspect of the lower wheat price during 2025, which is usually overlooked, is improved affordability of wheat for the landless wage earners in rural and urban areas who buy wheat from the market. It is estimated that a monthly wage of unskilled labor could earn 308Kg of wheat during 2023, which has increased to 696Kg in 2025 (estimated as monthly wage of unskilled labor divided by per Kg price of wheat). This improved affordability is expected to reduce malnutrition among the poorest sectors of the society.

Maize

The story of maize is very similar to that of wheat. The 15.4% reduction in maize production from 9739 thousand tonnes in 2024 to 8239 thousand tonnes in 2025 was mainly driven by 12.4% less area under maize from 1641 thousand to 1437 thousand ha, and remaining 3.0% due to lower per ha yield from 5,933kg to 5733kg during the respective year.

International maize prices plummeted from over USD300 in 2022 to USD190 in 2024. Pakistani maize market has been closely linked with its international market, thus domestic prices also reduced from PKR3200 to PKR2000 per maund during these years. This has strongly influenced the maize area under cultivation, which was reduced by 16.4% in two years. However, since January 2025, the international prices have started bouncing back, so have the maize prices in Pakistan to PKR2600 per maund. My conversation with the Rafhan Maize company officials suggests that the maize area under spring maize has greatly recovered. This fluctuation of maize area, in response to its international prices, is a sign of a vibrant sector responding to international and local price trends.

It must be noted that recent decline in maize production is also not unique. Such fluctuations have been occurring in the past, although unlike in wheat, reduction in maize production in the past was solely driven by area. Over the FY2017 and FY2018, area registered a decline of 7.2% causing a decline in production by 3.8% as per ha yield increased by 3.4%. Similarly, over the FY2009 and FY2010, the maize production reduced over 9%, due to 11% reduction in area, as per ha yield registered an increase of 2.0% over the years.

There is no government intervention (like support price and public sector procurement of the commodity) in the maize sector, and it is completely driven by the international market price. On the other hand, the government supports the maize sector by imposing high import (33%) and regulatory duty (14%) on the import of maize. The Rafhan Maize company plays a pivotal role in supplying new maize technologies, like high yielding hybrid seed and threshing technologies to the development of high-yielding hybrid seed and improved farmers through contract farming, especially in the central Punjab province. Threshing technology by the private sector, along with the government regulatory support, have revolutionized maize production during the last twenty years. The government non-intervention policy has been very successful. Maize production has increased from 1737 thousand tonnes in 2003 to 8239 thousand tonnes in 2025, more than a 350% increase in just 22 years, and per year yield increased from 1768Kg to 5,733Kg, i.e. 225% increase, during the period. The modern technologies have provided a cushion to maize production during the odd market situation by not letting it to fall the per ha yield as steep as otherwise would have been.

Conclusion

The big response of farmers to the international price of grain in terms of reducing wheat and maize area, part of a cyclical trend happening after every 7-10 years, is an opportunity for Pakistan to diversify its production system to high-value crops, rather than a threat of food security or loss in farmers' income.

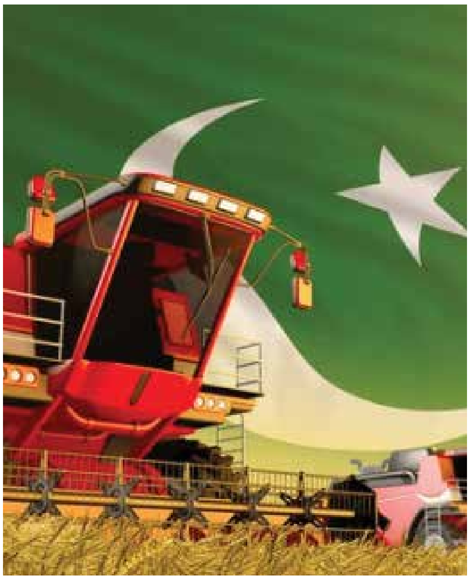
These changes in crop area are in fact healthy, and indicate farmers' ability to adapt to the changing market situation, maximize profit by increasing area of those crops with high demand, and reducing those which have low demand. The government should support this trend by strengthening market and value addition infrastructure of the emerging crops, like sesamum and oilseed. For this purpose, the possibility of sesamum oil extraction should be explored, and import of oilseed can be linked with the development of local oilseed production in the country. These steps can make crop diversification more viable and create jobs in rural areas.

The benefits of the low agriculture commodity prices must be taken to the consumer so that the impact is broad based. For this purpose, the government should monitor the prices of final products of agriculture commodities, like wheat flour, roti, polished rice, etc. Reports are that the prices of these commodities have not declined in proportion to their raw agricultural commodities.

This decline in wheat production has no relationship with the institutional reforms of the government of leaving the agricultural commodity market uninterrupted. If wheat stock was properly managed, it is also unlikely to create wheat shortage in the country, as enough carry over wheat stock was available at the time of wheat harvest to compensate the loss in wheat production in FY2025. It will create a space for the private sector to invest in the wheat market, and has freed big resources for the public sector to invest on its more important obligations, like education, and agriculture research. The adjustment in crop area in response to changes in the market situation is not expected to decrease the income of a large majority of farmers, but instead has improved the accessibility of food to a large majority of the poorest sect of the economy.

Suggestion

1. Government should further reduce its intervention in grain market to allow the farmers to adjust to the emerging new opportunities of high value crops in the market.



2. It is proper time to free the international trade of wheat from Pakistan and allow the private sector to import or export depending upon the local and international market situation. It has been abundantly clear from past experience that government control of imports and exports by the public sector is inefficient and untimely. However, it can keep the strategic reserve in the private sector to intervene only in case domestic prices go far off the international price.
3. The emerging diversification opportunity out of declining grain prices can be harnessed by strengthening the value chain of the emerging new high-value crops, like oilseed, sesamum, etc. The following steps may be taken in this direction:
    - Possibility of sesamum oil extraction can be explored;
    - Imports of oilseed can be linked with the development of its domestic production.
    - The quality of edible oils shall be strictly monitored to create a space for locally produced high quality Canola oil.

These steps will improve the economic viability of crop diversification and create jobs in rural areas. To reduce the impacts of fluctuations in international and domestic market prices of wheat, it is suggested to introduce a “Food Stability Tax” (FST) to be imposed on consumers or producers depending upon the market situation.

When existing indexed-price of wheat (wheat price may be indexed with fertilizer price) is 10% lower than the previous five-years indexed-average-price, FST can be charged from consumers to subsidize the producers to protect them against low price, and vice versa when the existing indexed-price goes 10% higher than the previous five-years’ indexed-average-price. The government can partly subsidize the FST fund as well.

