Government of Pakistan
Ministry of Planning, Development & Special Initiatives

URAAN PAKISTAN
تو شاہیں ہے پرواز ہے کام تیرا

MONTHLY DEVELOPMENT UPDATE

SEPTEMBER 2026

ECONOMIC POLICY WING
(MACROECONOMIC SECTION)

CONTENTS

EXECUTIVE SUMMARY

Economic activity across key sectors remained resilient at the onset of FY 2026-27. Large-Scale Manufacturing (LSM) maintained positive momentum in July 2026, growing by 3.03% compared to July 2025. Goods exports rose by 9.4% to US$3.0 billion in July 2026, while total exports of goods and services increased by 13% to US$3.9 billion, alongside workers' remittances for Jul-Aug FY2026-27 which grew by 14.7% to US$7.3 billion, reinforcing external stability. On the fiscal front, FBR tax collections for Jul–Aug reached Rs. 1,722 billion, exceeding the combined two-month target by Rs. 12 billion, with August collections alone standing at Rs. 902 billion. However, inflationary pressures intensified, as CPI inflation surged to 10.2% in Jul-Aug from 3.6% in corresponding period last year, driven by higher food and transport costs. Development spending continued with improved efficiency. In August, the CDWP approved seven projects worth Rs. 25.4 billion and recommended five projects worth Rs. 283.9 billion to ECNEC, while cost rationalization generated savings of Rs. 7.5 billion during Jul-Aug. Looking ahead, the policy focus will remain on consolidating these gains, maintaining macroeconomic stability, advancing structural reforms, enhancing development spending efficiency, and promoting investment and exports to foster sustainable and inclusive growth.

MACROECONOMIC LANDSCAPE

	FY2025-26 (Jul-Aug)	FY2026-27 (Jul-Aug)		% Change
INFLATION (%)	3.6	10.2	↑	
LSM (%) (Jul)	8.93	3.03	↓	
FBR TAX COLECTION (Rs. Billion)	1,661	1,722	↑	3.7
EXPORTS (GOODS & SERVICES) ($Million)	6,643	7,256	↑	9.2
IMPORTS (GOODS & SERVICES) ($Million)	12,607	14,008	↑	11.1
REMITTANCES ($Million)	6,353	7,287	↑	14.7
CURRENT ACCOUNT BALANCE ($Million)	-853	-543	↑	

- Economic activities remained encouraging at the onset of FY2026-27. Industrial production continued its recovery, while fiscal and external sector indicators maintained positive momentum.

- LSM maintained positive momentum in July 2026, growing by 3.03% compared to July 2025, although the pace of growth moderated from 8.93% recorded in July 2025.

  The industrial recovery was broad-based, with 13 of 22 LSM sectors recording positive growth, led by automobiles (57.01%), other transport equipment (40.2%), tobacco (35.8%), and wearing apparel (22.03%).

- Cement dispatches increased by 2.8% to 8.3 million tonnes during July–August 2026, while domestic cement sales rose by 8% from 6.5 million to 7.1 million tonnes, reflecting stronger domestic demand and increased construction activity.

- Average CPI inflation during July–August FY2026–27 stood at 10.2%, compared with 3.6% in the corresponding period of FY2025–26. In August 2026, CPI inflation rose to 11.1% year-on-year, up from 9.2% in July, reflecting renewed price pressures.

- Urban food inflation reached 12.1% and transport inflation 20.2% in August, emerging as the primary drivers of the overall price surge.

- The Government strengthened market oversight through the National Price Monitoring Committee (NPMC) and enhanced surveillance mechanisms to contain price volatility.

- Goods exports increased by 7.04% year-on-year to US$5.46 billion during Jul–Aug FY2026-27, compared with US$5.10 billion in the corresponding period of FY2025-26. Textile exports remained the largest export group, rising by 6.76% to US$3.41 billion. The overall increase was also supported by higher exports of food, petroleum products, chemicals, leather, surgical goods, and other manufactured products.

- Total exports of goods and services increased by 9.2% to US$7,256 million during Jul–Aug 2026, supported by strong growth in ICT services exports. ICT services exports rose by 17.4% to US$811 million from US$691 million in the corresponding period of 2025. In August 2026 alone, ICT exports increased by 16.91% year-on-year to a record US$394 million, highlighting the growing contribution of digital services to Pakistan's external earnings.

