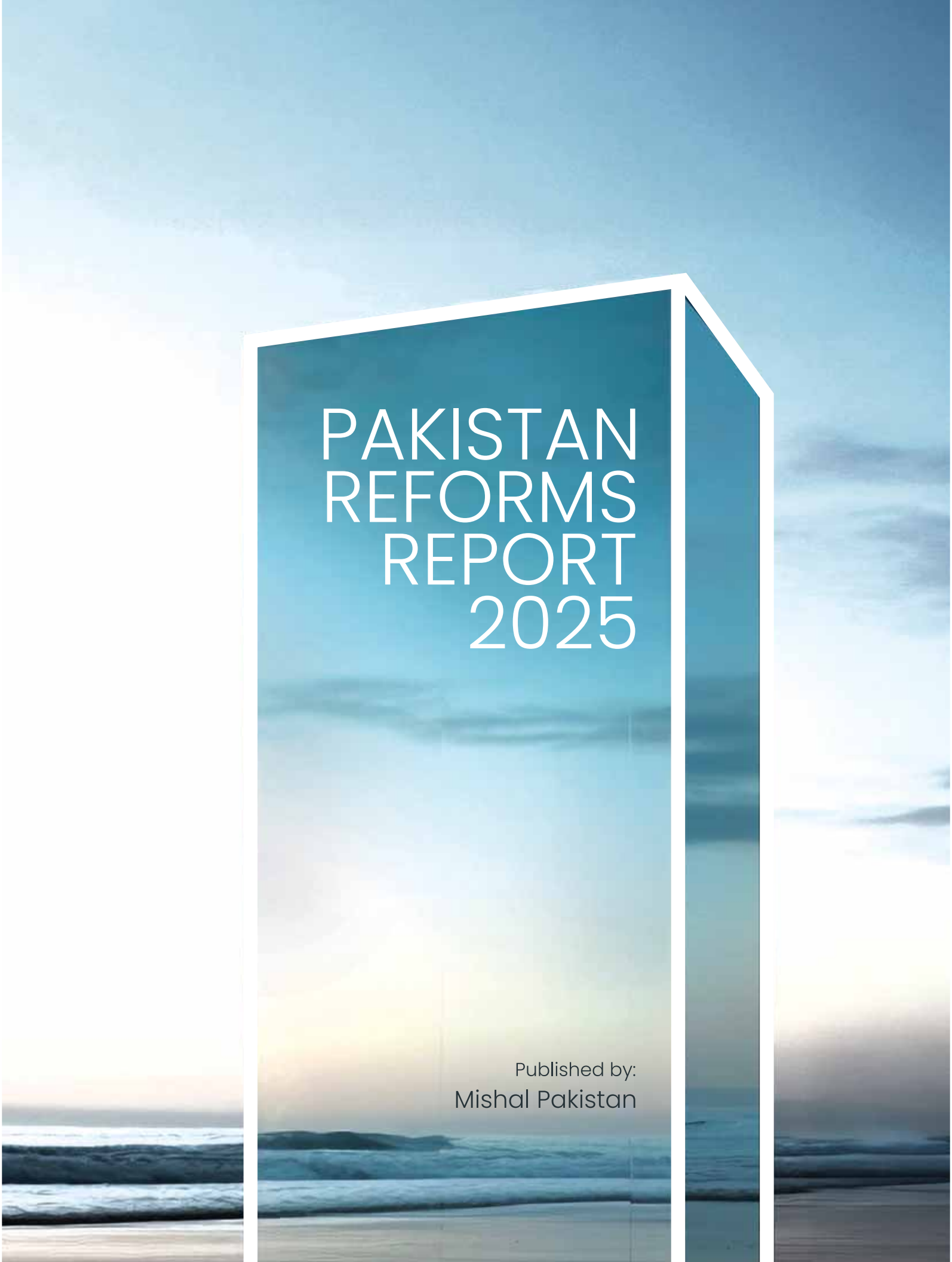


PAKISTAN REFORMS REPORT 2025

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A Country Partner Institute of the
New Economy and Societies Platforms
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Foreword

Pakistan is undergoing an extraordinary transformation through a sweeping set of reforms introduced by the Government of Pakistan in 2024. With over 100 reforms implemented within a span of 12 months, the pace and scope of these changes are unprecedented. This report has been created to document this significant shift in governance, ensuring that future research and analysis can benefit from an accessible and detailed account of the changes that have taken place.

As the Country Partner Institute of the New Economic and Societies Platform of the World Economic Forum, Mishal Pakistan recognized the critical need for an information repository that captures the government's reform journey in a structured manner. In a rapidly evolving policy landscape, transparency and accessibility to reform data are essential for fostering informed decision-making, encouraging stakeholder engagement, and shaping future governance strategies. The absence of such a comprehensive record has historically hindered researchers, policymakers, and global institutions from fully understanding Pakistan's governance trajectory. This report fills that gap by offering a systematic documentation of these reforms, serving as a valuable resource for national and international observers alike. Notably, this is an unprecedented effort, as no other think tank, research body, or academic institution has undertaken such an extensive analysis of a government's reform agenda within a single-year period.

The purpose of this report is not to evaluate the quality of these reforms but to appreciate the dedication, intellect, and hard work of the men and women in the public sector who have made these changes possible. Their commitment to Pakistan's progress is commendable, and this report stands as a testament to their relentless efforts in shaping a more stable and dynamic Pakistan.

For the first time, a comprehensive report has been compiled to chronicle a government's reform agenda within a 12-month period. The scale of transformation and the speed with which Pakistan is evolving demand national gratitude. However, one of the key observations during the preparation of this report is that a significant number of people within the government, as well as other stakeholders, are unaware of the extent of these reforms. Many do not realize how significantly Pakistan has changed in the past year and the long-term impact these reforms will have on future generations. This report aims to bridge that knowledge gap by providing a structured and detailed account of the reforms undertaken.



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Research Methodology

The data for this report was collected using multiple approaches, including direct engagement with ministries and institutions, official government websites, newspapers and media coverage, research journals, academic articles, and one-on-one interviews with key stakeholders. This multi-pronged approach ensures that the report is well-grounded in factual data and provides an accurate representation of the reforms undertaken. While every effort has been made to ensure accuracy, the nature of continuous governance changes means that some reforms might not be covered comprehensively.

Limitations of the Report

It is important to clarify that this report is not a commentary on the effectiveness or quality of the reforms but rather an effort to document the legal and structural changes that have shaped Pakistan's economic, social, and political landscape. The report specifically focuses on federal-level transformations and does not cover provincial-level reforms or challenges. This is also due to the fact that governance responsibilities have been restructured under the 11th Amendment, leading to devolved ministries and administrative challenges at both federal and provincial levels.

