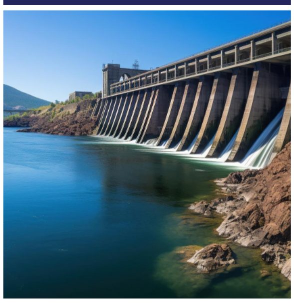
MONTHLY
DEVELOPMENT UPDATE
MAY 2025



Government of Pakistan
Ministry of Planning,
Development & Special Initiatives
(Macroeconomics Section)

CONTENTS

SUMMARY

Fiscal Year 2025 commenced amid significant macroeconomic headwinds, including elevated inflation, fiscal imbalances, and external sector vulnerabilities. In the face of these challenges, the Government of Pakistan reaffirmed its commitment to long-term economic reform by launching Uraan Pakistan—a National Economic Transformation Plan anchored in the 5Es framework: Exports; E-Pakistan; Environment & Climate Change; Energy & Infrastructure; and Equity, Ethics & Empowerment. This strategic initiative reflects a clear resolve to undertake structural transformation, with a focus on export diversification, digital modernization, climate resilience, clean energy, and inclusive development. The overarching objective is to reposition Pakistan on a path toward greater competitiveness, sustainability, and social cohesion. Early developments in FY2025 point to emerging signs of macroeconomic stabilization and a modest recovery in economic activity. With continued hard-earned macroeconomic stability and the strategic implementation of Uraan Pakistan, supported by coordinated and reform-driven policy measures, the economy is well positioned to advance toward productivity-led growth and broad-based socioeconomic progress.

MACROECONOMIC LANDSCAPE

Recent macroeconomic data for July–March FY2025 indicate sustained improvements in Pakistan's economic performance, underpinned by prudent macroeconomic management, enhanced fiscal and external sector stability, and effective inflation containment measures. The external sector witnessed a notable turnaround, with the current account shifting from a deficit of $1.65 billion in Jul-Mar FY2024 to a surplus of $1.86 billion in FY2025. This improvement was primarily driven by a substantial 33.2% increase in workers' remittances and moderate export growth of 7.7%.

	Jul-Apr FY2024	Jul-Apr FY2025
INFLATION	26.0%	4.7% ↓
	Jul-Mar FY2024	Jul-Mar FY2025
FISCAL DEFICIT (% of GDP)	3.7%	2.4% ↓
	Jul-Mar FY2024	Jul-Mar FY2025
CAB ($ Billion)	-1.7	+1.9 ↑
	Jul-Mar FY2024	Jul-Mar FY2025
REMITTANCES ($ Billion)	21.0	28.0 ↑

On the fiscal front, revenue performance strengthened considerably, with Federal Board of Revenue (FBR) tax collections rising by 26.3% in the first ten months of FY2025. This supported a narrowing of the fiscal deficit in absolute terms (down 23.9%) and as a percentage of GDP (from 3.7% to 2.4%). Inflation control remained effective, aided by consistent monetary tightening and active oversight through the Monthly National Price Monitoring Committee. As a result, headline inflation fell sharply to 0.3% year-on-year in April 2025, compared to 17.3% in the same month last year.

Despite these macroeconomic gains, real sector performance remains subdued. Agricultural growth decelerated from 5.8% in Q2 FY2024 to 1.1% in the current fiscal year. However, signs of stabilization are emerging in the industrial sector, which posted a marginal contraction of 0.2% in Q2 FY2025—an improvement from a 1.8% decline last year. Credit to private businesses surged by nearly 169% during Jul-March FY2025, suggesting a revival of potential investment and production activity. Similarly, credit to the agriculture sector rose by 15%. A 14% increase in net foreign direct investment also points to improving investor confidence. (Refer to Table 1 for details.)

