Government of Pakistan
Ministry of Planning, Development & Special Initiatives

URAAN PAKISTAN

MONTHLY DEVELOPMENT UPDATE

JUNE 2026

ECONOMIC POLICY WING
(MACROECONOMIC SECTION)

CONTENTS

EXECUTIVE SUMMARY

Pakistan's economy maintained its stabilization momentum despite challenges arising from early-year floods and the Middle East conflict. GDP growth improved to 3.7%, up from 3.2% last year, supported by stronger performance in the agriculture (2.9%) and services (4.1%) sectors. While monthly inflation increased to 11.7% in May 2026, driven by higher energy, transport, and food prices, average inflation during July-May FY2025-26 remained contained at 6.7%. The gradual recovery in Large-Scale Manufacturing, stable fiscal performance, and sustained remittance inflows reinforced economic resilience. On the occasion of Eid-Ul-Azha, the economic activity reached Rs. 1.7 trillion (1.4% of GDP), marking a 3.4% increase over 2025. Development spending remained on track, with PSDP expenditure reaching Rs. 529.8 billion (63.3% of the annual allocation), while cost-rationalization measures generated Rs. 12.1 billion in savings, improving spending efficiency. The approved development portfolio is expected to create approximately 9,813 direct and 44,963 indirect jobs, contributing to employment generation and inclusive growth. In parallel, monitoring and evaluation activities supported effective project implementation through the timely identification of bottlenecks and corrective actions. At the regional level, engagement under the Economic Cooperation Organization focused on strengthening trade, investment, connectivity, and energy cooperation, particularly through regional connectivity and trade facilitation initiatives. Overall, the outlook remains positive, reflecting strengthening economic activity and continued progress on the development agenda.

MACROECONOMIC LANDSCAPE

	FY2024-25	FY2025-26	% Change
GDP (%)	3.2	3.7	↑
Agriculture (%)	1.5	2.9	↑
Industry (%)	5.6	3.5	↓
Services (%)	3.1	4.1	↑
	(July-May)	(July-May)	
INFLATION (%)	4.6	6.7	↑
LSM (%) (Jul-Apr)	-1.5	6.4	↑
FBR TAX COLECTION (Rs. Trillion)	10.2	11.2	↑ 9.7
EXPORTS (GOODS & SERVICES) ($Bn) (July-May)	37.5	37.4	↓ -0.4
IMPORTS (GOODS & SERVICES) ($Bn) (July-May)	64.5	69.6	↑ 7.8
REMITTANCES ($Bn) (July-May)	34.9	38.1	↑ 9.2

- Pakistan's economy maintained its stabilization momentum during FY2025–26 despite challenges from early-year floods and escalating Middle East tensions.

- Economic growth strengthened to 3.7%, up from 3.2% last year, driven by improved performance in agriculture (2.9%) and services (4.1%).

- Industrial activity showed notable recovery, with LSM expanding by 6.4% during Jul–Apr FY2025–26, reversing a 1.5% contraction last year. Growth was broad-based, led by automobiles, petroleum products, electrical equipment, furniture, food, beverages and apparel.

- Cement dispatches rose by 6.4% during July–May FY2025–26, indicating improving construction activity and domestic demand.

- Inflationary pressures remained contained on average but re-emerged in monthly terms. Average inflation stood at 6.7% during July–May FY2025–26, compared to 4.6% last year, while monthly CPI rose to 11.7% in May 2026 from 3.5% a year earlier, driven mainly by higher transport, fuel, electricity, and food prices.

- The external sector showed a mixed performance. The services sector strengthened significantly, with services exports rising by 17.4%, driven by ICT, freelance, financial, and transport services. As imports grew by 6.9%, the services trade deficit narrowed by 23.9%.

- Whereas the goods trade deficit widened, as exports declined by 5.0% and imports increased by 8.0%, reflecting weaker food and petroleum exports alongside stronger domestic demand. However, textile exports remained resilient.

- Workers' remittances increased by 9.2% to US$38.1 billion during Jul–May FY2025–26, providing critical support to the external account, driven by exchange rate stability, higher overseas employment, and improved economic conditions in host and destination countries.