Furthermore, reforms that have national and jurisdictional limitations are addressed accordingly, but some gaps may exist due to the lack of publicly available data. Given the evolving nature of governance, this is a work in progress, and there may be reforms that were either overlooked or could not be documented due to constraints in data availability. We invite readers and stakeholders to reach out with any insights or additional information that can be incorporated into future editions of this report to ensure a more comprehensive and refined understanding of Pakistan's reform journey. You can reach us at reforms@mishal.com.pk

About Mishal Pakistan

Mishal Pakistan is an award-winning institution for business intelligence, benchmarking, public policy, and strategic communications, dedicated to driving impact through policy research, media development, and public engagement. Mishal Pakistan, as a leader in development, media and information intelligence (DMIL), has significantly contributed to the improvement of journalistic standards, the mitigation of misinformation, and the reinforcement of media credibility. The organization collaborates with governments, international entities, private sector firms, and civil society to formulate knowledge-based solutions for economic development, institutional changes, and digital transformation.

Mishal Pakistan, acknowledged for its data-driven methodology, serves as the Country Partner Institute of the World Economic Forum (WEF), contributing to international indices such the Global Competitiveness Report, Global Growth Index, Global Gender Gap Index, Global Travel and Tourism Development Report, and Network Readiness Index. Its policy and governance advising efforts assist governments and organizations in making evidence-based decisions about economic reforms, governance innovation, and digital policy. The organization utilizes artificial intelligence and big data analytics to lead in governance modernization, predictive analytics, and strategic communications.

Mishal Pakistan is a leading authority in economic and competitiveness research, providing insights that propel national and sectoral growth initiatives. Its proficiency in strategic communications and public diplomacy facilitates narrative construction, perception management, and crisis communication for governments, international organizations, and business executives. The group has collaborated with the international bosides, prominent universities, and international think tanks to promote narrative development, governance changes, and artificial intelligence ethics.

Mishal Pakistan, as a pioneer in the age of economic intelligence, consistently excels in research-driven narrative creation, impactful publications, and knowledge dissemination efforts. Through the integration of innovation, collaboration, and strategic foresight, the organization is dedicated to influencing the future of governance, media, and public policy in Pakistan and beyond.



Executive Summary

Pakistan has initiated an extensive reform agenda under the administration of Prime Minister Shehbaz Sharif (2024), emphasizing governance, economic stability, and social inclusion. The administration has placed a premium on policies that prioritize the needs of individuals, with the objective of rectifying structural inefficiencies, mitigating economic volatility, and alleviating political polarization. The principal initiatives encompass economic stabilization, the establishment of social safety nets, and the promotion of long-term sustainable development.

The administration of Prime Minister Shehbaz Sharif has encountered numerous significant challenges, notably economic instability characterized by elevated inflation rates, diminished foreign reserves, and increasing pressures associated with debt servicing. Political challenges, including profound polarization, social unrest, and the intricacies of coalition governance, have exacerbated the difficulties associated with reform initiatives. Structural and institutional challenges, encompassing inadequate governance, bureaucratic inefficiencies, and reliance on International Monetary Fund (IMF) subsidies, have presented considerable obstacles.

Fundamental governance reforms have been implemented, which include the optimization of the federal workforce through the elimination of 150,000 positions aimed at curtailing expenditures. Gender inclusion has been significantly improved through the implementation of a requirement for a minimum of 33% female representation on the boards of federal government agencies. The deployment of e-Office systems throughout various ministries is intended to augment operational efficiency, whereas the digitization of procurement processes is designed to bolster transparency.

Legal and judicial reforms have likewise been implemented. The establishment of the International Mediation and Arbitration Center (IMAC) aims to facilitate the expeditious resolution of disputes, while the digitization of legal systems has rendered federal laws accessible online, thereby enhancing transparency. Judicial efficacy has been enhanced through the augmentation of benches within the Appellate Tribunal Inland Revenue (ATIR) and the establishment of Intellectual Property (IP) Tribunals.

Pakistan has introduced a transformative governance mechanism centered around the Special Investment Facilitation Council (SIFC), which has significantly improved the country's investment climate and economic prospects. By integrating federal and provincial

stakeholders with institutional support from the military, SIFC has streamlined decision-making, enhanced transparency, and accelerated economic reforms. Key achievements include a rise in GDP growth, stabilization of foreign exchange reserves, reduction in inflation, and a narrowing trade deficit.

The Special Investment Facilitation Council (SIFC) played a crucial role in stabilizing Pakistan's economy in 2023, preventing a potential default caused by rampant dollar smuggling to Afghanistan, which had drained foreign exchange reserves to less than $5 billion. The crisis worsened as the State Bank of Pakistan halted Letters of Credit (LCs), triggering panic among businesses. SIFC launched a crackdown on dollar smuggling and Afghanistan Transit Trade, restoring investor confidence and easing market volatility. This intervention strengthened the rupee, revitalized local industries, and reinforced economic stability by curbing unfair competition from smuggled goods.

Security reforms have concentrated on visa and immigration policies, notably through the implementation of the Visa Prior to Arrival (VPA) facility, which is designed to enhance tourism and facilitate business activities. Public safety initiatives encompass the implementation of surveillance cameras and the establishment of Public Facilitation Centers (PFCs) in the capital. Misinformation and disinformation are identified as the biggest global threats in the World Economic Forum's Global Risk Report 2025. To combat information disorder and shield residents and businesses from foreign harmful content and propaganda, the government has responded by amending the Prevention of Electronic Crime Act (PECA 2025). By protecting digital areas, these steps hope to make Pakistan's information ecology more dependable and safe. These cybersecurity reforms have been implemented via amendments to the Prevention of Electronic Crimes Act (PECA) in order to modernize legislation pertaining to cybercrime. The Societies Registration (Amendment) Act 2024 has made all madrassas to register within six months (new ones within a year) and submit annual audited reports. It prohibits content promoting militancy, sectarianism, or hatred while encouraging modern education. A follow-up ordinance allows them to register under either the Societies Act or the Education Ministry, promoting transparency and governance.

Economic and financial reforms have been instrumental in stabilizing the economy of Pakistan. Pension reforms have implemented a defined contribution pension scheme in order to alleviate fiscal pressure. The digitalization of taxation, facilitated by the establishment of a comprehensive digital tax system, has broadened the revenue base. Measures implemented to control inflation have effectively decreased the inflation rate from 38% to 4.1% by December 2024.