- Goods and services imports rose 11.1% to US$14,008 million in Jul-Aug 2026, indicating stronger domestic economic activity and rising demand for productive and capital goods.

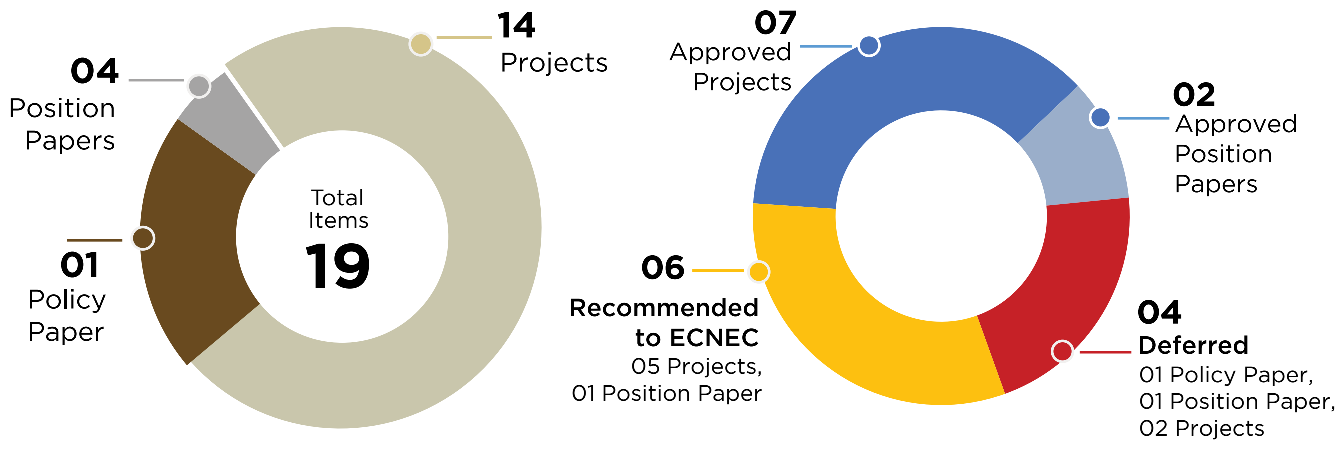
- Workers' remittances grew 14.7% to US$7,286.8 million in Jul-Aug FY2027, reflecting the continued confidence and contribution of our overseas Pakistanis to the national economy.

- The current account deficit narrowed to US$543 million in Jul–Aug 2026, compared with US$853 million in the corresponding period of 2025 and US$814 million in June 2026, reflecting an improvement in the external sector.

- During July–August 2026, the tax collection stood at Rs. 1,722 billion, 3.7 % higher than the corresponding period of 2025.

- Looking ahead, sustaining the recovery will require balancing price stability with continued export promotion, fiscal discipline, and structural reforms to ensure durable and inclusive growth.

DEVELOPMENT DYNAMICS



August 2026

DEVELOPMENT PROJECTS

During August 2026, two (02) meetings of the CDWP were convened under the chairmanship of DCPC to review development proposals submitted by federal ministries and provincial governments. The forum considered nineteen (19) agenda items in total comprising fourteen (14) projects, four (04) position papers and one (01) policy paper proposal. Out of these, seven (07) projects amounting to Rs 25.4 billion, and two (02) position papers were approved by the CDWP; while 01 policy paper, 01 position paper and 02 projects were deferred. Five (05) projects worth Rs 283.9 billion and 01 position paper were recommended to ECNEC. A detailed sector-wise breakdown of projects is annexed for reference.

Higher Education Sector

CDWP approved 04 projects costing Rs 13.6 billion with the aim to strengthen academic infrastructure, improve teaching & research facilities, and enhance the quality of higher education. These projects also focus on developing skilled human resources in technology, management, and veterinary sciences.

Information Technology Sector

01 project, costing Rs 37.1 billion, was recommended to ECNEC with the objective of establishing a state-of-the-art Pakistan Space Center to strengthen national capabilities in space science, technology, and research. The project will support innovation, skill development, and the growth of Pakistan's space sector.