IN FOCUS

The Weight of a Feather

Soft Power as Infrastructure for Influence

The nations that win that corner of the mind do so not with missiles or money, but with music, ideas, cinema, cuisine, generosity, grace

BY
FARAZ MAQSOOD
BRAND SPECIALIST/
FOUNDER D'HAMIDI
PARTNERSHIP

Governments today are no longer just competing over GDP or trade agreements. They're vying for mindshare. That quiet but persistent corner of the world's imagination where identity lives, where admiration is built and where influence silently takes root. And the truth is, the nations that win that corner of the mind do so not with missiles or money, but with music, ideas, cinema, cuisine, generosity, grace—what former assistant secretary of defense and Harvard Dean, Joseph Nye calls soft power.

It's curious that in Pakistan, we often measure power by how loud we are, how fast we grow, or how strong we stand. But real influence, the kind that lingers and leads, tends to be softer, more supple. And in this rebalancing of global narratives, where a Netflix series from South Korea can shift foreign policy conversations, and where a Qatari football stadium can reposition a desert as a hub of futurism, Pakistan has remained largely on the periphery. Not for lack of material, but for lack of orchestration. We have all the instruments. We just haven't composed the score.

Soft power is not the opposite of hard power. It's what surrounds it. It's the ability to attract, to inspire, and to suggest rather than insist. In practice, it's when a Pakistani drama finds a cult following in Latin America. It's when Abida Parveen echoes through the streets of New York. It's when a Pakistani dish becomes a British staple, or when a young athlete from Punjab wins an Olympic gold medal. It's the gentle, persistent influence of culture, intellect, and compassion. And yet, we've rarely recognized it as a tool.

If we were to look in the mirror—really look—we'd see a nation brimming with soft power potential. A country with a literary legacy that stretches from Ghalib to Kamila Shamsie, a visual aesthetic that spans truck art to couture fashion weeks, and a musical tradition that can conjure both the raw earthiness of folk and the cosmic depth of qawwali. And yet, our cultural exports remain scattered and underinvested, our humanitarian gestures under-publicized, our intellectual voices under-amplified.

We've responded to natural disasters with breathtaking resilience and generosity. We've produced sportsmen who are revered, thinkers who are respected, creators who are rediscovered every few years by surprised foreign audiences. And let's not forget our tech sector, quietly making Pakistan one of the largest freelance economies in the world.

And still, our international perception is stuck somewhere between yesterday's headlines and tomorrow's concerns. Why? Because we've never invested in telling the story of today. Soft power requires strategy. It needs to be institutionalized. It's not enough for a minister to cite tourism potential if our sites are littered and have no hotels. It's not enough for us to celebrate a film at Cannes if we continue to bury cinema culture domestically. We can't expect the world to buy into a brand we ourselves haven't fully believed in or built.

What would it take to change this? For starters, a cohesive national narrative. Not just a slogan, but a point of view. We must design cultural strategies the way we design economic ones. We must involve artists, diplomats, technologists, chefs, athletes, and yes, even influencers—not as decoration, but as infrastructure. Just as we build roads and ports, we must build platforms for storytellers, stages for musicians, and spaces for thinkers. Because they are the frontlines of soft power.

Our embassies should be cultural centers. Our tourism boards should understand cinema. Our policymakers should collaborate with creatives. Imagine a world where a Pakistani film opens the Berlin Film Festival, where a Karachi Biennale is a must-attend on the global art circuit, where a Pakistani fashion label is worn at the Met Gala, or where a Pakistani university hosts the next major global AI ethics summit. These aren't fantasies. These are strategies—if we choose to see them as such.

We also need to stop thinking of soft power as a singular push. It's not just exporting culture. It's also how we welcome the world in. It's the student from Kenya who studies medicine in Lahore and returns as a lifelong ambassador. It's the Japanese mountaineer who finds a home in Skardu. It's the food vlogger who leaves Karachi with a newfound respect for its chaos and flavor. Influence is earned in moments like these quiet, sincere, and lasting.

And of course, all of this must be underpinned by credibility. Soft power collapses under hypocrisy. You can't preach peace while celebrating aggression. You can't sell tolerance while silencing dissent. You can't claim beauty while erasing truth. Soft power requires that we not only talk the talk but walk the walk—because in the digital age, everything is visible and everything is archived.

We've spent too long letting others define who we are. It's time to reclaim that authorship. The world will not come looking for Pakistan's softer side unless we offer it—deliberately, consistently, and confidently. And we must do so not out of desperation to be liked, but out of a desire to be understood.

The good news? The assets are already in place. We're not starting from scratch. What's needed now is curation, alignment, and belief. We must stop seeing soft power as fluff and start seeing it as the future—because in many ways, it already is. The countries winning global influence today are the ones telling their story best. And Pakistan's story, when told truthfully and powerfully, is one of depth, beauty, struggle, and hope. So here we are. Still a place with promise. Still a place with presence. Still a place for us. But if we are to be a place of influence too, then let us begin. Let us write, paint, compose, cook, speak, host, film, play and code our way into the world's imagination. And this time, let's stay there.

REFLECTIONS
FROM YOUNG DEVELOPMENT FELLOWS

Pakistan's Green Future

Building Resilience with Uraan Pakistan

Hadia Tariq
Climate Change Development Fellow

Pakistan stands at a crucial crossroad. As one of the most climate vulnerable nations, the urgency for adaptation and mitigation is clear. But alongside these challenges lies a tremendous opportunity for Pakistan to reimagine its growth, harnessing innovation, and collective strength. In a world that demands both climate action and economic growth, Pakistan must take a balanced approach, embracing sustainability while also ensuring that industrialization continues to lift our people out of poverty. This isn't just about surviving the climate crises; it's about thriving despite it, through smart, adaptive strategies that prioritize resilience. The 5E's framework- Exports, E-Pakistan, Environment, Energy and Infrastructure, and Equity and Empowerment, offers a vision for a future where Pakistan is both economically prosperous and environmentally sustainable.

Exports: The Green Gateway to a Prosperous Future

In a world where consumers and markets are demanding environmentally friendly products, Pakistan has an opportunity to lead the charge. By embracing sustainability, Pakistan's industries, from agriculture to textiles, can not only meet these demands but also position themselves as global leaders in the green economy. This shift is already happening on the ground, where farmers are adopting climate smart agricultural practices that help preserve resources and increase crop resilience. Imagine a Pakistan where rice, cotton, and wheat are not just staples on local tables, but also champions of sustainability in global markets and this is how Pakistan's exports can become synonymous with green innovation.