Investment and industrial reforms have optimized regulatory procedures through the establishment of the Business Facilitation Centers (BFC). The initiation of the first National Industrial Policy is designed to enhance exports and stimulate industrial growth, whereas the establishment of Special Economic Zones (SEZs) is intended to draw foreign direct investment (FDI).

Initiatives aimed at climate and environmental reform have been undertaken, notably the establishment of the Pakistan Climate Change Authority (PCCA), which is designed to bolster climate resilience. The Green Pakistan Programme has resulted in the cultivation of 67.5 million trees. Furthermore, the implementation of National Policy Guidelines for Trading in Carbon Markets is intended to establish regulations governing carbon trading activities.

The information and broadcasting sector in Pakistan has undergone significant reforms, including the establishment of the Digital Communication Department (DCD) for enhanced governance, enhancements to Pakistan Broadcasting Corporation's (PBC) FM transmission,

and modernization initiatives by the Pakistan Television Corporation (PTVC) such as solarization and digital expansion.

Food security and agricultural reforms have been significantly improved through the adoption of digital governance initiatives, including the implementation of the E-Office system and the E-Pak Acquisition & Disposal System (E-PADS). Agreements for the expansion of trade with Uzbekistan and China have been formalized to enhance agricultural exports, and financial resources have been designated for the modernization of agricultural research facilities.

There have been notable advancements in education and abilities development. The enhancement of early childhood education has been facilitated by the establishment of 100 Early Childhood Education (ECE) Centers. The inauguration of the National Digital Learning Platform facilitates access to online courses, while the implementation of AI and Robotics Laboratories in educational institutions aims to equip students for a technology-driven economy.

Reforms in higher education have encompassed the establishment of Centers of Excellence in the fields of Biotechnology, Robotics, Data Sciences, and Artificial Intelligence. Collaboration between industry and academia has been fostered through funding programs that support research initiatives with commercial viability. Student financial assistance has been augmented through the provision of scholarships and various financial aid programs, thereby enhancing accessibility to higher education.

Transportation and infrastructure initiatives have been enhanced through the adoption of M-Tag electronic tolling and the Axle Load Control Regime (ALCR). Rail connectivity initiatives, such as the Thar Rail Connectivity Project and the Dedicated Freight Corridor, have been established. The commencement of operations at Gwadar International Airport is anticipated to bolster regional trade and logistics.

Initiatives pertaining to human rights and social responsibility have been accorded high priority, exemplified by the introduction of the AWAZ App and the Human Rights Complaint Portal, which facilitate the reporting of rights violations. The National Policy for the Elimination of Violence Against Women and Girls has been implemented concurrently with the establishment of the Child Protection Institutional Mechanism aimed at safeguarding at-risk children.

Efforts to enhance disaster preparedness have been bolstered by the implementation of the National Disaster Response Plan (NDRP), aimed at improving disaster response capabilities. Artificial intelligence-driven early warning systems have been implemented for the purpose of real-time disaster forecasting, and access to international climate financing has been obtained to support projects aimed at disaster risk reduction.

Measures for competition and market regulation have been strengthened through the establishment of the Market Intelligence Unit (MIU), which is tasked with identifying anti-competitive practices. Legal recoveries have culminated in penalties amounting to Rs. 100 million, thereby reinforcing financial accountability. A nationwide initiative has been initiated to enhance awareness regarding monopolistic practices and cartel activities.

The reform agenda of Pakistan under the administration of Prime Minister Shehbaz Sharif exemplifies a dedication to resolving enduring structural challenges, enhancing economic stability, and advancing social inclusion. Although considerable advancements have been achieved across multiple sectors, challenges persist in the realms of implementation, enforcement, and the assurance of long-term sustainability. Sustained emphasis on governance, transparency, and inclusive policies will be essential for Pakistan's progression towards a resilient and citizen-oriented state.



Introduction:
Pakistan's Governance, Reforms, & People-Centric State

The foundation of a country's development is good governance, which guarantees accountability, openness, and the effective provision of services that benefit the community. Fundamentally, governance is about creating a system that is inclusive and egalitarian, where state policies result in real benefits to people's lives, rather than merely administering laws. Governments throughout the world are moving more and more in the direction of people-centric models in the modern period as they realize that policies that empower citizens, lessen inequality, and improve institutional efficiency are the foundation of social stability, economic resilience, and sustainable development.

Political unpredictability, structural inefficiencies, and economic volatility have long posed problems for Pakistani governance. Reform-driven government, on the other hand, presents a chance to fix structural flaws and create a strong state that puts the interests of the people first. Since taking office in March 2024, the Shehbaz Sharif administration has implemented a number of economic and administrative changes with the goals of stabilizing the economy, promoting social inclusion, and guaranteeing sustainability over the long run. The administration has implemented policies that directly affect individuals, especially those from underprivileged communities, with an emphasis on empowerment and equity.

Important programs like the Waseela-e-Haq microloans for female entrepreneurs, the Bhook Mitao Program to address food insecurity, and the extension of the Benazir Income Support Programme (BISP) demonstrate a dedication to social safety and poverty reduction. A strategic move toward inclusive economic participation is highlighted by the focus on skills development through initiatives like PM Youth Business Loans and Digi-Skills, as well as minimum wage changes and minority protection measures. In order to create a more resilient and self-sufficient economy, these social empowerment projects support larger economic stabilization initiatives like tax digitalization, inflation control, and export-led growth programs.

In order to guarantee long-term security and resilience, structural reforms are being sought in addition to short-term economic stabilization. The $20 billion World Bank cooperation demonstrates a commitment to sustainable development by concentrating on important sectors including health, education, and climate resilience. In a similar vein, efforts to modernize agriculture and increase yields through technology are meant to address food security and rural economic stability.

Although these initiatives represent advancements, the sustainability and fair application of changes will be the real litmus test for government. Although there are still obstacles to overcome, the Five Es framework—Equity, Empowerment, Employment, Entrepreneurship, and Economic Security—highlights a comprehensive approach to development. Long-term stability requires strengthening governance, broadening the revenue base, and fostering political agreement.

The impact of significant reforms in a number of areas is evaluated as this report examines the performance of the Shehbaz Sharif administration during the last 12 months. This analysis attempts to offer a data-driven view on Pakistan's changing governance landscape and the path toward a more people-centric state by assessing policy efficacy, institutional responsiveness, and economic resilience.