Science & Technology Sector

01 project, costing Rs 2.8 billion, was approved by CDWP. The project aims to establish a dedicated campus of National Defence University to strengthen higher education, research, and strategic studies. The project will enhance professional capacity and support national security and defence policy formulation.

Health Sector

CDWP approved 01 project for Rs 4.9 billion with the objective to establish modern medical and nursing education facilities in Gilgit, enhancing access to quality healthcare education while developing skilled healthcare professionals to meet the region's growing needs.

Physical Planning & Housing Sector

03 projects with a cost of Rs 227.2 billion were recommended to ECNEC to improve water supply and wastewater management through modern treatment and distribution infrastructure. They will enhance access to safe, reliable, and sustainable water services in Lahore, Karachi, and Gwadar.

Transport and Communications Sector

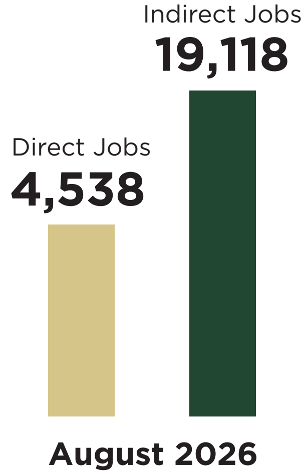
01 project for Rs 4.04 billion was approved, and 01 was recommended to ECNEC with a total cost of Rs 19.5 billion. These projects aim to improve road connectivity and urban infrastructure, enhancing accessibility, mobility, and basic services. They will support socio-economic development, improve quality of life, and strengthen connectivity in the targeted areas.

COST RATIONALIZATION (Jul-Aug 2026)

With the objective of promoting the efficient utilization of public resources, the CDWP forum conducted a comprehensive review of projects to identify and eliminate non-essential components, thereby ensuring greater value for public investment. This intervention has improved the efficiency of resource allocation and reflects the Government's commitment to results-oriented, impact-driven, and sustainable development. As a result of these efforts, savings amounting to Rs 6.5 billion was secured during August scrutiny, bringing cumulative savings to Rs 7.5 billion for the period Jul-Aug FY2026-27.

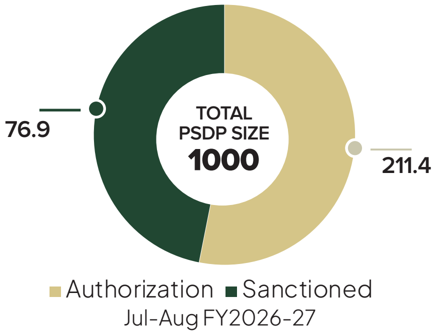
Saved
Rs. 7.5
Billion

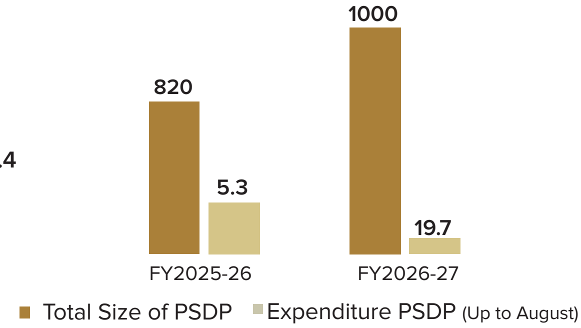
EMPLOYMENT GENERATION



Development spending remains a key driver of economic activity, as investment in strategic infrastructure and public services strengthens productive capacity while creating employment opportunities. The projects approved during August 2026 are expected to generate a total of 23,656 employment opportunities, including 4,538 direct and 19,118 indirect jobs. The approved portfolio primarily covers water supply, physical infrastructure, higher education, health, information technology, and transport projects. Infrastructure schemes, particularly K-IV, account for the largest share of projected employment, reflecting the substantial construction, engineering, and ancillary workforce required for large-scale projects.