DEVELOPMENT DYNAMICS

Development Projects Approved in April 2025

In April 2025, the Central Development Working Party (CDWP), chaired by the Deputy Chairman of the Planning Commission, convened two meetings to review development project proposals submitted by federal ministries and provincial governments. This function represents a core mandate of the Planning Commission under the Rules of Business, aimed at ensuring the efficient and strategic allocation of public resources. A total of 20 development projects were considered during the month. Of these, 10 projects fell within the CDWP's financial approval authority. They were accordingly approved, while nine projects exceeding the financial threshold were recommended to the Executive Committee of the National Economic Council (ECNEC) for final approval. One project was deferred for further review. The proposed initiatives span critical socio-economic sectors, including education, information technology, water resources, energy, housing, physical planning, and transport and communications. A sector-wise breakdown of the projects is provided in Annex -III and key details are given below:

Education Sector: The education sector remained a key priority during April 2025. The CDWP recommended the project "Getting Results: Access and Delivery of Quality Education Services in Balochistan" to ECNEC for approval. It seeks to enhance access to and quality of primary and secondary education services across the province.

In the area of higher education, the CDWP approved four projects submitted by the Higher Education Commission (HEC), reflecting continued investment in expanding and strengthening tertiary education infrastructure. These initiatives aim to expand the geographic reach of higher education and improve institutional research and innovation capabilities.

Information Technology Sector: In the information technology, the CDWP approved three projects aimed at fostering innovation, digital skills, and institutional strengthening.

In the domain of digital security and infrastructure, the CDWP granted in-principle approval to the "Gwadar Safe City Project", to bolster public safety and surveillance capabilities in the strategically significant Gwadar region.

Physical Planning and Housing Sector: The CDWP approved the project "Construction of Customs Complex at Sost (Part A) and Customs

Digital Enforcement Stations (Part B)", to strengthen customs enforcement capabilities and improve trade facilitation, particularly in key border areas.

Furthermore, the CDWP recommended the project "Sewerage System from Larechs Colony to Gulshan-e-Ravi, Lahore (Through Trenchless Technology)" to ECNEC for approval. The intervention aims to modernize urban sanitation infrastructure by employing trenchless technology to minimize surface disruption and enhance efficiency.

Power Sector: The CDWP granted an in-principle recommendation for the revised "Dasu Hydropower Project (Stage-I)", is a strategically significant federal initiative, the project is a cornerstone of Pakistan's energy security strategy, aimed at delivering low-cost, renewable hydroelectric power to support sustainable economic growth and reduce dependence on imported fuels.

Water Resources Sector: Two major water sector projects in Balochistan were recommended to ECNEC under the "Balochistan Water Security and Productivity Improvement Project (BWSPIP)". Both projects, sponsored by the Government of Balochistan, are designed to enhance water resource management, improve service delivery, and build climate resilience in the province.

Transport and Communications Sector: The transport sector received notable attention during the month, with five major infrastructure projects recommended to ECNEC for approval. These projects aim to strengthen regional and national connectivity, reduce travel time, and enhance road safety, supporting broader economic integration and mobility.

EMPLOYMENT GENERATION IN APRIL THROUGH PROJECTS APPROVED

During April 2025, the CDWP approved 10 development projects and recommended an additional nine projects to ECNEC, bringing the total number of projects to 19. Ministry of Planning, Development & Special Initiatives reviewed the PC-1 documents of these projects to assess their employment generation potential. Based on the submitted data, these projects are expected to create approximately 20,108 direct jobs and 100,690 indirect jobs. The water resources sector is projected to contribute the highest share of employment opportunities, reflecting the labor-intensive nature of infrastructure development in that domain.

JOBS CREATED

20,108
(Direct Jobs)

100,690
(Indirect Jobs)

ALLOCATION AND EXPENDITURE FOR DEVELOPMENT (JULY - APRIL, FY2025)

PSDP FY2024-25

Federal PSDP 2024-25 was pitched at Rs. 1,100 billion with focus on supporting exports, enhancing productivity, expanding IT and digital infrastructure, fostering innovation-driven enterprises, developing the agroindustry and seed sector, promoting blue economy, advancing science and technology, and driving R&D and innovation reforms.

Based on quarterly release strategy of Finance Division, M/o PD&SI authorized a total of Rs. 894.085 billion (82% so far) including Rs.229.464 billion during 4th quarter in April, 2025. Further authorization is being made on basis of adjusted PSDP and satisfactory pace of utilization. According to SAP system, Ministries / Divisions have utilized Rs. 448.6 billion i.e. 50% of authorization and 41% of allocation.