Challanges
The Shehbaz Sharif Administration Faces After Taking Office (March 2024)

The country has experienced extreme economic unrest, political polarization, and institutional stagnation when Prime Minister Shehbaz Sharif took office in March 2024. The combination of structural flaws, political obstacles, and economic uncertainty created a formidable governance issue that necessitated quick and calculated action to stop future deterioration. The first part of his term was characterized by the following major issues:

1. Economic Instability

a- The Cost-of-Living Crisis and Rising Inflation

In early 2024, Pakistan's inflation rate, which averaged 17.3%, was among the highest in Asia. Ordinary people were negatively impacted by rising food and energy costs, which reduced their purchasing power and made poverty worse. Fiscal management was made even more difficult by inflationary pressures brought on by supply chain interruptions, currency depreciation, and fluctuations in the price of commodities globally.

b- Foreign Reserves at an Alarmingly Low Level

Pakistan's foreign exchange reserves fell short of the three-month safe benchmark at the time of the transition, since they could only fund 2.6 months' worth of imports. This unstable state increased the likelihood of external liquidity stress, which made it more difficult for the nation to secure necessary imports and preserve currency stability. In addition to undermining investor trust, the foreign reserve crisis made it more difficult to draw in foreign direct investment (FDI).

c- Growing Pressures to Servicing Debts

By 2026, Pakistan would have to repay $77.5 billion in debt, with interest payments alone expected to account for more than 60% of total government income. Fiscal management was severely strained as a result, making it more difficult for the government to finance vital infrastructure, social safety nets, and development initiatives. Policymaking was further limited by the possibility of debt distress and default, which made talks with foreign lenders—especially the IMF—a top concern.

2. Political Difficulties

a. Deep Polarization and Electoral Legitimacy

Allegations of anomalies marred the 2024 general elections, which caused a general lack of confidence in the democratic process. As a result, political legitimacy was undermined, polarization increased, and a fragmented government environment was produced, where opposition parties and the general public opposed the implementation of policies.

b. Growing Social Unrest and Opposition Pressure

Opposition groups, especially Imran Khan's Pakistan Tehreek-e-Insaf (PTI), took advantage of the public's heightened annoyance due to the economic crisis to organize protests. They threatened civil disturbance, strikes, and protests in response to the government's handling of governance and inflation issues. The implementation of the policy was made more difficult by this political unrest.

c. Complexities of Coalition Governance

Due to the government's formation as a coalition of historically hostile political groups, reaching an agreement and coordinating inside have proven to be extremely difficult. Decision-making was impeded by ongoing talks to preserve political balance and the coalition's conflicting ideological agendas, which made it difficult to execute reforms quickly.

3. Structural and Institutional Challenges

a. Weak Governance and Institutional Inefficiencies

Deep-seated inefficiencies beset Pakistan's governance and bureaucratic structures, including: - Inconsistent regulatory frameworks that deterred investment and business; - Slow policy execution brought on by bureaucratic red tape.

Financing is scarce, which inhibits SME expansion and entrepreneurship.

The administration's capacity to convert policy decisions into observable results was hampered by these structural defects, especially when it came to development and economic reform initiatives.

b. Dependency on IMF Bailout and Tight Requirements

It was crucial to obtain an IMF stabilization package because of the precarious economic situation. However, there was a chance of popular backlash due to the IMF's strict reform requirements, which included tax restructuring, fiscal austerity, and subsidy reduction. Even though these actions were required for economic recovery, they ran counter to short-term political concerns, particularly in the tense post-election climate.

Early on, the Shehbaz Sharif administration had to contend with political unrest, economic volatility, and long-standing structural inefficiencies. It took quick but cautious governance actions to balance the dual challenges of preserving public trust and stabilizing the economy. The course of Pakistan's recovery and its capacity to rebuild trust in state institutions would depend on how the administration handled these crises—through social protection programs, governance changes, and economic stabilization policies. The impact of these reform initiatives on important industries will be evaluated in the sections that follow.

Chapter

Reforms at the Heart of the Government

With a focus on rightsizing the federal government, boosting efficiency, encouraging transparency, and supporting digital transformation, the Cabinet Division spearheaded major reforms in Pakistan's core governance structure during the previous year. In addition to guaranteeing gender inclusion, modernizing procurement, and implementing global best practices in public sector management, these reforms seek to enhance governance, streamline the delivery of public services, and foster a more business-friendly atmosphere. Though these reforms represent a step forward, careful consideration must be given to their implementation, long-term viability, and effect on economic expansion.



The federal government's rightsizing in June 2024, which led to the elimination of 150,000 positions and the end of contingent-paid employees, was a historic change. Through the elimination of unnecessary personnel, this action seeks to lower government spending and increase efficiency, resulting in a leaner, more efficient governance system. Although it is anticipated that this restructuring will create room for the private sector to expand, questions still surround the immediate effects on public sector employment and the private sector's capacity to take on the displaced personnel. If properly executed, it will lessen needless government involvement, facilitate corporate transactions, and open up new avenues for private companies.

The April 2024 amendment of the Civil Awards Procedures & Guidelines is another reform that aims to promote transparency and meritocracy. This program guarantees that awards are given solely on the basis of accomplishment and contribution to Pakistan by instituting strict selection standards and creating new committees to evaluate accomplishments. Even while this reform makes talent and national service more widely recognized, it is crucial to make sure that political interference and favoritism are totally eliminated from the process.

The March 2024 mandate requiring 33% female representation on the boards of all federal government agencies is a major step in the direction of gender inclusion. Enhancing women's involvement in decision-making and ensuring that public policies reflect gender balance are the goals of this affirmative action policy. Women are additionally supported in the workplace by the government's mandate for daycare centers, female amenities, and transportation. Although these actions foster a more diverse workplace, they are nonetheless difficult to execute, especially in fields that have historically been dominated by men.

The Public Procurement Regulatory Authority (PPRA) was fortified in August 2024 through improved accountability measures, capacity building, and digitization of procurement procedures in an attempt to modernize governance. This project seeks to improve transparency, guarantee fair competition, and ease corporate dealings with the government by streamlining and modernizing procurement operations. Nevertheless, there are still challenges due to implementation delays and the sluggish adoption of digital procurement by different government agencies.

The March 2024 regulation reducing requirements for government officials' international visits, which limits travel costs and requires economy-class travel, is another cost-cutting measure. Even though this has raised accountability and cut down on wasteful spending, there are still concerns about how these limitations can impede international collaboration and diplomatic engagement.

The creation of the Cannabis Control Authority in September 2024 marked the beginning of a bold economic endeavor to control and authorize the production of cannabis for both internal and foreign markets. It is anticipated that this action will assist pharmaceutical developments, strengthen the agriculture industry, and generate job possibilities. This reform has the potential to produce substantial foreign exchange earnings if it is implemented well. To prevent potential ethical and legal issues, the regulatory framework and its conformity with global drug policies must be well controlled.