- Fiscal performance remained robust, supported by better revenue mobilization and effective expenditure management. FBR tax collection increased by 9.7% to Rs 11.2 trillion during July–May 2026, reflecting improved compliance, administrative reforms, and expanding economic activity.

ECONOMIC ACTIVITY ON EID-UL-AZHA 2026

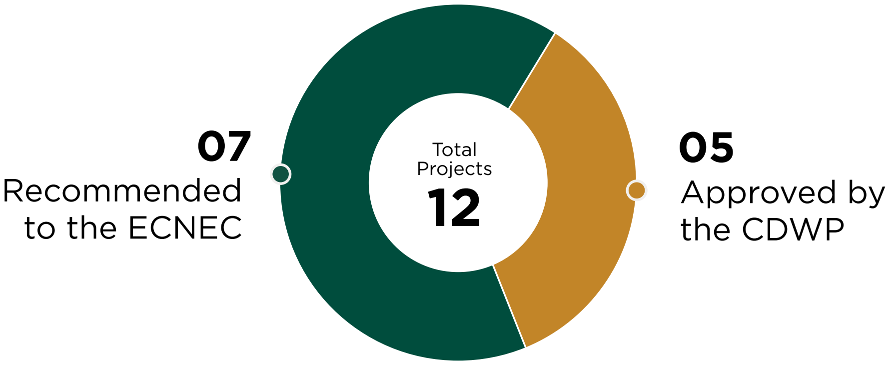
Eid is not only a significant religious occasion but also a major catalyst for economic activity in Pakistan. Eid-ul-Azha stimulates substantial economic activity across various sectors, including livestock trade, retail, transportation, butchery services, and the leather industry.

The Employment & Research Section of the Ministry of Planning, Development & Special Initiatives, in consultation with the Pakistan Tanner Association, conducted a quick market survey on slaughtering prices, animal prices, retail shopping, transportation and commuting costs, and logistics. Based on this survey, the economic activities generated during the three days of Eid-ul-Azha 2026 are estimated, and the main findings are as follows:

- Total economic activity reached Rs. **1.7 trillion** (**1.4%** of GDP), which is **3.4%** (Rs. **55.7 billion**) higher than in 2025.
- Total animal trade rose to **7.7 million,** an increase of **3.5%** (**0.28 million**) compared to last year.
- Rising inflation, particularly in May 2026, forced a behavioral shift: families scaled back on larger animals, preferring shared sacrifice arrangements.
- High feed and transport costs were passed on to buyers, inflating animal prices by **25 to 30%.**
- Slaughtering costs surged by **26%** — cows/bulls by **23%** to an average of **Rs. 16,000,** and goats/sheep by **30%** to an average of Rs. **6,500.**
- Transportation, logistics, and commuting costs increased by up to **77%.**

The event highlights how deep-rooted cultural and religious commitments continue to act as a stabilizing force, injecting vital liquidity into grassroots economies.

DEVELOPMENT DYNAMICS



DEVELOPMENT PROJECTS

During May 2026, one (01) meeting of the CDWP was convened under the chairmanship of DCPC to review development proposals submitted by federal ministries and provincial governments. The forum considered twelve (12) projects out of which five (05) projects were approved and seven (07) projects were recommended to the ECNEC. A detailed sector-wise breakdown of projects is at annex-II.

Education & Training

CDWP recommended one (01) foreign funded project to ECNEC costing Rs 26,541.4 million. The project aims to improve the quality of elementary and secondary education by scaling up training for teachers and school leaders, and enhancing institutional capacity at the provincial and district levels.

Environment Sector

CDWP approved one (01) project costing Rs 454.6 million under grant facility trust fund of WB. The project aims to institutionalize environmental and social (E&S) risk management within WAPDA enabling the organization for transition from consultant-dependent to proactive, self-reliant E&S management across its hydropower portfolio.

Higher Education Sector

CDWP approved two (02) projects costing Rs 8,215.7 million and recommended two (02) projects at cost of Rs 32,780.7 million for the consideration of the ECNEC with the objectives to provide fellowships for international faculty and students mobility, to enhance higher education infrastructure and academic capacity in District Narowal, and to develop highly qualified MS and PhD scholars to strengthen Pakistan's human capital.