(i) Infrastructure Sector: The infrastructure sector was allocated Rs. 656 billion (60%) for FY 2024-25, of which Rs. 27.38 billion was utilized during April 2025. Within this, the water subsector exhibited the most substantial progress, disbursing Rs. 19.72 billion, equivalent to 15.45% of its annual allocation of Rs. 127.64 billion. The transport and communications subsector, which received the largest yearly allocation at Rs. 271.61 billion, reported an expenditure of Rs. 3.88 billion during the month. Additionally, the power and physical planning & housing sectors recorded disbursements, signaling that initial implementation and preparatory activities are actively progressing across these segments.

(ii) Social Sectors: The social sectors with an allocation of Rs. 178 billion (16%) made a positive start to the fiscal year, underscoring a strong commitment to human development and inclusive growth. The health subsector demonstrated notable engagement, utilizing 3.85% of its yearly allocation (Rs. 35.67 billion) in April 2025. Similarly, the education and training subsector utilized 2.37% of its Rs. 23.71 billion allocations, reflecting a focused effort to improve access to education and enhance quality, particularly in foundational learning and skills development.

To promote development at grass root level, an allocation of Rs. 50 billion was earmarked for SDGs Achievement Program (SAP) in CFY. These funds transferred to respective provincial governments and Ministries/ Divisions for execution of projects in specified sectors as per procedures and guidelines approved by the Federal Cabinet.

(iii) Special Areas and Merged Districts: The Special Areas (AJK and Gilgit-Baltistan) were allocated a total of Rs. 61.00 billion for FY 2024–25. The reflected amount represents the block allocations for ADPs of AJK & GB etc. Special Areas have been granted bi-annual authorization for ADPs keeping in view limited working season due to harsh weather impacting project execution. The Merged Districts were allocated Rs. 69.32 billion for the fiscal year for ADP/ AIP. Funds authorized to these programs for utilizing as per their sectoral and regional priorities reflected in the programs.

(iv) Governance Sector: The governance sector began the fiscal year with an allocation of Rs. 17.38 billion. In April 2025, Rs. 267.41 million was disbursed, reflecting a conservative utilization. This cautious utilization is typical of governance-related projects, which often commence with planning, institutional coordination, and capacity-building activities.

The sector is anticipated to ramp up efforts to strengthen institutional capacity, enhance transparency, and improve public service delivery. These initiatives are crucial for driving long-term governance reforms and ensuring the effective implementation of development programs.

(v) Industries & Production Sector: The Industries and Production sector began the fiscal year with a proactive strategy encompassing two critical subsectors: Industries and Food & Agriculture. The Industries subsector, with an allocation of Rs. 6.70 billion, reported an expenditure of Rs. 43.25 million in April. In contrast, the Food & Agriculture subsector, which received a larger allocation of Rs. 20.81 billion, demonstrated substantial progress with Rs. 359.36 million in spending. This active engagement underscores the sector's commitment to boosting food security, improving agricultural systems, and supporting rural livelihoods.

(vi) Science & Information Technology Sector:

With a total allocation of Rs. 61.67 billion, the sector demonstrated strong performance by expending Rs. 8.57 billion in April, reflecting an impressive 13.90% utilization rate. This high level of expenditure indicates a strong readiness and prioritization of science and technology initiatives, underscoring the sector's commitment to driving innovation and development.

MONITORING AND EVALUATION OF PSDP PROJECTS

The Projects Wing has continued to lead the monitoring and evaluation (M&E) of all Public Sector Development Programme (PSDP)-financed projects across Pakistan, in close coordination with federal ministries, provincial governments, and special areas including AJK and GB. As of the first ten months of FY2024-25, 191 out of 240 projects have been monitored, while 27 of 32 projects have undergone formal evaluation. This proactive approach has contributed to notable time and cost savings. In April 2025 alone, 20 mega projects were planned and another 20 were monitored. The monitoring strategy prioritizes mega projects, special government initiatives, donor-funded interventions, projects under revision, and those facing implementation delays or specifically assigned by competent authorities. Efforts are made to ensure balanced regional and sectoral coverage. In addition to field monitoring, the Projects Wing actively supports Pre-CDWP and CDWP processes, reviews of projects under revision, special assignments, and reform initiatives.