E-Pakistan: Harnessing Technology to Build Climate Resilience Technology Holds the Key to the Future

With the rise of E-Pakistan, digital platforms are playing an increasingly critical role in addressing the climate crisis. From smart agriculture solutions that provide real time weather data, to early warning systems that alert communities of impending floods or droughts, technology empowers every citizen to be a part of climate solution. Projects like TIAEWS launched by UNDP and China aim to strengthen Pakistan's capacity to anticipate and respond to climate change impacts.

Environment and Climate Change: Turning Challenges into Opportunities

The environment is at the heart of Pakistan's growth story. Climate change doesn't just pose a threat but also offers a chance for us to reshape our community in a sustainable way. Pakistan is already feeling the changing climate effects through rising temperatures, erratic rainfall with recent hailstorms, and extreme weather events which are threatening our livelihoods, particularly in agriculture which supports millions of Pakistanis. Shifting to sustainable practices is the only way out now whether its transitioning to renewables, using water saving technologies, or building climate resilient infrastructure.

Energy and Infrastructure: A Green Path to Growth

Pakistan's Energy and Infrastructure sectors are pivotal as our energy demand is growing rapidly and so is our need to reduce emissions. The good news is that renewable energy is no longer a distant dream but it's becoming a reality. By already investing in solar, wind and hydropower, Pakistan is positioning itself to meet both its energy needs and its climate goals. The approved mega DASU hydropower project aiming to generate 4320 MW of electricity is a major milestone for a developing country like us. This is the promise of green infrastructure, an economy that doesn't just grow but grows in harmony with the planet.

Equity and Empowerment: Climate Action for All

Perhaps the most important aspect of URAAN Pakistan is that it envisions to leave no one behind. The climate crises affect us all but its impacts are most severe on marginalized communities, particularly in rural areas where people rely on agriculture and natural resources. Climate action must be inclusive. We need to ensure that every Pakistani from the farmers in Sindh to families in rural Balochistan has the tools, resources and knowledge, to adapt to climate change. It means empowering women, youth, and marginalized groups to take leadership roles in climate adaptation, ensuring that climate solutions are equitable and sustainable for everyone.

Pakistan's future is intertwined with climate crises. By embracing 5E's framework, Pakistan can navigate the complexities of climate change while ensuring that its development goals are met. Together we can make URAAN Pakistan a reality.

REFLECTIONS
FROM YOUNG DEVELOPMENT FELLOWS

Empowering Pakistani Youth through E-Commerce and Freelancing

Digital Frontiers

Muhammad Hammad
DevCom Development Fellow

In an increasingly connected world, Pakistan's youth are embracing the digital economy with unparalleled zeal. With over 60% of the population under the age of 30, the country has one of the youngest workforces in the region tech-savvy, ambitious, and eager to engage with the global marketplace. From mastering Facebook ad campaigns to launching e-commerce brands and offering freelance services across borders, Pakistani youth are showing the world what determination and digital literacy can achieve. Yet, despite their potential, young digital entrepreneurs and freelancers in Pakistan face significant challenges that hinder their ability to grow, scale, and compete globally.

Over the past decade, digital marketing has transformed how businesses operate. Young Pakistanis are increasingly turning to online platforms, not only as consumers but as creators, sellers, and strategists. Many are self-taught, running Facebook and Instagram ad campaigns, developing digital products, and managing e-commerce stores on platforms like Shopify, Amazon, and Daraz. Pakistan's growing e-commerce culture fueled by mobile connectivity and improved internet access is providing a fertile ground for entrepreneurial ventures. Youth-led startups in apparel, tech accessories, handmade crafts, and digital services are now exporting their products and skills to international markets. However, these digital victories are often achieved despite the system, not because of it.

Pakistan is among the top five freelancing countries in the world, with thousands of young professionals earning through platforms such as Fiverr, Upwork, Freelancer, and Toptal. From graphic design and video editing to content writing, data analysis, and SEO services, Pakistani freelancers are providing globally competitive services usually from modest setups and often with limited resources. Freelancing offers not only a source of income but a path to independence, especially for youth in rural and semi-urban areas where formal employment opportunities are scarce. It is also one of the few sectors where women, despite social barriers, have been able to thrive from the safety and flexibility of their homes.

But the journey of a freelancer in Pakistan is riddled with systemic obstacles. Perhaps the most critical barrier is the lack of seamless international payment solutions. Popular platforms like PayPal are not available in Pakistan, and alternatives such as Payoneer, while useful, come with restrictions and fees that affect profit margins. This complicates how freelancers receive payments, manage earnings, and reinvest into their businesses.

Stable and fast internet is a prerequisite for freelancing, but many areas especially outside major urban centers struggle with slow connectivity and frequent power outages. These interruptions not only reduce productivity but also create reliability issues with international clients, ultimately damaging the freelancer's reputation.

While many freelancers are self-taught, access to structured training remains limited. Although initiatives like Digiskills and the e-Rozgaar Program have helped, they are not enough to meet the demand or provide advanced, niche-specific skills that global clients require. The absence of industry-recognized certification also hampers freelancers from gaining credibility in competitive markets.

There is a visible gap in policy-making when it comes to the digital freelance economy. Freelancers are often excluded from formal economic planning, taxation frameworks, and startup support programs. This neglect not only limits their scalability but also discourages them from registering their services as formal businesses.

Freelancing, despite its growing popularity, is still seen by many in Pakistan as an unstable or temporary career path. Young professionals often face pressure from family or society to pursue more conventional jobs, even when they are earning well through freelancing. This perception leads to undervaluation of digital skills and can stunt professional growth.

There is no shortage of talent in Pakistan. The real question is whether stakeholders including the government, private sector, and international partners can recognize the potential of digital youth and invest in building ecosystems that nurture rather than obstruct. Some important steps include introducing flexible taxation policies for freelancers, expanding access to international payment systems, improving internet infrastructure in underserved areas, offering certified digital skills training, and normalizing freelancing as a valid and long-term career path.

Pakistan's freelancers are not waiting for a miracle; they are already working with global clients, building portfolios, and learning new skills every day. What they need is recognition, opportunity, and support. With the right interventions, they can be one of the country's strongest exports not just in services, but in ideas, innovation, and influence. The future of work is digital. And Pakistan's youth are already leading the way.

REFLECTIONS
FROM YOUNG DEVELOPMENT FELLOWS

Narrate or Be Narrated

Arooj Saghir
DevCom Development Fellow

Beneath the hum of Karachi's neon-lit billboards advertising 5G networks lies a 500,000-year-old secret: flint tools from the Soan Valley, relics of Pakistan's Stone Age ancestors. The story of civilization has always been one of symbols, stories, and survival. Long before the printing press or television, humans etched their fears, myths, and meanings onto cave walls, not as mere embellishment, but as declarations of identity. Today, the medium may be digital, but the mission remains unchanged: to narrate who we are, to affirm where we come from, and to project what we stand for.