Power Sector

CDWP recommended two (02) projects for the consideration of the ECNEC, at a cost of Rs 349,746.7 million with objectives to add 1530 MW generation capacity to the existing 4,888 MW hydropower installed at Tarbela dam as well as installation of 100 MW Distributed Solar Photovoltaic project in 13 districts of Gilgit-Baltistan.

Water Resources Sector

CDWP approved two (02) projects at cost of Rs 9,535.5 million and recommended 02 more costing Rs 526,318.4 million to ECNEC with objectives to establish Mashkel dam in Balochistan, to reduce flood risks in vulnerable low-lying areas of Indus river basin, and to improve water and energy output in the country.

COST RATIONALIZATION (Jul-April FY2025–26)

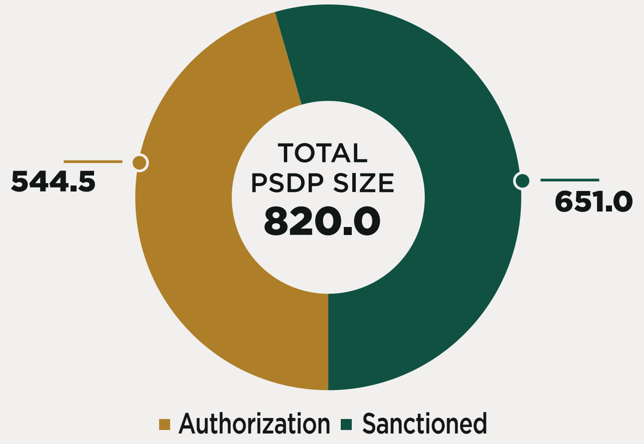
Focusing on efficient utilization of public resources and after extensive scrutiny, non-essential components were eliminated to ensure optimal value for public investment. The intervention has strengthened the efficiency in processing allocation of scarce national resources while demonstrating the Government's firm commitment to results-driven and impact-oriented development. Owing to these efforts, savings amounting to Rs 98.273 million were secured during April, bringing cumulative savings to Rs 12.1 billion for the period July–April FY2025–26.

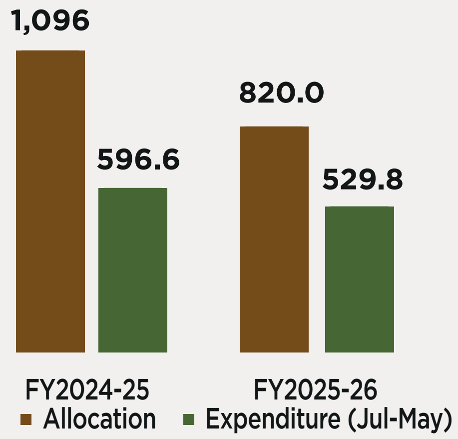
Saved
Rs. 12.1
Billion

EMPLOYMENT GENERATION

Public investment remains a key Government priority, supporting economic growth, development, and employment generation. A review of PC-Is approved in May 2026 shows that the current portfolio is expected to create around 9,813 direct jobs and 44,967 indirect jobs across different sectors. The approved projects cover Education, Environment, Higher Education, Power, and Water, reflecting the Government's focus on human development, environmental protection, energy security, and improved water management. A significant share of the expected employment opportunities will be generated through activities related to the Diamer-Bhasha Dam Project.

DEVELOPMENT SPENDING (Rs. in Billion)



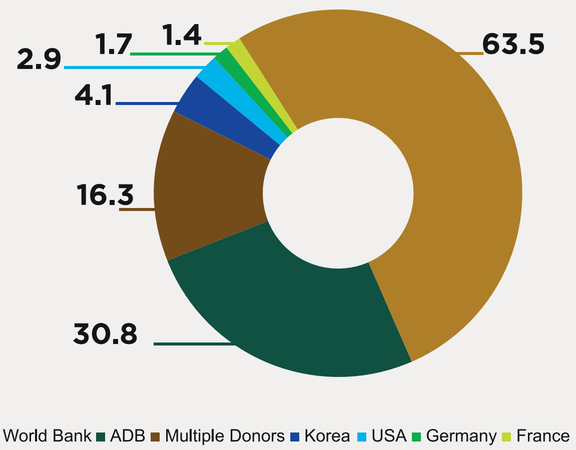


As of 30 May 2026, Ministries/Divisions have sanctioned Rs. 651.0 billion, while Rs. 529.8 billion (64.6% against total PSDP allocation) have been reported as expenditure in the SAP system. Sectoral allocations and expenditures across sectors are presented below:

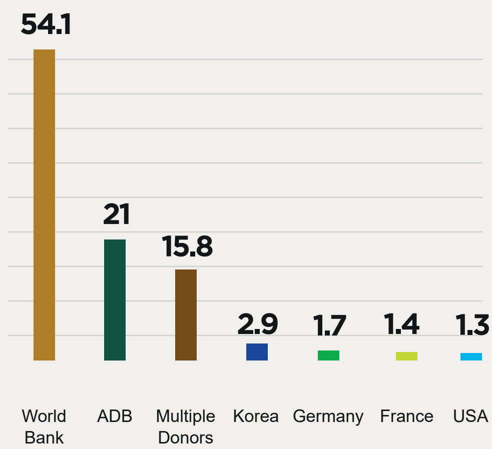
SR. NO	SECTOR	REVISED ALLOCATION	EXPENDITURE	%
1	**Infrastructure**	501.4	289.4	57.7%
i	*Energy*	100.2	61.3	61.1%
ii	*Water*	77.1	68.4	88.7%
iii	*Transport & Communication*	264.1	119.2	45.1%
iv	*Physical Planning & Housing*	60.0	40.6	68%
2	**Social**	146.6	101.9	70%
i	*Education including HEC*	52.6	43.5	83%
ii	*Health and Nutrition*	14.0	4.3	30%
iii	*SDGs Achievement Programme*	63.0	43.9	70%
iv	*Others*	17.1	10.1	59%
3	**Governance**	10.3	5.8	56%
4	**Science & I.T**	35.6	16.8	47%
5	**Special Areas (AJ&K, GB)**	67.7	62.5	92%
6	**Merged Districts**	54.0	50.3	93%
7	**Production**	4.7	3.0	64%
i	*Food & Agriculture*	2.3	1.8	79%
ii	*Industries*	2.4	1.2	50%
TOTAL		**820.0**	**529.8**	**64.6%**

FOREIGN FUNDED PROJECTS

The PSDP portfolio includes 86 foreign-funded projects, of which 15 projects are fully foreign-funded and the remaining 61 are implemented with local counterpart funding. For FY2025-26, a rupee cover of Rs. 229 billion has been allocated for these projects. The Ministry authorizes one-line releases to all sponsoring Ministries and Divisions in line with quarterly ceilings set by the Finance Division under the development budget release strategy. PAOs are empowered to release and sanction funds for both foreign aid and local components based on each project's requirements. According to SAP records, Ministries and Divisions have sanctioned Rs. 121.3 billion and recorded an expenditure of Rs. 98.6 billion against the allocated rupee cover.



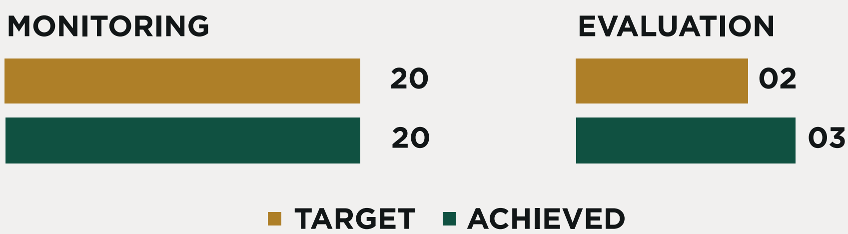
Major Sanctions (Rs. in Billion)
Jul-May FY2025-26



Major Expenditures (Rs. in Billion)
Jul-May FY2025-26

MONITORING AND EVALUATION (M&E)

M&E serves as a key instrument to ensure prudent utilization of public resources and improve service delivery. Efficient M&E is done by systematically identifying gaps and initiating corrective measures. A strong M&E framework strengthens institutional oversight and promotes informed, evidence- based decision-making. During May 2026, the Ministry monitored twenty (20) projects against a target of twenty (20) and conducted evaluations of three (03) projects to ensure effective implementation and the realization of planned development outcomes.