The Projects Wing's evaluation function involves systematic and objective assessments of ongoing or completed projects to determine their relevance, efficiency, effectiveness, impact, and sustainability, in alignment with the Results-Based Management (RBM) framework embedded in Planning Commission documents. Four projects were evaluated in April 2025. The resulting recommendations have proven valuable to stakeholders by informing improvements in policy design, implementation strategies, maintenance operations, and the future direction of development planning.

Provincial Dialogue on URAAN Pakistan: Balochistan Chapter (April 18, 2025)

As part of the ongoing efforts to operationalize URAAN Pakistan, the Government of Pakistan organized its third provincial workshop in Quetta on April 18, 2025, following earlier engagements in Karachi and Peshawar. This consultative workshop, convened by the Ministry of Planning, Development and Special Initiatives, brought together 152 diverse stakeholders, including government functionaries, ministers, the Quetta city administration, representatives of the Sarhad Chamber of Commerce and Industry (SCCI),

academia, start-ups, civil society, and international development partners.

The federal delegation was led by the Minister for Planning, Development and Special Initiatives and included the Secretary, Chief Economist, and senior officials of the Ministry. The Chief Minister of Balochistan expressed strong support for the URAAN Pakistan framework and announced the establishment of the Balochistan Export Promotion Board—a significant step toward building export-led regional growth. Provincial stakeholders committed to aligning both ongoing and upcoming ADP and PSDP 2025–26 projects with the 5Es framework of URAAN Pakistan.

The workshop featured focused breakout sessions structured around the five pillars of the 5Es: Exports, E-Pakistan, Equity, Environment, and Energy. These sessions engaged 55 participants and examined reform needs across four thematic areas: policy reform, institutional design, human resource capacity, and financing mechanisms. Key recommendations included:

- Designating Qila Saifullah and Muslim Bagh as Export Processing Zones
- Formalizing the minerals sector, and improving logistics and taxation regimes
- Developing a Balochistan-specific renewable energy policy with decentralized solar solutions
- Strengthening community-led monitoring in the health sector and integrating universities into the planning process
- Enhancing broadband access, local IT skill development, and digital service delivery
- Advancing smart agriculture through afforestation, climate resilience, and precision irrigation

These localized insights and commitments are instrumental in tailoring URAAN Pakistan's reform agenda to regional needs and fostering provincial ownership of the economic transformation process.

The Balochistan workshop represents a critical step in translating URAAN Pakistan's national vision into region-specific strategies. Such engagements ensure that reforms are centrally designed but locally owned, enabling more coherent planning, efficient implementation, and equitable development outcomes. Ground-level feedback and commitments foster mutual accountability and are vital for achieving the inclusive and sustainable growth goals outlined in URAAN Pakistan.

MAJOR ENGAGEMENTS WITH DEVELOPMENT PARTNERS

- The Minister for Planning engaged in a comprehensive discussion with the Asian Development Bank (ADB) on the upcoming Country Partnership Strategy (CPS) for 2026–2035, focusing on tripling exports and ensuring sustainable growth. He emphasized the importance of aligning the CPS with Pakistan's 5Es framework (Exports; E-Pakistan; Environment and Climate Change; Energy and Infrastructure; Equity, Ethics, and Empowerment) under the URAAN Pakistan program, highlighting eight priority sectors. The Minister sought ADB's continued partnership and technical support to operationalize this vision and move Pakistan toward becoming a trillion-dollar economy.
- ·On February 17, 2025, the Minister for Planning hosted a delegation from the World Bank Group to deepen cooperation on sustainable growth. During the meeting, he presented the URAAN Pakistan 5Es Plan, which includes ambitious goals such as achieving $60 billion in exports, transitioning to renewable energy, and promoting inclusive development. He also called for global financial mechanisms to support climate-vulnerable nations. The World Bank reaffirmed its commitment to supporting Pakistan's goals through its new Country Partnership Framework.
- The Minister for Planning participated in the 1st ECO Forum on Sustainable Development in Turkmenistan (April 28–29, 2025), reaffirming Pakistan's commitment to regional integration as part of the URAAN Pakistan initiative. The Forum, aligned with

Minister for Planning Chaired a Meeting for Country Partnership Strategy with the ADB - 15th April 2025

ECO Vision 2025, focused on accelerating the SDGs through regional cooperation, innovative solutions, and energy-efficient practices. During the Forum, the Minister also held high-level bilateral meetings with ECO member countries to promote regional collaboration.