Across eras, civilizations have shaped their self-image through evolving modes of storytelling. Once, it was tribal chants and cave art; later, epics, calligraphy, and architecture emerged as tools of expression. Then came cinema, radio, and television. Now, memes, reels, and digital documentaries define public imagination. Yet the purpose remains constant: to proclaim, "This is who we are."

For Pakistan, this effort is not just about visibility, it's about preservation and purpose. Identity here is not performance, it is inheritance. In an increasingly interconnected world, Pakistan's cultural narrative must be built not as a reaction to others, but as a reflection of its own, civilizational, artistic, and intellectual depth.

Cultural branding in the 21st century is no longer a peripheral effort, it is strategic. Nations express their values through food, fashion, cinema, and storytelling. For Pakistan, the goal is not to compete in an aesthetic race, but to curate an identity that is both rooted and relevant.

Culture must be recognized as an economic asset. This is where initiatives like the National Centre for Brand Development (NCBD) come into play. The NCBD focuses on crafting a cultural brand for Pakistan, one that merges heritage with innovation to boost exports. From preserving folk traditions and indigenous art forms to enabling digital content creators and design thinkers, the center aims to reflect Pakistan's layered identity through meaningful narratives. Not cosmetic campaigns but cultural confidence drawn from within. Self-reliant nations inculcate self-belief in their education systems, creative communities, and institutional memory. That is the ethos behind the NCBD to enable Pakistan to articulate its story on its own terms.

The digital age has redefined the cultural landscape. Platforms once used for expression now function as arenas of influence. Narratives are made and unmade in real time. Empowerment and distortion coexist. What was once a stage has now become a battlefield, where identity is contested and reimagined constantly. From cancel culture to fake news, narratives can be created, hijacked, or buried in minutes. So, the same technology that empowers marginalized voices can also amplify distortion, division, and cultural backlash.

Culture wars today are not simply debates over values, they are clashes over whose identity will be mainstreamed, and whose story will be erased. Pakistan's response must be thoughtful and forward-looking. Cultural representation must be bold without becoming brash, rooted without becoming rigid. The answer lies not in defensiveness or mimicry, but in balance: national pride tempered with reflection; self-expression accompanied by self-awareness.

Media is not just a passive mirror, it is a powerful architect of perception. From international newsrooms to streaming platforms to viral content creators, how a country is seen often depends on how well it tells its own story. Unfortunately, due to geopolitical biases and historical baggage, the global narrative on Pakistan often swings between extremes: exotic fascination or security threat.

For Pakistan, this means moving beyond token representation. Heritage photos and conferences are not enough. The need is for coherent, creative, and consistent cultural messaging. Films that explore real stories, documentaries that unpack history with nuance, digital spaces that celebrate Sufi poetry, truck art, mountain folklore, and linguistic diversity. In recent years, Pakistan has witnessed inspiring examples of cultural diplomacy and digital storytelling that have positively reshaped its global image. Campaigns like "Discover Pakistan" on social media, which highlight the country's natural beauty and heritage sites, have attracted international tourists and sparked curiosity worldwide.

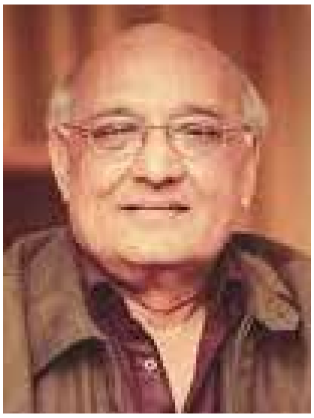
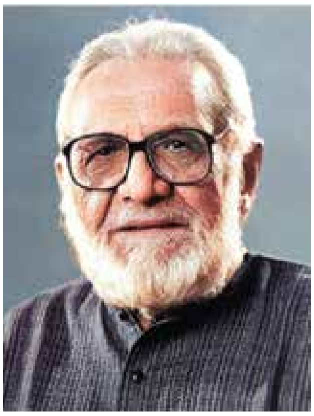
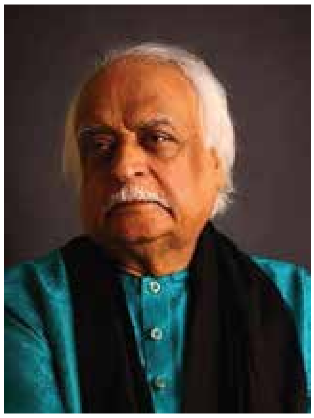
Pakistan does not need to borrow light, it has its own. From the storytelling of Manto to the rhythm of Abida Parveen, from the engineering feats of Mohenjo Daro to the design innovation of today's youth, Pakistan offers a blend of ancient soul and modern mind.

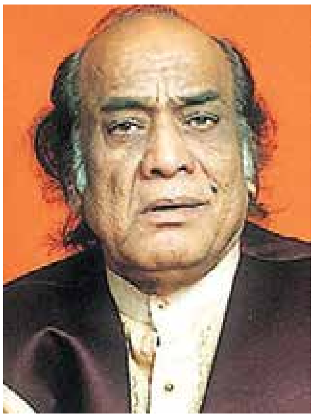
As new generations come of age, they're not just consumers of culture, they are creators. Knowing the language of today, they meme, remix, and rebuild identity daily. If equipped with the right tools and trust, they can become Pakistan's most powerful brand ambassadors.

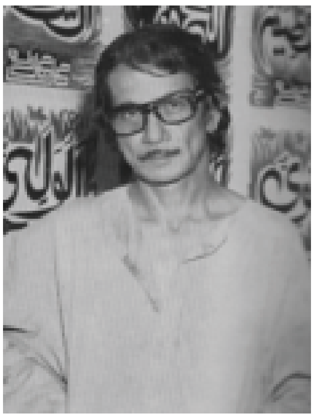
Pakistan's journey from Stone Age etchings to digital hashtags illustrates how culture, war, diplomacy, and soft image are deeply interlinked. Cultural identity shapes diplomacy; diplomacy influences media narratives; media narratives affect soft power; and all are framed by the nation's historical experiences, including conflict. So, identity has always been the product of narrative. In today's cluttered world, Pakistan's voice must be clear, creative, and consistent to reflect itself.