(May 2026)

36TH MEETING OF ECO REGIONAL PLANNING COUNCIL: ADVANCING REGIONAL ECONOMIC INTEGRATION & COOPERATION

The Regional Planning Council (RPC) is the main technical planning body within the Economic Cooperation Organization (ECO) consisting of 10 Member States and is responsible to finalize ECO Work Programme and Calendar of Events (CoE) for the next year. The 36th Meeting of the RPC of the ECO was held in hybrid mode, in Tehran, Iran, from 17–20 May 2026. under Pakistan's chairmanship. Joint Chief Economist (Economic Policy) was elected as Chairman for the 36th ECO-RPC unanimously. The Deputy Prime Minister and Minister of Foreign Affairs, Islamic Republic of Pakistan currently holds the Chairmanship of the ECO Council of Ministers for the 2026-2027 term.

The agenda of 36th RPC consists of reviewing the recommendations and outcomes of nine sectoral Committees, i) Trade and Investment, ii) Transport and Communications, iii) Energy, Minerals and Environment, iv) Tourism, v) Agriculture and Industry, vi) Human Resources and Sustainable Development, vii) Judicial and Parliamentary Coordination and EAPA, viii) ECO`s International Relations and ix) Economic Research and Statistics. The meeting reviewed ECO's ongoing programmes and finalized the Work Programme and Calendar of Events for 2026–27. The discussions focused on trade, investment, transport connectivity, and energy cooperation where Pakistan highlighted the key regional connectivity projects and emphasized the implementation of Economic Cooperation Organization Trade Agreement (ECOTA), removal of trade barriers, simplification of customs procedures, and development of regional transport corridors. The meeting ended with the adoption of the Work Programme and a renewed commitment to regional economic integration and cooperation.

OTHER DEVELOPMENT INITIATIVES:

LAUNCH OF THE NATIONAL AND PROVINCIAL POPULATION PROJECTIONS 2023–2050

On 12 May 2026, the launch of the National and Provincial Population Projections 2023–2050 highlighted rapid population growth as a major national challenge. During the event, concerns were raised over pressure on health, education, employment, water, and food resources. The event also emphasized population management reforms and incentives for provinces under the NFC framework. Moreover, projections were described as a foundation for Vision 2035, SDGs, Five-Year Plans, and Uraan Pakistan. It was stressed that balanced population growth and investment in human capital are essential for Pakistan's long-term stability and prosperity.

NATIONAL CONSULTATION ON GENDER EQUALITY AND WOMEN'S ECONOMIC EMPOWERMENT

On 14 May 2026 in Islamabad, a national consultation on gender equality and women's economic empowerment under "URAAN Pakistan" was held wherein it was highlighted that women's equal participation is essential for sustainable growth and social development. It stressed the importance of women's education, entrepreneurship, and access to finance and noted rising academic achievements of women and the need to expand opportunities. It also emphasized that higher women's labour force participation is critical for economic potential and called for stronger integration of women into the national development framework.

MONITORING OF ESSENTIAL COMMODITIES AND REGULATORY INSIGHT

During May 2026, the National Price Monitoring Committee (NPMC) held two online meetings to review the price situation of essential commodities. The Committee assessed trends in domestic and international markets and reviewed the availability and prices of key food items, petroleum products, and agricultural inputs. Concerns regarding the quality and safety of edible oil, ghee, and milk led to directions for laboratory testing. The Committee also discussed the rise in wheat prices during the harvest season and emphasized stronger market monitoring to curb profiteering and hoarding. Provincial and regional administrations were urged to enhance price control efforts and ensure that relief measures benefit consumers. The meetings highlighted the importance of effective coordination among relevant agencies to maintain adequate supplies and protect consumer interests.

BALOCHISTAN INVESTMENT CONFERENCE 2026: ADVANCING CONNECTIVITY AND ECONOMIC GROWTH

On 14 May 2026, at the Balochistan Investment Conference 2026, the Minister for PD&SI highlighted Balochistan's role as a future hub for regional connectivity, trade, logistics, renewable energy, mining, fisheries, and agriculture under CPEC Phase-II. It was focused that investments in Gwadar, transport infrastructure, education, and connectivity corridors are transforming the province into a gateway for sustainable growth and regional integration. It noted that a 650-kilometre highway from Gwadar to Quetta was completed in nearly three years, replacing a two-day journey. It also paid tribute to 43 FWO soldiers who embraced martyrdom during its construction and invited international investors to explore Balochistan's development potential.