In November 2024, the National Seed Regulatory and Development Authority was created in a similar endeavor to increase agricultural production. In order to increase crop yields, lessen dependency on imported agricultural raw materials, and boost Pakistan's competitiveness in the textile and agro-industrial sectors, this group is entrusted with making sure that certified seeds are produced and distributed, especially for cash crops like cotton. Effective seed

certification, stringent quality control, and cooperation with business sector parties are essential to this initiative's long-term success.

With the implementation of e-Office systems across ministries in August 2024, the government has also made notable progress toward digital transformation. It is anticipated that this move to paperless governance will boost productivity, enhance documentation, lower administrative expenses, and provide remote access to public services. Even though this represents a significant turning point in Pakistan's digital governance path, issues including cybersecurity threats, employee reluctance to change, and low digital literacy still need to be resolved.

The government's recent revisions mark a revolutionary change in digitalization, gender inclusivity, financial prudence, and governance. Although it is anticipated that these policies will increase efficiency, streamline government operations, and spur private sector expansion, obstacles including bureaucratic inertia, change aversion, and implementation delays must be addressed early on. Strict oversight, capacity building, and flexible policymaking must all be integrated into the governance framework in order to optimize the effects of these reforms. The effectiveness of these reforms will decide Pakistan's capacity to establish a contemporary, effective, and business-friendly government at this pivotal moment.



Chapter

Reforms to Improve the Legal Environment

Over the past year, the Ministry of Law and Justice (MoLJ) has implemented a number of legal and judicial changes with the goals of increasing access to justice, modernizing legislative frameworks, and boosting judicial efficiency. These changes are crucial for bolstering Pakistan's legal system, boosting investor trust, and guaranteeing improved access to dispute settlement procedures. Though many of these projects have potential, questions are raised regarding their long-term efficacy due to structural restrictions and the implementation process.

The International Mediation and Arbitration Center (IMAC), which was established to offer alternative dispute resolution (ADR) services for both domestic and international issues, is among the most noteworthy projects. This program is admirable because it seeks to expedite and lower the cost of dispute resolution for businesses while also reducing the judicial backlog. However, because of a lack of public awareness and mistrust regarding out-of-court settlements, ADR frameworks have historically been underutilized in Pakistan. Increased legal recognition and incentives for companies to select arbitration over drawn-out litigation are essential for IMAC to be genuinely successful.

The digitization of Pakistan's legal system, which makes federal laws more easily accessible online and translated into Urdu, is another important milestone. It is anticipated that this action will increase openness and make legal compliance easier for both the public and businesses. Although this is a beginning in the right direction, the reform's effectiveness depends on ongoing revisions and making sure that all regulatory frameworks are well-documented and accessible. In order to guarantee data security and usability, a legislative framework for e-governance needs also be reinforced.

It is also admirable that the Directorate of Legal Education is working to enhance legal education. In partnership with the Bar Council, this program focuses on legal education to guarantee a more skilled legal workforce. However, inconsistent curriculum quality and antiquated teaching techniques have long plagued Pakistani legal education. Even though this reform might raise the bar for legal norms, stricter rules for faculty training and law school accreditation are still required. Without these, there might not be much of an actual influence on legal competence.

With the creation of 15 additional Appellate Tribunal Inland Revenue (ATIR) benches and Intellectual Property (IP) Tribunals in Quetta and Rawalpindi, the Tribunal and Court Expansion plan is a much-needed development. It is anticipated that these extensions will reduce case backlogs and increase court effectiveness. To ensure that these courts run smoothly and effectively, however, procedural reforms, better case management systems, and judicial training are all desperately needed. Increasing infrastructure alone does not ensure efficiency.

The deployment of the Digital Case Flow Management System (CFMS) in 178 Federal Courts and Tribunals, which tracks 130,000 cases via SMS notifications, is a significant technological advancement. A much-needed intervention, this method seeks to improve openness and cut down on delays. But Pakistan's judiciary still lacks a well-developed digital infrastructure, and issues with cybersecurity, data privacy, and legal professionals' adoption rates are prevalent. This digital endeavor can encounter opposition and implementation inefficiencies if it is not properly trained and integrated with other court innovations.

An important improvement is the Arbitration Bill 2024, which seeks to update arbitration and supersede the antiquated 1940 Act. It is anticipated to enhance contract enforcement and bring Pakistan's arbitration system into line with global best practices, increasing the country's appeal to investors. Pakistan must, however, guarantee robust institutional support, develop a pool of qualified arbitrators, and raise awareness among companies and legal experts if arbitration is to become widely accepted. Without these, the measure might not be able to accomplish its goals.

Another significant legislative change is the 26th Amendment to the Constitution, enacted in October 2024, introduces significant reforms aimed at restructuring the judicial system. It establishes Article 9A, which guarantees every individual the right to a clean and sustainable environment, marking a progressive step towards environmental rights.

The amendment notably alters judicial appointments by modifying the composition of the Judicial Commission of Pakistan, increasing political influence over judicial nominations. It limits the Chief Justice's tenure to three years and transfers the power of suo motu actions from the Supreme Court to a judicial committee, raising concerns about judicial independence. Critics argue that these changes undermine the separation of powers and may lead to politicization within the judiciary, while supporters claim they enhance parliamentary oversight and accountability in judicial appointments. However, it is yet uncertain how the 26th Amendment will affect legal governance and economic stability more broadly.

Comparably, one of the most important steps in enhancing legal certainty is the Criminal Law Reforms (CrPC Amendments), which incorporate contemporary investigative methods into the criminal court system. However, Pakistan has long suffered in the areas of forensic advancements, judicial monitoring, and comprehensive police training, all of which are necessary for the implementation of these changes. The full potential of these revisions might not be realized in the absence of concurrent institutional adjustments.

To ensure effective litigation procedures, efforts must be made to upgrade the judicial infrastructure through the refurbishment of the Federal Judicial Complex in Islamabad, the Banking Court in Karachi, and the Special Courts in Karachi. A long-term goal for a better legal system is also demonstrated by the approval of a 40-court/tribunal complex. But Pakistan's judiciary need more than simply physical growth; it also needs to streamline case processes, hire additional judges, and guarantee procedural efficiency. The increase of the infrastructure might not result in appreciable gains in judicial performance if systemic inefficiencies are not addressed.

The creation of the Anti-Rape Crisis Cell (ARCC) under the Anti-Rape (Investigation and Trial) Act, 2021, is among the most important social changes. By offering survivors of sexual violence specialized treatment, these centers hope to expedite the judicial process and improve victim protection. Improving vulnerable people' access to justice requires taking this important step. However, adequate financing, skilled staff, and robust law enforcement are necessary for this reform to be effective. The effectiveness of these crisis cells or their continued underfunding and neglect are questions raised by Pakistan's traditionally lax application of gender-sensitive legal safeguards.