Pakistan's soft power potential is immense. We are a country of poets and painters, calligraphers and craftsmen, filmmakers, fashion designers, musicians, and storytellers. From the mysticism of Bulleh Shah to the contemporary music of Coke Studio, from the handwoven textiles of Balochistan to the intricate truck art of Sindh, and from the cuisine of Punjab to the poetry of Khyber Pakhtunkhwa, our culture is not just rich, it is marketable. The time has come to turn "Made in Pakistan" into a global identity. The task is not to soften Pakistan's image, but to own it. Because the nations that shape the world have self-assured culture, self-respecting minds, and self-reliant voices with a story to tell with conviction.

Let me end with this: Soft power is not soft in its impact. It is strategic. It is scalable. It is sustainable. Let us invest not just in infrastructure, but in imagination. Let us build not just exports, but expression. Let us empower not just businesses, but storytellers.




The Jirga System

ADR and Governance Reform in KPK

Sumreen Fatima
DevCom Development Fellow

In recent policy deliberations, the Government of Pakistan has brought under serious consideration the revival of the Jirga system as a formal mechanism of Alternative Dispute Resolution (ADR) in Khyber Pakhtunkhwa and the erstwhile Federally Administered Tribal Areas (ex-FATA). This policy direction reflects a broader institutional awareness and recognition of the persistent justice deficit in Pakistan's peripheral regions, where the formal judicial apparatus remains overburdened, slow, under-resourced, and often culturally distant from the communities it purports to serve.

Against this backdrop, the possible formalisation of the Jirga system a traditional institution of communal dispute resolution long practiced in tribal societies raises pressing questions of constitutional legality, procedural fairness, and the compatibility of customary authority with the state's obligations under constitutional norms and international human rights commitments. The challenge, therefore, is not merely whether the Jirga system can be revived, but whether it can be responsibly and meaningfully integrated into a democratic legal framework – one that honours the values of constitutionalism, human dignity, and the rule of law. This article seeks to chart a principled path toward that integration.

The Jirga is a traditional dispute resolution mechanism, predominantly practised among Pashtun communities in Khyber Pakhtunkhwa and the formerly Federally Administered Tribal Areas (FATA). Rooted in the customary code of Pashtunwali, the Jirga derives its authority not from codified statute but from collective memory, communal trust, and intergenerational adherence to traditional norms.

For the Pashtun people, Jirga deliberations aim to achieve adl (justice) and sulh (reconciliation), restoring balance and harmony within the community rather than imposing purely punitive measures. Varied in its manifestations – from the quotidian local jirga convened to address minor disputes, to the qawmi jirga charged with adjudicating grave matters such as homicide and blood feuds, and the historically significant sarkari jirga institutionalised under the colonial-era Frontier Crimes Regulation – the system operates with remarkable procedural adaptability while preserving a core commitment to consensus-based adjudication.

Cultural, Religious, Legal and Human Rights Dimensions of the Jirga System

While informal in structure, its continued relevance stems not from state recognition but from community reliance, longstanding familiarity, and the practical absence of accessible formal judicial systems in many regions. Culturally, the Jirga draws its authority from Pashtunwali, the customary code followed by many Pashtun communities. Its proceedings reflect nang (honour), badal (justice), melmastia (hospitality), and nanawati (reconciliation). These values shape both the content and method of dispute resolution. Jirgas are convened in communal spaces such as the hujra or mosque courtyard, often in a circular seating that symbolises inclusivity among male elders. This setting supports deliberation but also reinforces existing power hierarchies, with women, youth, and marginalised groups largely excluded.

Despite these limitations, the cultural authority of the Jirga remains strong. Its appeal lies in its efficiency, cost-effectiveness, and capacity for social reconciliation, especially in regions where formal courts are seen as slow, alienating, or costly. Religiously, while the Jirga is not a product of Islamic jurisprudence, it often invokes Islamic principles, such as adl (justice), sulh (reconciliation), and maslahah (public interest), to strengthen its moral and cultural legitimacy.

However, these references are largely rhetorical and lack substantive grounding in established legal doctrine. In the absence of qualified fuqahȧ (Islamic jurists), decisions rendered by Jirgas tend to reflect customary norms rather than the interpretive rigor of Islamic law. This conflation of indigenous practices with selectively invoked religious terminology creates an impression of Islamic legitimacy that is not jurisprudentially substantiated. Such a dynamic is particularly problematic in adjudicating matters involving women's rights, inheritance, and criminal responsibility, where doctrinal accuracy is essential to avoid ethical and legal distortion.

Legally, the Jirga occupies a grey area. It is not recognised under the Constitution, nor does it derive its authority from any statutory provision. Yet, it continues to exercise quasi-judicial powers in many parts of the country as a parallel adjudicatory institution, particularly in tribal and rural districts of Khyber Pakhtunkhwa, where access to the formal legal system remains prohibitively expensive, time-consuming, and culturally distant. Notably, during periods of state retreat, such as the post-9/11 destabilization of Waziristan, Orakzai, and Khyber, or during the Swat insurgency, Jirgas played a vital role. They mediated tribal disputes, resisted militant infiltration, and in some cases, filled institutional vacuums left by the state.

The peaceful resolution of the decades-long feud between the Tindowal and Ali Sherzai tribes in Kurram Agency exemplifies the Jirga's potential for de-escalation in deeply fragmented settings. Nonetheless, these contributions do not resolve the legal inconsistencies attached with the Jirga system. In its 2019 judgment on the status of Jirgas as de facto courts, the Supreme Court unequivocally declared such forums unconstitutional when they operate outside the ambit of the formal justice system. The court expressed concerns over procedural irregularities, lack of accountability, and infringement of fundamental rights, particularly in cases involving women, minorities, and vulnerable groups. More troublingly, the Jirga, as it operates in practice, is not merely extra-legal; it is anti-legal in its structure and effect. That is, it not only functions outside the framework of statutory law, but often in direct contradiction to constitutional guarantees of due process and equality.

Human rights organisations have repeatedly documented cases involving forced marriages, honour killings, and exclusion of women from proceedings. The practices of swara, vani, and sung chatti, and extrajudicial punishments where girls, sometimes no older than ten, are handed over in marriage to rival clans as compensation, are not relics of a pre-legal past. They are contemporary practices, routinely rationalised as custom, and deployed under the imprimatur of Jirga authority. Consider the case of Rubina, a twelve-year-old girl from Upper Dir, who was to be given away as compensation for a murder allegedly committed by her uncle. Or the Kohistan by-election in 2011, in which a Jirga barred over 18,000 women from casting their votes, nullifying not only their political agency but the very idea of citizenship.
More recently, the extrajudicial killing of a man and woman in Balochistan, reportedly sanctioned by a tribal leader through a limited Jirga under the pretext of honour, reignited public outrage and served as a chilling reminder of how customary authority can override state law to sanction acts of violence under the pretext of honour.