DEVELOPMENT OUTLOOK

Recent data suggest that Pakistan is closing the ongoing fiscal year on a note of promising macroeconomic stability, laying the groundwork for sustained economic growth despite a growth rate lower than initially projected—a usual outcome during periods of structural reform. Inflation has reached multi-decade lows, while fiscal and external sector indicators continue to show a healthy trajectory, offering a solid foundation for future gains. Notably, the marked improvement in development spending and renewed emphasis on priority projects closely align with the 5Es Framework under the Economic Transformation Plan, URAAN Pakistan.

Enhanced coordination with provincial governments, sharper development priorities, and the Planning Commission's strengthened oversight—monitoring and appraisal mechanisms—are geared to address longstanding implementation bottlenecks. These improvements are expected to accelerate project execution, enhance productivity, and ensure more effective use of public development resources.

With macroeconomic stability in place, the medium-term outlook remains positive. Anchored by a long-term transformation strategy, disciplined development allocations, and rigorous monitoring and evaluation, the economy is well positioned to target and sustain a 6 percent growth trajectory in the medium term, steering Pakistan toward broad-based economic prosperity and strengthened social cohesion.

ANNEX-I

KEY ECONOMIC INDICATORS

	Jul-Mar FY2024	Jul-Mar FY2025	% Change
External Sector ($ Billion)			
Current Account Balance	**(1.65)**	**1.86**	**212.5**
Trade Balance (Goods)	**(16.17)**	**(18.73)**	**(15.9)**
Exports (fob)	22.89	24.66	7.7
Imports (fob)	39.06	43.39	11.1
Remittances	21.04	28.03	33.2
Fiscal Sector (Rs. Billion)			
FBR Tax collection (Jul-Apr)	**7361.9**	**9300.1**	**26.3**
Fiscal Deficit (July-Mar)	(3902.4)	(2970.0)	(23.9)
Fiscal Deficit (as % of GDP)	3.7	2.4	-
Primary Balance (Jul-Mar) as % of GDP	1.5	2.8	-
Real Sector (Growth Rate) %	**Q2-2023-24**	**Q2-2024-25**	
GDP	1.8	1.7	-
Agriculture	5.8	1.1	-
Industry	(1.8)	(0.2)	-
Large-scale Manufacturing (July-Feb)	(0.5)	(1.9)	-
Services	1.3	2.6	-
Inflation (%)	**Jul-Apr FY 2024**	**Jul-Apr FY 2025**	
Inflation (CPI)	26.0	4.7	-
Inflation (CPI)(April)	17.3	0.3	-
Investment ($ Million)	**Jul-Mar FY2024**	**Jul-Mar FY2025**	
FDI (Net)	**1,442.26**	**1,644.12**	**14.0**
- FDI (Inflows)	2,142.87	2,472.21	15.4
- FDI (Outflows)	700.61	828.09	18.2
Financial and Capital Market (Rs. Billion)	**Jul-Mar FY2024**	**Jul-Mar FY2025**	
Credit to Private Businesses	**320.3**	**860.7**	**168.72**
Credit to Agriculture Sector	1,635.2	1,880.4	15.00

ANNEX-II

Summary of Projects Approved in CDWP

Date of CDWP	Total Projects Considered	Approved by CDWP	Recommended to ECNEC
10-April-2025	11	05	05
24-April-2025	09	05	04

PSDP Expenditure (Rs. Billion)

	Jul-Apr 2023-24	Jul-Apr 2024-25	% Change
Budgeted/Size of PSDP	940	1096	16.6
Expenditure PSDP	353.1	448.6	27.0
Percentage% against total allocation (Upto April)	37.6%	40.9%	