DEVELOPMENT SPENDING (Rs. in Billion)





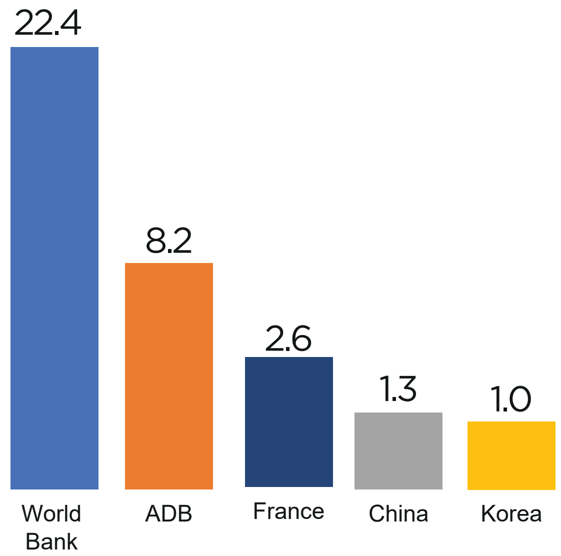
The NEC approved the Federal PSDP 2026–27 at Rs. 1,000 billion, including Rs. 255 billion as foreign loan rupee cover, with emphasis on prioritizing fast-moving, high-impact ongoing projects amid fiscal constraints. Development resources are to be strategically focused on projects aligned with Uraan Pakistan to improve public investment efficiency, ensure value for money, and achieve sustainable and inclusive development outcomes.

Amount in Rs. Million

SECTOR	ALLOCATION (FY2026-27)	EXPENDITURE (JUL-AUG FY2026-27)	%
Infrastructure	**602,464.08**	**10,424.38**	**1.73**
Energy	116,181.50	604.49	0.52
Water	75,819.93	6,422.48	8.47
Transport & Communication	355,885.75	2,882.56	0.81
Physical Planning & Housing	54,576.90	514.84	0.94
Social	**180,886.32**	**4,483.85**	**2.48**
Education including HEC	74,510.88	3,416.34	4.59
Health and Nutrition	22,100.90	614.82	2.78
SDGs Achievement Programme	63.0	0.00	0.00
Others	21,274.54	452.69	2.13
Governance	**12,787.32**	**205.08**	**1.60**
Science & I.T	**41,427.24**	**911.23**	**2.20**
Special Areas (AJ&K, GB)	**88,823.31**	**0**	**0**
Merged Districts	**56,076.44**	**3,569.68**	**6.37**
Production	**12,535.29**	**54.73**	**0.44**
Food & Agriculture	4,568.99	13.21	0.29
Industries	7,966.30	41.52	0.52
Total	**100,0000**	**19,648.95**	**1.96**

FOREIGN FUNDED PROJECTS

Federal PSDP 2026–27 includes 98 foreign-aided projects with a total foreign assistance component of Rs. 4,649 billion. Of the Rs. 1,000 billion PSDP allocation, Rs. 255 billion has been earmarked as rupee cover 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 whereas the 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. 35.7 billion and recorded an expenditure of Rs. 0.6 billion against the allocated rupee cover.

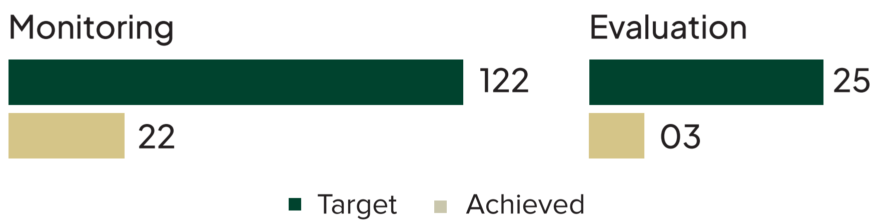


Sanction of major Donor's (Rs. in Billion)
Jul-August FY2027

MONITORING AND EVALUATION (M&E)

Monitoring and Evaluation (M&E) serves as a critical mechanism for ensuring the efficient and prudent utilization of public resources while improving service delivery. It enables the systematic identification of implementation gaps and facilitates timely corrective measures to enhance project performance. A robust M&E framework strengthens institutional oversight, promotes accountability, and supports informed, evidence-based decision-making.

During July & August 2026, the Ministry monitored 22 development projects against the bi-annual target of 122 and evaluated 03 projects against the bi-annual target of 25, as set for FY 2026–27. These activities focused on assessing implementation progress, identifying gaps, and ensuring that development projects remain aligned with their planned objectives and outcomes.