Rationale for Reviving the Jirga System as Alternative Dispute Resolution (ADR)
While the Jirga system continues to fulfill a reconciliatory function in certain local contexts, its traditional structure and operations remain fundamentally incompatible with the normative expectations of a modern constitutional democracy. The outright abolition of Jirga, as some propose, may not be a viable solution; it could not only prove impractical but also exacerbate the justice deficit in areas where formal judicial institutions remain inaccessible, under-resourced, and culturally alien. Hence, the case for its reform, and not its abolition, rests on a confluence of structural, social, and institutional realities that render the system both enduring and functionally relevant.

First, the justice system in Pakistan is overburdened, with a backlog of approximately 2.4 million cases pending across various courts, a crisis that severely undermines the courts' ability to deliver expeditious and equitable justice, especially for poor and rural litigants. Pakistan's ranking of 130 out of 142 on the Rule of Law Index (2023) further underscores entrenched systemic deficiencies in legal access, enforcement, and institutional capacity. In this context, there is a pressing need to develop and integrate effective Alternative Dispute Resolution (ADR) mechanisms that can function alongside formal institutions, while adhering to minimum standards of legality, fairness, and human dignity.

As defined in the Alternative Dispute Resolution (ADR) Act of 2017, ADR refers to a set of legally recognised processes, including mediation, arbitration, conciliation, and neutral evaluation that enable parties to resolve disputes without resorting to formal litigation. The Act authorises ADR forums to resolve a wide array of civil matters – ranging from contractual disputes and tortious claims to property, tenancy, commercial disagreements, and family arrangements – provided the parties give informed consent and no overriding questions of public interest are implicated.

In the criminal domain, the statute restricts ADR to compoundable offences, as defined under Section 345 of the Code of Criminal Procedure, thereby excluding serious crimes that implicate public morality and demand formal penal adjudication. Put differently, ADR is suited for reconcilable disputes where voluntariness, restitution, and mutual accommodation are possible, but not for adjudicating offences that demand authoritative penal sanction.

In this context, the Jirga – if brought within a clearly defined constitutional and statutory framework – could evolve from an extra-legal institution into a legally cognisable model of dispute resolution. Its integration as a recognised ADR mechanism would require adherence to procedural safeguards, the protection of fundamental rights, and effective state oversight. Properly conceived, the reformed Jirga would not supplant the formal justice system, but rather function as a subsidiary and contextually grounded mechanism for the resolution of certain civil and compoundable criminal disputes, Second, particularly in jurisdictions where access to formal adjudication remains structurally constrained.

Notwithstanding its procedural shortcomings, the Jirga persists as a culturally embedded mode of communal adjudication, sustained by social recognition rather than legal mandate. Its abolition, without offering credible and culturally resonant alternatives, risks further entrenching informal justice practices outside the reach of law. Operating both horizontally – as a forum of participatory elder-led adjudication and vertically – as a mediating institution between tribal orders and the state, it remains a culturally resonant justice mechanism. Any initiative to reform the Jirga, therefore, must proceed not purely as a legal imposition but as a societal process that aligns indigenous practices with constitutional norms. Third, comparative international experience supports that informal justice institutions, when brought under principled state regulation, can function as effective complements to overburdened formal systems. The Gacaca courts (2002-2012), in post-genocide Rwanda and the integration of customary law through Sierra Leone's Local Courts Act of 2011 demonstrate that how community based justice forums can contribute meaningfully to justice delivery provided they are time-bound, participatory, and subject to state oversight. Reforming the Jirga, then, is neither rooted in cultural nostalgia nor resignation; it is a strategic legal response to institutional constraints, cultural realities, and the imperative to localise justice without abandoning constitutional norms.

Policy Recommendations

The revival of the Jirga must not be misconstrued as a repudiation of the formal legal system, but rather as a pragmatic strategy to extend its reach by recognising, reforming, and incorporating indigenous institutions that already command social legitimacy. If appropriately reformed and institutionally integrated, the Jirga system holds significant potential to serve as a culturally resonant yet legally compliant mechanism of Alternative Dispute Resolution (ADR). However, this transformation must be grounded in constitutional safeguards, procedural integrity, and principles of inclusion and accountability.

To that end, first, the Jirga must be recognised as a legitimate form of Alternative Dispute Resolution (ADR) within Pakistan's judicial architecture, with strengthened Dispute Resolution Councils (DRCs) comprising respected elders, retired judges, legal professionals and religious scholars, operating under defined jurisdiction, codified procedures, and judicial oversight. Critically, the jurisdiction of the Jirga must be clearly circumscribed to reconcilable civil disputes and compoundable criminal offences as defined under Section 345 of the Code of Criminal Procedure and the Alternative Dispute Resolution (ADR) Act, 2017.

Matters implicating non-compoundable offences, questions of public morality, or fundamental rights must remain within the exclusive domain of the formal judiciary. Moreover, all Jirga decisions must be duly documented for transparency, appealable under formal legal provisions, and subject to judicial review. Second, the enactment of a Khyber Pakhtunkhwa-specific ADR statute is necessary to provide statutory recognition to Jirgas as "Reconciliation Bodies" functioning within constitutional bounds. Third, effective integration with civil and police administration should be ensured by assigning legal liaisons to every DRC or Jirga-endorsed forum to ensure compliance with national law and human rights standards, while positioning state officials as facilitators of justice. Fourth, all members of Dispute Resolution Councils (DRCs) and Jirgas must undergo mandatory training in both Islamic

jurisprudence (fiqh) and Pakistan's formal legal framework. Particular emphasis must be placed on dismantling entrenched misconceptions that underpin practices such as honour killings, vani, and swara – customs that not only contravene Islamic ethical teachings but also stand in clear violation of constitutional rights and statutory law. Each forum must include, at a minimum, one judge, a qualified legal practitioner and an accredited mediator to ensure that proceedings conform to principles of legality, procedural fairness and fundamental rights protections. Fifth, women's participation and representation must be mandated at every administrative level through the incorporation of women in mixed and female-led Jirgas – drawing on models like the Sister's Council and Khwendo Jirgas or Women's Advisory Panels under the umbrella of the DRC system – to adjudicate family, inheritance and gender-based disputes, ensuring women are not excluded or silenced in the justice process. Sixth, a Code of Ethics and Procedural Guidelines must be adopted and enforced for all recognised Jirgas.

These must include provisions ensuring due process, impartiality, reasoned decision-making and explicit safeguards against coercion, discrimination and extra-legal punishments. The legitimacy of the Jirga as a justice forum depends on its adherence to these normative commitments. Seventh, all Jirga decisions should be meticulously documented, digitally archived and centrally monitored to ensure transparency, compliance and institutional memory.