Progress of Monitoring Section - April 2025

Target as Per Plan	Achieved as per plan	Special Assigned	Achieved	
20	18	02	20	100%

Progress of Evaluation Section - April 2025

Target as Per Plan	Achieved	
04	04	100%

ANNEX-III

Projects Approved during April 2025

Sr. #	Name of Project	Sponsoring Agency	Total Cost Rs. Million	Status
Education & Higher Education				
1.	Getting Results: Access and Delivery of Quality Education Services in Balochistan (Grades)	Government of Balochistan	28,000.000	Recommended to ECNEC
2.	Establishment of Sub-Campus Quaid-i-Azam University (QAU),Islamabad at Sharaqpur, Sheikhupura. – New	HEC	3,888.147	Approved
3.	Development of National University of Medical Sciences (NUMS), Rawalpindi (2nd Revision)	HEC	3,545.369	Approved
4.	Establishment of Sukkur IBA University Campus at Mirpurkhas (Revised)	HEC	1,699.052	Approved
5.	Establishment of NISAR AHMED SIDDIQUI Technology (NASTech) Park at Sukkur IBA University (Revised)	HEC	959.92	Approved
Information Technology				
6.	Revamping IT Industry Landscape – New	M/o IT & Telecom	7426.887	Deferred
7.	Prime Minister's Initiatives -Support for IT Startups, Specialized IT Trainings and Venture Capital – Revised	M/o IT & Telecom	5,000.000	Approved
8.	National Semiconductor HR Development Program (NSHRDP)PHASE-I – New	M/o IT & Telecom Div.	4844.219	Approved in principle
9.	Strengthening of Ministry of Planning, Development & Reform in IT (2nd Revised) (Digital Management Unit (DMU) of Planning Commission) – Revised	M/o IT & Telecom Div.	1,374.552	Approved
10.	Gwadar Safe City Project	Government of Balochistan	7,486.790	Approved in principle
Physical Planning & Housing				
11.	Construction of Customs Complex at Sost (Part A) and Construction of Customs Digital Enforcement Stations by FBR along rivers Indus, Hub and in Balochistan (Part B) (Revised). –Revised	FBR	6,101.320	Approved

Sr. #	Name of Project	Sponsoring Agency	Total Cost Rs. Million	Status
12.	Sewerage System From Larechs Colony to Gulshan-E-Ravi, Lahore (Through Trenchless Technology) Revised	Govt. of Punjab	49,270.4	Recommended to ECNC
Power				
13	Dasu Hydropower Project (Stage-I) – Revised	M/o Water Resources	1,737,881.000	Recommended to ECNEC in Principle
Transport & Communications				
14	Sindh Flood Emergency Rehabilitation Project (SFERP) Phase-II – New	Government of Sindh	12,261.000	Recommended to ECNEC
15	Construction of Dualization of Sialkot Eminabad Road Upto Kamoki Including Link to Motorway Length: 65.10 Km (Section-I (Ghatto Rora) to (Dharam Kot 28.86 km), including link to Motorway (3.6 Km, Length:32.46 Km) in District Sialkot) – New	M/o Communications	12973.025	Recommended to ECNC
16	Lowari Tunnel and Access Road Project (4th Revised) –Revised	M/o Communications	37,333.554	Recommended to ECNC
17	Rehabilitation & Upgradation of Jhaljao — Bela Road (79.89 km) Revised	M/o Communications	16,219.630	Recommended to ECNC
Water Resources				
18	Balochistan Water Security And Productivity Improvement Project (BWSPIP)Improvement of Quetta Water Supply System –New	Government of Balochistan	9,835.890	Recommended to ECNEC
19	Flood Management of Kachhi Plains under Balochistan Water Security and Productivity Improvement Project (BWSPIP) (New)	Government of Balochistan	17,175.240	Recommended to ECNEC
Mass Media & CSTY				
20	Punjab Tourism For Economic Growth Project (PTEGP) - World Bank Assisted	Govt. of Punjab	12,472.000	Recommended to ECNC