Bi-annual Targets for Monitoring and Evaluation
(Jul-Dec FY 2026-27)

New Public Investment Selection Criteria

A landmark reform to make PSDP spending more strategic, selective, and impact-driven

The Ministry of Planning, Development & Special Initiatives has finalized the Public Investment Procedure and Parameters (PIPP), a scorecard-based method for selecting and prioritizing development projects under the Public Sector Development Program (PSDP). The reform responds to gaps identified through a comprehensive public investment management assessment, which flagged weaknesses in project selection, prioritization, and fund allocation. The objective of reform is not to maximize the number of projects in the PSDP. It is to maximize the development impact of every rupee invested through the PSDP. PIPP shifts the PSDP from a demand-driven project list to a priority-driven investment portfolio.

The Core Shift

Ministries will no longer simply submit lists of projects for funding. Instead, they must rank projects using prescribed scoring criteria, after which the Planning Commission will conduct a cross-sectoral comparison to align the final portfolio with national priorities. Thus, this marks a shift:

Project Lists	→	Ranked, Scored Proposals	Annual Fund Distribution	→	Strategic Investment Decisions
Expanding Portfolio	→	Fewer, better-prepared, Investment-ready Projects	Isolated Project Decisions	→	Portfolio-based prioritization

KEY FEATURES: PIPP will ensure

Maximum return: Every rupee of public expenditure must generate the maximum possible economic and social return.

Quality over quantity: Prioritize fewer, better-prepared, higher-impact, and investment- ready projects rather than a continuously expanding project portfolio.

Protection of ongoing priorities: Safeguard resources for high-priority ongoing projects and avoid opening new projects before the existing portfolio is brought under control.

Portfolio approach: Move away from isolated project-by-project decisions. National priority initiatives, strategic/core projects, exceptional high-scoring projects, and climate-responsive projects will be considered for PSDP inclusion.

Sustainability: Every major project should have a credible post-completion sustainability and O&M plan, including financing sources and institutional responsibility.

SELECTION LENS

PIPP links project selection to

- National Priorities
- Economic Viability
- Technical Readiness
- Climate Resilience
- Social Impact
- Sustainability
- Private-sector participation
- Measurable Results

OTHER DEVELOPMENT INITIATIVES

Strengthening Fiscal Sustainability and Development in Gilgit-Baltistan

A high-level review of fiscal, governance, energy, and development priorities for Gilgit-Baltistan was undertaken on August 5, 2026, under the auspices of the Prime Minister's Review Committee. Discussions centered on an NFC-based resource-sharing framework, power sector reforms, hydropower development, climate resilience, and digital connectivity. Strategic priorities identified included enhancing fiscal sustainability, accelerating ongoing project execution, and catalyzing private sector investment in hydropower and renewable energy. The review reaffirmed the Federal Government's commitment to the region's sustainable, resilient, and inclusive development.

Strengthening Price Monitoring and Food Quality Assurance

Two reviews under the National Price Monitoring Committee was conducted in August to assess inflation, food quality, and LPG pricing dynamics. The Committee noted that Headline inflation moderated to 9.2% in July (down from 11.1% in June), yet food safety emerged as a major concern—176 of 491 packaged food samples failed quality tests, prompting a nationwide survey of loose edible oil, ghee, and milk. A national food quality framework was directed, with enhanced quarterly testing (including rural markets) and stricter enforcement against violators. Concurrently, measures were initiated to bridge wholesale-retail price gaps and resolve notified versus market LPG price disparities, with the Ministry of Petroleum and OGRA tasked to ensure fair pricing. These coordinated interventions reinforce consumer protection and market oversight.

Accelerating Automotive Exports under URAAN Pakistan

A policy dialogue on unlocking Pakistan's high-value automotive export potential was convened by the Planning Commission on August 12, 2026, in alignment with the export-led growth agenda under URAAN Pakistan. The discussion underscored the need for sectoral modernization, productivity enhancement, technology adoption, and strengthened public-private collaboration to achieve global competitiveness. As a concrete outcome, the automotive sector was called upon to formulate five-year export strategies and actively pursue deeper integration into international markets.