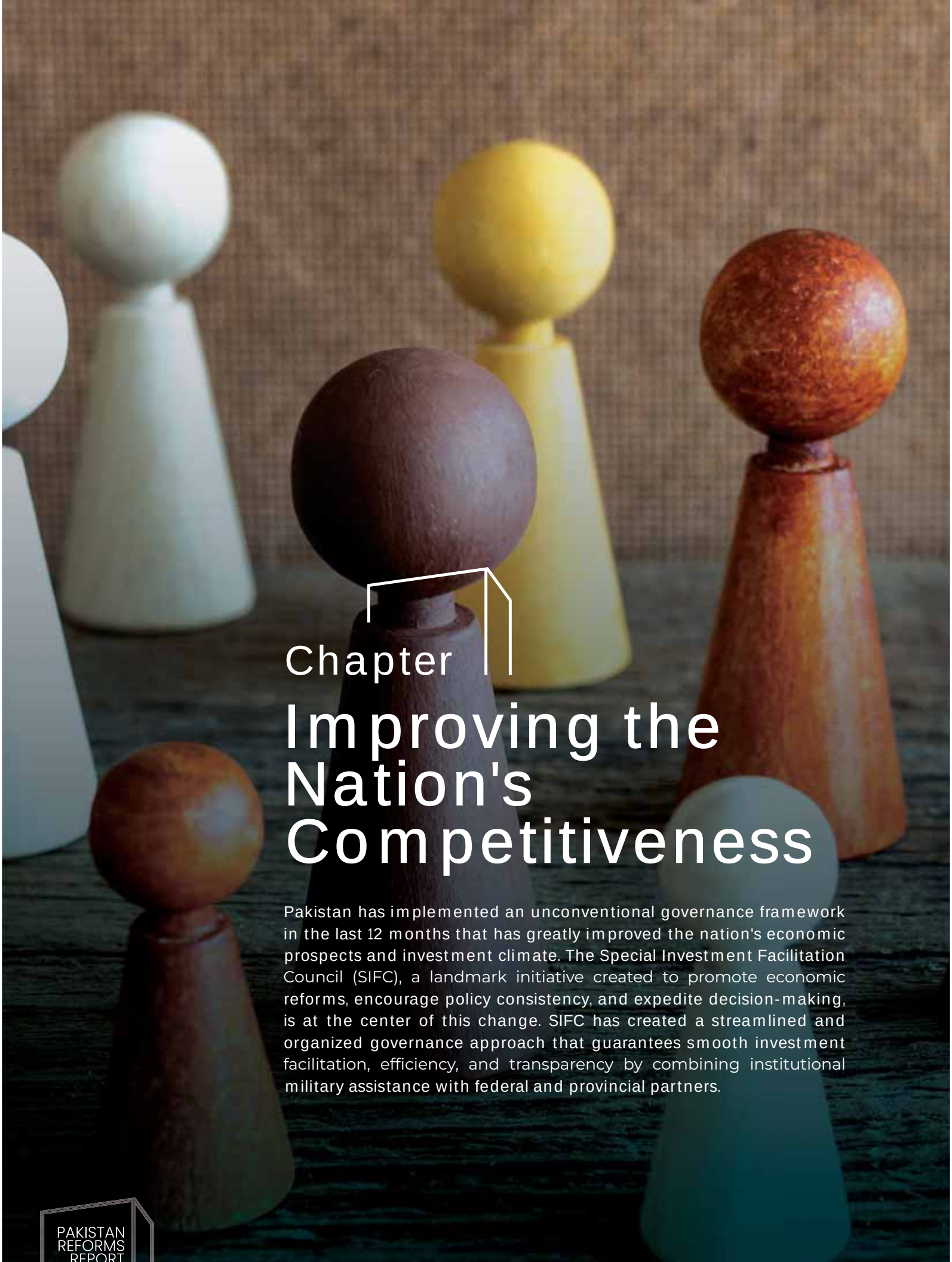
The revisions allow for direct appeals of tribunal rulings to the Supreme Court, create new regulatory agencies including the National Cybercrime Investigation Authority and the Social Media Protection and Regulatory Authority, and lessen punishments for fake news. The broad categories of misinformation and online harm, however, allow for possible abuse. Critics contend that because the law's ambiguous wording gives authorities the ability to subjectively define what material is incorrect, it might be used to stifle dissent and restrict press freedom.

The National Forensics and Cybercrime Agency's (NFCA) establishment is a step in the right direction, privacy issues and possible misuse of monitoring continue to be worries.

Although Pakistan's legal and judicial system has undergone much-needed modernization thanks to these reforms, there are still several obstacles in the way of their implementation. Although the creation of new organizations and digital projects is praiseworthy, their full potential may not be realized in the absence of corresponding advancements in institutional control, judicial effectiveness, and enforcement methods.

Furthermore, corruption, case delays, and procedural inefficiencies continue to plague Pakistan's legal industry, necessitating structural changes that go beyond building more infrastructure. It is imperative that parliamentarians reevaluate the effects of such reforms on democracy and civil freedoms.

All things considered, the Ministry of Law and Justice has made admirable progress in changing Pakistan's legal system; but, these changes will only be successful in the long run if they are implemented openly, are regularly reviewed by judges, and are trusted by the general public. These legislative developments have the potential to greatly improve Pakistan's judicial effectiveness and international legal reputation if they are implemented fairly and responsibly.



Chapter

Improving the Nation's Competitiveness

Pakistan has implemented an unconventional governance framework in the last 12 months that has greatly improved the nation's economic prospects and investment climate. The Special Investment Facilitation Council (SIFC), a landmark initiative created to promote economic reforms, encourage policy consistency, and expedite decision-making, is at the center of this change. SIFC has created a streamlined and organized governance approach that guarantees smooth investment facilitation, efficiency, and transparency by combining institutional military assistance with federal and provincial partners.

The Special Investment Facilitation Council (SIFC) played a decisive role in preventing Pakistan's economy from spiraling into default during the severe economic crisis of 2023. At the time, rampant dollar smuggling to Afghanistan had placed immense pressure on foreign exchange reserves, causing them to dwindle to less than $5 billion. This massive outflow of foreign currency led to a liquidity crunch, forcing the State Bank of Pakistan (SBP) to halt the issuance of Letters of Credit (LCs) for importers, further escalating panic within the business community. The inability to secure LCs disrupted supply chains, stalled essential imports, and created uncertainty across industries, leading to a widespread loss of business confidence.