INTERNATIONAL ENGAGEMENTS

INTERNATIONAL NAROWAL PEACE DIALOGUE 2026

On 5-6 May 2026, the International Narowal Peace Dialogue 2026 brought together International delegates, policymakers, diplomats, scholars, youth leaders and civil society representatives from multiple countries including former PM of Morocco. The Dialogue highlighted Pakistan's commitment to peace, unity, & tolerance amid rising global tensions. The dialogue, chaired by Minister for PD&SI emphasized diplomacy, national cohesion, education, research, & youth empowerment as key drivers of sustainable progress. The event also reaffirmed the values of peace, coexistence, and dialogue inspired by Islamic teachings, Paigham-e-Pakistan, the Charter of Medina, and the vision of Quaid-e-Azam Muhammad Ali Jinnah.

PAKISTAN–TÜRKIYE KNOWLEDGE SHARING SESSION ON NUTRITION

The Knowledge Sharing Session on Nutrition under the Pakistan–Türkiye MoF Knowledge Sharing Program was held on 7 May 2026. The session was chaired by the Joint Chief Economist (EP). During the session, integrated maternal and child health and nutrition programmes, including growth monitoring, micronutrient supplementation, and early childhood development interventions were discussed at length. The session also highlighted the role of social protection programmes in supporting nutrition through social assistance and family support initiatives. In addition, it also focused the policy frameworks and institutional mechanisms for strengthening coordination among health, nutrition, education, agriculture, and social sectors to improve human development outcomes.

PAKISTAN-CHINA COOPERATION FOR CLIMATE RESILIENCE AND DISASTER PREPAREDNESS

On 18 May 2026, while addressing the 2nd Pakistan-China Symposium on Hydrological and Geological Disaster Risk Reduction, Minister for PD&SI stated that climate change remains a major challenge for Pakistan, exposing the country to floods, Glacial Lake Outburst Floods (GLOFs), droughts, earthquakes, landslides, and extreme weather events. He highlighted that under URAAN Pakistan, the Government is strengthening climate resilience through early warning systems, AI-based forecasting, satellite monitoring, hazard mapping, and improved emergency coordination. He also noted that cooperation with China under the China-Pakistan Economic Corridor is supporting intelligent meteorological stations and cloud-based warning systems to improve disaster preparedness and institutional resilience.

PAKISTAN-BANGLADESH KNOWLEDGE EXCHANGE PROGRAMME

On 20 May 2026, a ceremony was held at the Ministry of Planning, Islamabad, in honour of a 12-member delegation of senior Bangladeshi officials visiting Pakistan under the Executive Development Programme and Pakistan-Bangladesh Knowledge Corridor initiative. The visit was described as the first high-level Bangladeshi delegation to Pakistan in 53 years and an important milestone in strengthening bilateral relations. The importance of educational exchanges, institutional cooperation and mutual learning from development experiences was highlighted. The role of civil servants in national development and Pakistan's ongoing civil service reforms focused on merit, specialization and performance was also emphasized. The visit served as a valuable platform for strengthening cooperation and promoting the exchange of knowledge and best practices between the two countries.

DEVELOPMENT OUTLOOK

Amid fiscal constraints and an uncertain global economic landscape, the Government places strong emphasis on efficient planning, optimal resource allocation, and strategic investment to support sustainable development. Priority is given to enhancing implementation capacity, improving service delivery, and ensuring that development efforts remain aligned with national goals and emerging challenges. Going forward, continued focus on innovation, institutional effectiveness, and coordinated policy action will help strengthen economic resilience, promote inclusive growth, and create a solid foundation for long-term progress.