Charting a Roadmap for Pharmaceutical Export Growth

A high-level roundtable with pharmaceutical industry stakeholders was convened on August 14, 2026, to deliberate on strengthening Pakistan's export potential. Noting that pharmaceutical exports reached a 20-year high of $457 million in FY2025, growing by 34%, the discussion identified research, innovation, technology adoption, and domestic value-chain development as critical investment priorities. As a strategic way forward, the industry was urged to formulate a comprehensive roadmap to expand exports and meaningfully contribute to achieving Pakistan's ambitious $100 billion- plus export target by 2035.

Advancing CPEC 2.0 Implementation Priorities

The 91st meeting of the CPEC Projects Review and National Steering Committee was held on August 5, 2026, to assess progress on key CPEC initiatives. Discussions directed line ministries to accelerate implementation of the five CPEC 2.0 corridors and resolve delays in priority projects, including the Karachi Coastal Comprehensive Development Zone and Gwadar power supply. Emphasis was placed on effectively utilizing 1,000 agriculture graduates trained in China, particularly in biotechnology, improved seeds, and digital and AI-based agriculture. Financing of KKH Phase-II was also reviewed, with directions to finalize financing arrangements expeditiously and consider domestic resource mobilization to prevent further delays.

INTERNATIONAL ENGAGEMENTS

Pakistan-Spain Dialogue on Human Development and Agribusiness

A high-level bilateral meeting was held on August 3, 2026 with the Spanish Ambassador to Pakistan, H.E. Carlos Aragon, in Islamabad to discuss strengthening Pakistan-Spain cooperation in education, agriculture, sports, and human development. Academic collaboration with the University of Granada was highlighted as a key area of engagement. In the agriculture sector, Spanish investment and technical cooperation were invited in olive cultivation and agribusiness, while sports cooperation was proposed in football development. Both sides reaffirmed their commitment to expanding mutually beneficial bilateral cooperation.

Pakistan-Japan Dialogue on Infrastructure, Tourism, and Productivity

A high-level dialogue was held on August 5, 2026 with the JICA President to strengthen Pakistan-Japan development cooperation, focusing on infrastructure, human resource development, digital transformation, tourism, productivity, and sustainable economic growth. Pakistan's development framework, URAAN Pakistan's 5Es, was presented as the strategic anchor for collaboration. Proposals advanced included the establishment of a Pakistan-Japan Gandhara Tourism Corridor and enhanced JICA support for the Productivity, Quality and Innovation (PQI) initiative. Both sides agreed to strengthen coordination and develop high-impact projects aligned with Pakistan's development priorities.

DEVELOPMENT OUTLOOK

Going forward, development efforts will centre on improving the efficiency and impact of public investment, accelerating priority projects, and strengthening implementation capacity. Greater emphasis on private investment, exports, productivity, technology, human capital, and climate resilience will support broad-based growth. Stronger institutional coordination, effective monitoring, and evidence-based policymaking will remain central to achieving sustainable development outcomes.

> ***Turning ambition into action***

ANNEX I: KEY ECONOMIC INDICATORS

Indicators	Unit	FY-2025-26 (Jul-Aug)	FY-2026-27 (Jul-Aug)	% Change
Inflation				
Consumer Price Index	%	3.6	10.2	▲
Fiscal Sector				
FBR Tax Collection	Rs. Billion	1,661	1,722	3.7 ▲
Fiscal Balance (July)	Rs. Billion	-261.5	-596	▼
	% of GDP	-0.2	-0.4	
External Sector				
Remittances	$ Million	6,352.7	7,286.8	14.7 ▲
Exports	$ Million	6,643	7,256	9.2 ▲
Imports	$ Million	12,607	14,008	11.1 ▲
Current Account Balance	$ Million	-853	-543	▲
Investment				
FDI (Net)	$ Million	223.5	178.6	▼
FDI(Inflows)	$ Million	333.5	304.0	▼
FDI (Outflows)	$ Million	110.1	125.4	▲
Financial Sector				
Credit to Private Businesses (Stocks) (01 Jul - 29 Aug FY2026 vs 01 Jul - 28 Aug FY2027)	Rs. Billion	-213.9	-370.1	73.0▼
KSE100 index (%) (29 Aug 2025 vs 31 Aug 2026)	Index	148,617.8	176,975.7	19.08 ▲