Lastly, elders must receive training in conflict resolution and mediation tehniques. In conflict-prone or strategically sensitive regions, intertribal and cross-border Jirgas may also be convened – under state facilitation – as platforms for local diplomacy, early warning and enhanced community–state cooperation in the pursuit of peace and justice.

In conclusion, the recommendations advanced here do not seek to romanticise the Jirga or overlook the structural injustices historically associated with it. Rather, they propose its revival not as an antithesis to the formal judicial system, but as a culturally legitimate yet constitutionally compliant mechanism of Alternative Dispute Resolution (ADR) within Pakistan's broader justice architecture. If adopted and implemented with institutional rigour, appropriate oversight and clear human rights safeguards, the Jirga system can extend the reach of justice to underserved populations, reduce burdens on the formal judiciary

and help rebuild trust between the state and its citizens in a context-sensitive, locally-rooted manner. In peripheral regions where the formal legal order remains slow and inaccessible, the principled integration of community-based mechanisms such as the Jirga system may not only bridge longstanding justice gaps, but also reinforce the foundational values of accessibility, dignity and the rule of law.

REAL WORLD CASE

Vietnam's Export Boom: A Case Study in Structural Transformation, Industrial Upgrading, and Global Integration

Vietnam's export boom stands as one of the most striking development achievements of the past three decades, transforming the country from a centrally planned, agrarian economy into a competitive manufacturing and export hub. This transformation was neither accidental nor spontaneous; it was the product of deliberate reforms, consistent policy direction, and strategic integration into global markets. Examining Vietnam's trajectory provides valuable insights not only into the dynamics of export-led growth but also lessons for countries like Pakistan that seek to expand and diversify their export base.

Vietnam's modern economic rise can be traced to the Đổi Mới reforms introduced in 1986, which initiated a shift toward a "socialist-oriented market economy." These reforms dismantled many constraints of central planning, encouraged private enterprise, legalized foreign direct investment, and began to open the economy to global trade. In the years that followed, Vietnam took purposeful steps to integrate into the global economy, culminating in accession to ASEAN in 1995, a landmark trade agreement with the United States in 2001, and membership in the World Trade Organization in 2007. These steps expanded market access, encouraged competitiveness, and provided the institutional framework for long-term export growth.

A major driver of Vietnam's export expansion has been its success in attracting foreign direct investment. Rising wages in China and the search by multinational firms for diversified production locations made Vietnam an appealing destination. The government developed industrial and export processing zones, streamlined investment procedures, and maintained a stable policy environment. As a result, global firms such as Samsung, LG, Intel, Canon, and Foxconn invested heavily in the country. Samsung alone came to account for a substantial share of national exports, making electronics the leading export sector. Vietnam's transition from garments and agricultural commodities toward electronics, mobile phones, and high-tech components marked a significant leap in its industrial capacity and global economic standing.

At the same time, Vietnam continued to upgrade its traditional sectors. Textiles, apparel, seafood, and agricultural products remained important pillars, but the country moved steadily up the value chain. Coffee, rice, and aquaculture transitioned from raw commodities to processed and branded exports, reflecting improvements in quality standards and supply-chain efficiency. This diversification helped protect the economy from sector-specific shocks and facilitated broader participation in global value chains.

Despite these successes, Vietnam faces challenges inherent in an FDI-led model. Domestic value addition remains limited in high-tech manufacturing, where production continues to rely heavily on imported components. Technology transfer to domestic firms has been gradual, and the development of supporting industries lags behind the pace of export growth. Infrastructure bottlenecks, bureaucratic inconsistencies, and environmental pressures pose ongoing constraints. Nonetheless, Vietnam's state capacity, policy coherence, and willingness to adapt have allowed it to address these issues more effectively than many peer economies.

For Pakistan, Vietnam's experience offers important lessons at a critical moment in its own development trajectory. Perhaps the most significant lesson is the value of policy consistency. Vietnam maintained a clear, long-term commitment to export-led growth and investment attraction, whereas Pakistan has struggled with frequent shifts in tariff regimes, industrial policy, and regulatory frameworks. Predictability rather than incentives alone proved central in drawing sustained investment into Vietnam.

Equally instructive is Vietnam's approach to trade integration. By embracing high-standard trade agreements and treating them as tools for domestic reform, Vietnam improved its competitiveness and aligned its industries with global market requirements. Pakistan, despite having trade agreements, has not maximized their potential, nor used them systematically to drive internal reforms. A more strategic engagement with global markets particularly in sectors where Pakistan already has comparative strengths could unlock significant export potential. Vietnam's success with FDI-led manufacturing also holds relevance for Pakistan. To attract export oriented investment, Pakistan will need to ensure reliable energy supplies, efficient logistics, and genuine one-window facilitation within industrial zones. The experience of Vietnam shows that even a few anchor investors in electronics, textiles, or agribusiness can transform an export ecosystem by creating supplier networks, upgrading skills, and linking domestic firms to global value chains.

In sum, Vietnam's export boom demonstrates how coherent reforms, openness to global markets, and targeted investment strategies can shift a country's development trajectory within a generation. For Pakistan, the key lesson lies not in copying Vietnam's model wholesale but in adopting its core principles: consistency, competitiveness, global integration, and institutional clarity. If Pakistan can pursue these with determination, it too can catalyze a renewed era of export-led growth.

POINT OF VIEW

Reclaiming the Soul of the Nation:

An Institutional Framework for Pakistan's Ethical Prosperity

BY
AMENA ALY KAMAAL
MEMBER DEVCOM
MINISTRY OF PLANNING, DEVELOPMENT AND SPECIAL INITIATIVES

The enduring challenge of national development is frequently framed through the lens of economic policy and geopolitical strategy. This commentary argues that such perspectives, while necessary, are incomplete. A nation's prosperity and a culture of excellence are not merely a function of capital and infrastructure, but are fundamentally dependent on a robust ethical and value-based institutional framework. Drawing on the field of development ethics and global case studies, this analysis posits that sustained development is inextricably linked to the moral integrity of a society's governance structures and its collective ethos. For Pakistan, a country at a critical juncture with immense demographic and economic potential, the path to sustained development hinges on an institutional and societal "ethical awakening" that prioritizes a core set of values, namely, meritocracy, integrity, and social justice. This OpEd concludes by proposing a strategic framework and a set of core values, rooted in both national history and global best practices, to guide this transformative journey toward a progressive and developed future.