> ***"Efficient planning transforms challenges into opportunities & strengthens the path to resilient growth."***

ANNEX I: KEY ECONOMIC INDICATORS

Indicators	Unit	FY-2024-25	FY-2025-26	% Change
Real Sector				
GDP	%	3.2	3.7	▲
Agriculture	%	1.5	2.9	▲
Industry	%	5.6	3.5	▼
Services	%	3.1	4.1	▲
Inflation		(Jul-May)	(Jul-May)	
Consumer Price Index	%	4.6	6.7	▲
Consumer Price Index (May)	%	3.5	11.7	▲
Fiscal Sector		(Jul-May)	(Jul-May)	
FBR Tax Collection	Rs. Billion	10,234	11,229	9.7 ▲
FBR Tax Collection (May)		933.7	966.2	3.5 ▲
Fiscal Balance (Jul-Apr)	Rs. Billion	-3,663.9	-1,350.1	▲
	% of GDP	-3.1	-1.1	
External Sector		(Jul-May)	(Jul-May)	
Current Account Balance	$ Million	1,618	255	▼
Exports (Goods & Services)	$ Billion	37.5	37.4	0.4 ▼
Imports (Goods & Services)	$ Billion	64.5	69.6	7.8 ▲
Remittances (July-May)	$ Billion	34.9	38.1	9.2 ▲
Investment		(Jul-May)	(Jul-May)	
FDI (Net)	$ Million	2,267.3	1,623.3	28.4 ▼
FDI(Inflows)	$ Million	3,953.1	3,273.5	17.2 ▼
FDI (Outflows)	$ Million	1,685.8	1,650.2	2.11 ▼
Financial Sector				
Credit to private Businesses (Stocks) (16th May)	Rs. Billion	9,549	10,829	13.4 ▲
KSE100 index (31st May 2026)	Index	173,963	117,000	56,963 points ▲

ANNEX II

PROJECTS APPROVED AND RECOMMENDED BY CDWP

Sr. No.	Name of Project	Sponsoring Agency	Date of CDWP	Total Cost Rs Million	Status
EDUCATION & TRAINING					
1.	**Refugees & Host Communities Regional Sub Windows SH Khyber Pakhtunkhwa Human Capital Investment Project (KP-HCIP) Education Component**	G/o Khyber Pakhtunkhwa	21.05.2026	26,541.356	Recommended to ECNEC
ENVIRONMENT					
2.	**Building Environmental and Social (E&S) Capacity in Hydropower Development in Pakistan Under Grant Facility Trust Fund World Bank**	M/o Water Resources	21.05.2026	454.560	Approved
HIGHER EDUCATION					
3.	**Pak UK Education Gateway (PHASE-II)**	HEC	21.05.2026	3,500.00	Approved
4.	**Strengthening and Expansion of University of Narowal (Revised)**	HEC	21.05.2026	4,715.663	Approved
5.	**Fulbright Scholarship Support Program HEC-USEFP (Phase- III) (Revised)**	HEC	21.05.2026	10,566.120	Recommended to ECNEC
6.	**Overseas Scholarship for MS/MPhil Leading to PhD in Selected Fields (Phase-III) – (2nd Revised)**	HEC	21.05.2026	22,214.578	Recommended to ECNEC
POWER					
7.	**Tarbela 5th Extension Hydropower Project (Revised)**	M/o Water Resources	21.05.2026	316,411.720	Recommended to ECNEC
8.	**Development of 100 MWP Distributed Solar Photovoltaic Plants in Gilgit-Baltistan**	G/o Gilgit Baltistan	21.05.2026	33,335.000	Recommended to ECNEC

WATER

9.	**Mashkel Dam At Washuk (SP)**	G/o Balochistan	21.05.2026	41,312.443	Recommended to ECNEC
10.	**Project for Flood Protection and Dike Improvement on Indus River in Sindh Province (GoS Share 2% and JICA Grant 98%)**	G/o Sindh	21.05.2026	4,652.254	Approved
11.	**Diamer Basha Dam Project - Dam Part with Reflection of Helicopter Cost (Revised)**	M/o Water Resources	21.05.2026	485,006.000	Recommended to ECNEC
12.	**Construction of Rain Water Harvesting Kasana Dam at Islamabad International Airport, Islamabad (2nd Revised)**	M/o Defense	21.05.2026	4,883.200	Approved

Government of Pakistan

MINISTRY OF PLANNING DEVELOPMENT & SPECIAL INITIATIVES

ECONOMIC POLICY WING

(MACROECONOMIC SECTION)

PlanComPakistan