ANNEX II

PROJECTS APPROVED AND RECOMMENDED BY CDWP

Sr. No.	Name of Project	Sponsoring Agency	Date of CDWP	Total Cost Rs Million	Status
POLICY PAPER					
i.	**Estimation of Social Discount Rate for Federal PSDP**	PIDE	05-08-2026	-	Deferred
ENERGY					
PP-I	**Development of 100 MWp Distributed Solar Photovoltaic Plants in Gilgit-Baltistan**	G/o Gilgit Baltistan	28-08-2026	32,424.000	Recommended to ECNEC
HIGHER EDUCATION					
1.	**Strengthening of the Women University of AJ&K Bagh (Revised)**	HEC	05-08-2026	2,550.64	Approved
2.	**Provision of Academic Facilities at Emerson University, Multan**	HEC	05-08-2026	1,044.29	Approved
3.	**Establishment of Hyderabad Institute for Technology and Management Sciences (Revised)**	HEC	05-08-2026	4,559.29	Approved
4.	**Strengthening of KBCMA CVAS (Revised)**	HEC	05-08-2026	5,494.00	Approved
PP II	**Construction of National Sports City (NSC) at Narowal**	HEC	28-08-2026	5,822.926	Approved
GOVERNANCE					
PP III	**Position Paper for the CDWP-Third Party Validation (TPV) (Re-visit of CDWP Decision)**	M/o PD&SI	28-08-2026	-	Approved

Sr. No.	Name of Project	Sponsoring Agency	Date of CDWP	Total Cost Rs Million	Status
HEALTH					
5.	**Establishment of Medical & Nursing College at Gilgit - Revised**	G/o Gilgit Baltistan	28-08-2026	4,923.747	Approved
INFORMATION TECHNOLOGY					
6.	**Establishment of Pakistan Space Center (PSC) Revised**	SUPARCO	05-08-2026	37,130.518	Recommended to ECNEC
PHYSICAL PLANNING & HOUSING					
7.	**Lahore Water and Waste Water Management project- Construction of Surface water Treatment Plant at BRBD Canal Lahore (Lahore Water supply Project)**	G/o Punjab	05-08-2026	31,591.96	Recommended to ECNEC
8.	**Greater Karachi Bulk Water Supply Scheme (K-IV) 260 MGD (Phase-I) (2nd Revised)**	M/o Water Resources	05-08-2026	171,814.464	Recommended to ECNEC
9.	**Construction of Water Supply Scheme to Gwadar Town from Mirani Dam Under Balochistan Socio Eco Dev Projects Phase III**	G/o Balochistan	28-08-2026	23,816.20	Recommended to ECNEC
SCIENCE & TECHNOLOGY					
10.	**Establishment of National Defence University (NDU) FCS Campus at Defence Complex Islamabad (DCI)**	M/o Defence	28-08-2026	2,753.422	Approved
TRANSPORT & COMMUNICATION					
11.	**Rehabilitation & Upgradation of Awaran ~ Jhaljao Road (54.80 KM) - Revised**	M/o Communications	28-08-2026	11,560.470	Deferred
12.	**Construction of Road from Zera to Daboori, District Orakzai (53.4-KMs) - Revised**	G/o Khyber Pakhtunkhwa	28-08-2026	4,036.830	Approved
13.	**Dualization & Improvement of Pindigheb ~ Kohat Road - Revised**	M/o Communications	28-08-2026	23,443.760	Deferred

Sr. No.	Name of Project	Sponsoring Agency	Date of CDWP	Total Cost Rs Million	Status
14.	**Karachi Neighborhood Improvement Project - Revised**	G/o Sindh	28-08-2026	19,544.830	Recommended to ECNEC
PP-IV	**Up-gradation of Track and Allied Infrastructure on ML-3; Rohri – Sibi – Quetta – Koh-e- Taftan section (996 Kms)**	M/o Railways	28-08-2026	278,618.591	Deferred

Government of Pakistan
MINISTRY OF PLANNING DEVELOPMENT & SPECIAL INITIATIVES

ECONOMIC POLICY WING
(MACROECONOMIC SECTION)

PlanComPakistan