1. A Cruel Choice for a Progressive Nation

National development is often discussed in purely technocratic terms as a matter of GDP growth, investment rates, and trade balances. This perspective, however, risks neglecting the foundational human and ethical dimensions of societal progress. The discourse on ethics and international development gained significant traction in the 20th century, giving rise to the field of development ethics, which studies the moral dimensions of development issues. For scholars like Denis Goulet, development ethics is not just an abstract philosophical concept but a pragmatic framework for evaluating both the "means and the ends" of national development. 1.1 It bridges the social sciences, philosophy, and humanities by considering the economic, political, cultural, institutional, ideological, and ethical aspects of society.

This analytical framework introduces what Goulet called "The Cruel Choice," which posits that societies must confront a fundamental dilemma. They can pursue a path of development that, while potentially yielding rapid economic growth, often sacrifices human dignity, social equity, and ethical values. Alternatively, they can choose a more humane, sustainable path that prioritizes the well-being of its citizens and their moral integrity.

1.2 For a developing nation like Pakistan, this choice manifests as a struggle between the short-term, self-serving gains of corruption, patronage, and nepotism and the long-term, collective prosperity that only a foundation of ethical governance can provide. A history of social, economic, and institutional challenges has created a persistent ethical deficit, hindering the nation's ability to unlock its full potential.

This commentary seeks to move beyond a mere diagnosis of these problems. Its purpose is to argue that Pakistan's ethical deficit is not a secondary issue but its single greatest impediment to growth. By applying established academic frameworks, examining successful global models, and analyzing Pakistan's specific context, this report provides an evidence-based argument for how a targeted, value-based strategy can reverse this trajectory and foster a culture of excellence vital for the nation's growth and prosperity.

2. The Foundational Principles: From Corporate Values to National Prosperity

2.1 The Ethical Wealth of Nations: An Institutional Perspective

The link between ethical values and national economic prosperity has been explored through various academic frameworks. One such framework is the "ethical wealth of nations," which expands on the work of scholars like Donaldson to argue that a nation's economic success is not just a result of its political and economic institutions but also of the collective ethical values of its citizens. This perspective challenges the conventional notion that a society's values are merely a byproduct of its economic status, positing instead that they are a crucial driver of prosperity.

The framework identifies four categories of ethical values that, when widely embraced, can drive economic performance:

1. Fairer distribution of goods: This value ensures that everyone, particularly the economically disadvantaged, has the opportunity to develop and employ their talents, which in turn increases overall economic productivity.
2. Better government: This refers to open and accountable governance that remedies market imperfections and provides a stable, predictable environment for economic activity.
3. Ingrained social cooperation: This involves fostering trust and collaboration among citizens, which reduces transaction costs and encourages collective action.
4. Inculcation of economic duties: This refers to the promotion of a sense of responsibility and integrity in economic life, which restrains opportunism and supports the system as a whole.

A crucial point within this framework is that these values are not effective in a vacuum. They can only drive prosperity when they are "supported by the nation's institutional structure". This is the central tenet of the institutional perspective: a society's formal constraints (laws, regulations) and informal constraints (norms, conventions) must align with its ethical values to create an environment where virtuous behavior is rewarded and destructive behavior is restrained. Pakistan's challenge, therefore, is not a lack of values per se but a failure to embed them in its political, economic, and cultural institutions.

2.2 A National Culture of Excellence: Lessons from the Corporate World

The principles that drive success in organizations can be scaled up to understand national development. In the corporate world, core values act as a "north star," guiding decisions, shaping behaviors, and defining the culture of an organization. When these values are genuinely "lived—not just written down" and are reinforced by leadership and recognition, they create a powerful feedback loop. This chain reaction is succinctly described as: "values drive behaviors, behaviors build culture, and culture fuels business results".

This model provides a powerful analogy for a nation-state, which can be seen as a macro-organization with citizens and public officials as its members. For a country to achieve a culture of excellence, its leaders must not only define core national values but also ensure they are "embedded into all aspects" of the system, from hiring and onboarding to performance evaluations and public recognition. When leaders lead by example, they set the tone for what is expected and acceptable. A national culture of excellence is therefore a direct result of shared values that are consistently lived out, recognized, and institutionalized. Just as a company's values shape how customers and partners experience its brand, a nation's values shape how its citizens and the international community experience its governance and its people.

3. The Pakistani Conundrum: A Diagnosis of an Ethical Deficit

Pakistan's ethical deficit is a result of institutional failures, lack of accountability, and a clash of values. The absence of comprehensive moral education and training programs for staff in government institutions leads to a systemic problem where organizational norms and peer pressure prioritize self-interest over public service. This erodes public trust and undermines the government's legitimacy, resulting in unethical behavior such as bribery and favoritism. The failure to uphold meritocracy contradicts Pakistan's founding vision, as the current reality is a culture of sifarish "nepotism" and a quota system that allows mediocre individuals to be appointed to important posts. The judiciary has attempted to enforce merit-based and transparent appointments, but

implementation remains a significant challenge, leading to inefficiency anda massive brain drain. Pakistan's societal fabric also grapples with a tension between indigenous and global values, leading to cultural dissonance and a widening gap between the elite class and the middle and lower classes.

4. The Path Forward: Core Values for Pakistan's Renaissance

Pakistan's path to a progressive future requires a strategic embrace of foundational values that are both historically relevant and globally relevant. Meritocracy and accountability are essential for a moral imperative rooted in the nation's founder's vision and Islamic teachings. Transparent and meritocratic systems in public and private institutions are necessary to ensure fairness. Accountability represents a social contract where leaders and civil servants are held responsible for their actions, rebuilding public trust and ensuring the integrity of the system. Integrity and trust are at the core of Pakistan's approach, starting with a zero-tolerance policy towards corruption and a commitment to transparency and openness in government operations. A culture of integrity requires addressing the root causes of the ethical deficit, including the lack of comprehensive moral education and training for public officials. Social justice and inclusivity are also crucial for sustainable development, as they guide governance and ensure a fair distribution of resources, opportunities, and privileges. Civil society plays a vital role in driving ethical change, as demonstrated by movements like the Lawyers' Movement and the Aurat March.

Conclusion

Pakistan faces a critical challenge due to an ethical deficit within its institutional and social fabric, characterized by a lack of integrity, meritocracy erosion, and social inequality. This deficit hinders sustained growth and public trust. To achieve prosperity, Pakistan must embed ethics and core values into its heart, aiming for a strategic "ethical awakening" that reclaims these foundational values. This will transform corruption and distrust into a cycle of excellence, progress, and shared prosperity, unlocking Pakistan's true potential for future generations.

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Ministry of Planning, Development and Special Initiatives

P Block, Pakistan Secretariat
Constitution Avenue, Islamabad

Contact Numbers
051-9209442 (Main)
051-9201777 (Alternate)

Email Address
webmanager@pc.gov.pk