Recognizing the gravity of the situation, SIFC, under the directive of Army Chief General Asim Munir, initiated strict measures to halt the smuggling of dollars across the border. This intervention played a critical role in stabilizing the exchange rate, restoring investor confidence, and preventing a complete financial meltdown.

Additionally, SIFC expanded its crackdown to include illicit trade under the Afghanistan Transit Trade Agreement (ATTA), which had long been exploited for smuggling a range of goods into Pakistan, undermining local industries. The influx of cheaper, untaxed smuggled products had made it nearly impossible for domestic manufacturers to compete, contributing to the economic downturn.

The anti-smuggling operations significantly reduced illegal trade, allowing the local industry to regain its footing by curbing unfair competition. As a result, domestic businesses, particularly in sectors such as textiles, manufacturing, and consumer goods, began to see a revival, contributing to job creation and economic stability.

Moreover, the increased transparency and stricter regulations on foreign exchange transactions helped strengthen the rupee, ease inflationary pressures, and restore economic discipline.

SIFC's proactive measures underscored the importance of strong institutional intervention during economic crises, demonstrating how strategic governance, when effectively executed, can stabilize markets, safeguard national interests, and revive business confidence. Moving forward, continued enforcement of anti-smuggling laws, robust border controls, and economic policy reforms will be essential to sustaining these gains and ensuring long-term financial stability.

By implementing an inclusive decision-making framework that involves all significant players, SIFC is completely redesigning business dynamism and governance in Pakistan. This institutional structure guarantees the coordinated formulation and execution of economic strategies, minimizing bureaucratic hold-ups and facilitating prompt decision-making. The council is run by four main committees: the Apex Committee, which oversees leadership and provides strategic direction; the Executive Committee, which implements policies; the Implementation Committee, which ensures that reforms are carried out on time; and the Sectoral Working Groups, which concentrate on investment projects unique to a given industry. This governance structure has made Pakistan a more desirable place to invest and encouraged cooperation between governmental levels.

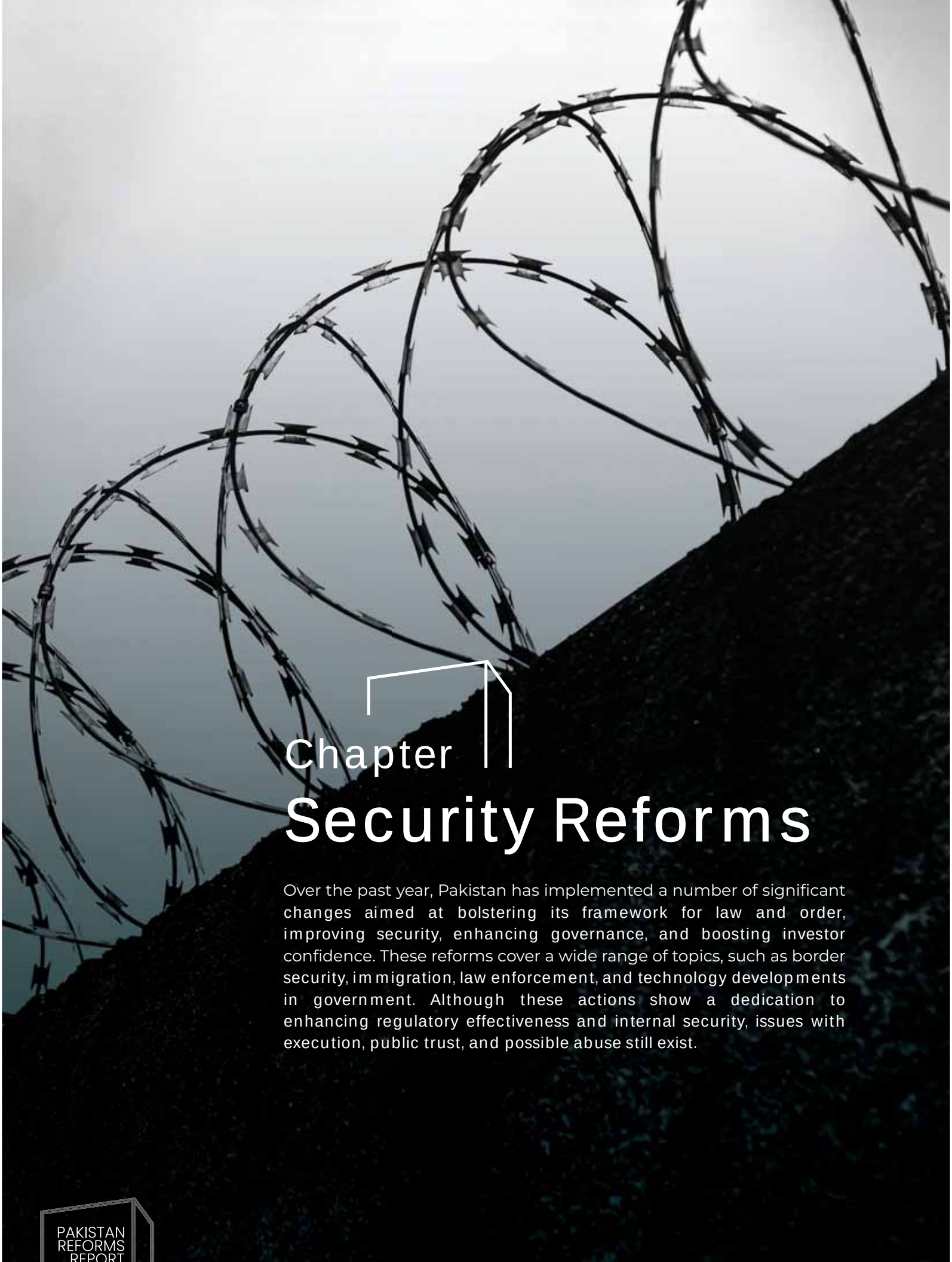
The nation's improving economic indices clearly show the effects of SIFC's governance changes. The GDP growth rate in Pakistan increased from 0.29% to 2.38% in the last year, and it is expected to reach 3.5% in FY25. By December 2024, foreign exchange reserves had increased from $4.4 billion in June 2023 to $11.73 billion. The trade deficit has decreased from -$27.47 billion to -$17.54 billion in the same time frame, while inflation has drastically decreased from 38% in May 2023 to approx. 4.6% in December 2024. These enhancements demonstrate the impact of SIFC's governance changes as well as the rekindled optimism in Pakistan's economic future.

The potential of SIFC to increase investor confidence through policy interventions and regulatory improvements has been one of its most important accomplishments. Important projects include the creation of the National Seed Development Authority and the Cannabis Control and Regulatory Authority, the adoption of a simplified immigration policy that permits 24-hour processing, and the creation of a National Space Policy. A more effective gas and power distribution system has also been made possible by energy sector reforms, and state-owned businesses like Pakistan International Airlines (PIA) and DISCOs are being privatized as quickly as possible to increase operational efficiency.

Pakistan has been able to forge closer economic ties with international investors thanks to SIFC's governance approach. The council has been instrumental in negotiating 34 Memorandums of Understanding (MoUs) worth $2.8 billion with Saudi Arabia and turning 8 of them into formal agreements. Pakistan's investment environment has also been reinforced by significant infrastructure partnerships with the United Arab Emirates and increased commerce with China, ASEAN countries, and Europe. Pakistan's commitment to an investor-friendly environment has been reaffirmed by these aggressive initiatives, which have increased Foreign Direct Investment (FDI) from $1.63 billion in FY23 to $2.15 billion in December 2024.

SIFC has implemented a number of structural changes targeted at enhancing industrial productivity, digital transformation, and regulatory efficiency in order to maintain long-term economic growth. Pakistan is now a competitive location for international companies thanks to initiatives like the Digital Nation Pakistan Act, improved IT export incentives, and the creation of Special Economic Zones (SEZs). Furthermore, the government's dedication to fostering an environment that is more favorable for economic growth is demonstrated by the modernization of the Federal Board of Revenue (FBR) and the extension of USD retention limits for freelancers and IT companies.

Investment facilitation is still a national goal attributable to the Special Investment Facilitation Council (SIFC), which has been the driving force behind Pakistan's governance transition. SIFC has strengthened Pakistan's economic resilience, strengthened investor confidence, and laid the groundwork for long-term prosperity by putting in place an organized, open, and investor-friendly governance mechanism. Going forward, maintaining Pakistan's appeal and competitiveness as a location for international investment would require sustained policy coherence, institutional openness, and stakeholder cooperation.



Chapter

Security Reforms

Over the past year, Pakistan has implemented a number of significant changes aimed at bolstering its framework for law and order, improving security, enhancing governance, and boosting investor confidence. These reforms cover a wide range of topics, such as border security, immigration, law enforcement, and technology developments in government. Although these actions show a dedication to enhancing regulatory effectiveness and internal security, issues with execution, public trust, and possible abuse still exist.

Improving Visa and Immigration Regulations

The Visa Prior to Arrival (VPA) facility was introduced to enhance tourism and business opportunities in Pakistan by allowing nationals from 126 designated countries to obtain a three-month multiple-entry visa within 24 hours of application. This initiative was approved by the Cabinet on July 24, 2024. However, based on security recommendations, eight countries—Azerbaijan, Turkmenistan, Kyrgyzstan, Uzbekistan, Tajikistan, Russia, Turkiye, and Iran—are proposed to be removed from the VPA list. Despite this change, applicants from these countries will still be eligible to apply under the Tourist or Business visa categories following the previous procedure. Additionally, the Ministry of Foreign Affairs has recommended the inclusion of Hong Kong in the VPA facility, aligning with the existing inclusion of China. In light of these recommendations, it is proposed that the Ministry of Interior withdraw the VPA facility for the aforementioned eight countries while adding Hong Kong to the list. This strategic move aims to streamline visa facilitation while ensuring security considerations remain a priority.

On August 14, 2024, the Ministry of Interior officially launched the Visa Prior to Arrival Facility, marking a significant milestone in Pakistan's immigration policy. This initiative enables tourists, business travelers, and Sikh pilgrims from 120 countries to obtain multiple-entry visas within 24 hours, greatly facilitating travel and business engagements. The success of the program is evident, as over 120,000 visas were granted in just six months, resulting in a remarkable 200% increase in visa approvals. This policy has not only boosted Pakistan's travel and tourism sector but also contributed to an increase in foreign direct investment (FDI).

Furthermore, in a progressive move aimed at creating a more family-friendly immigration system, the government eliminated overstay fees for children of foreign nationals born in Pakistan. Previously, financial penalties were imposed on foreign children who failed to obtain visas within 14 days of birth. However, as of November 28, 2024, these fines have been abolished, making Pakistan a more attractive destination for expatriates and international investors. This decision reflects the government's commitment to fostering an inclusive and investment-friendly environment, ensuring that foreign residents and their families experience greater ease in their legal and administrative processes.

Enhancing Public Safety and Law Enforcement

Significant efforts have been made by Pakistan to improve security, especially in Islamabad. 100 cameras have been installed along important roads, especially those utilized by Chinese nationals and foreign workers, as part of the Islamabad Safe City Project. By strengthening surveillance and rapid reaction capabilities, this effort hopes to increase confidence among international investors. Still up for debate, though, are data privacy concerns and the necessity for effective cybersecurity protections.

To improve communication between the public and the police, the government has also set up Nine Public Facilitation Centers (PFCs) throughout Islamabad. Although, the urban-rural disparity in access to police services is highlighted by the fact that, despite their positive reception, these centers have had little effect outside of big cities.

The establishment of the Special Protection Unit (SPU) on July 22, 2024, with 1,600 personnel deployed to safeguard non-CPEC projects and foreign investors, represents another significant reform. In a similar vein, the construction of the Islamabad Model Prison has improved correctional facilities, and has created 617 new jobs, and eased the strain on already overcrowded prisons.

On December 13, 2024, an Anti-Riot Force was established with 973 officers recruited to combat public disturbance. This project has raised worries about potential misuse against peaceful protests, even if it has strengthened crowd control measures.

Improving Security for Non-CPEC Projects and Foreigners

On September 19, 2024, the Ministry of Interior introduced Standard Operating Procedures (SOPs) for foreigners working on non-CPEC projects in response to a surge in attacks on foreign workers. By establishing clear security protocols, these standards guarantee that foreign nationals are adequately protected. Although there are still issues with ensuring compliance across provinces, this reform is anticipated to encourage further FDI.

Promoting Digital Law Enforcement and Cybersecurity

Pakistan's digital security environment has undergone a substantial transformation as a result of the amendments to the Prevention of Electronic Crimes Act (PECA) 2025, which were implemented on January 29, 2025. The creation of a National Forensics and Cybercrime Agency (NFCA), new regulatory bodies (such as the Social Media Protection and Regulatory Authority), and reduction of penalties for disinformation and malinformation are some of the major developments. Although Human rights groups have expressed worries about overreach, potential censorship, and suppression of dissent despite the fact that these changes are intended to modernize Pakistan's cybercrime laws.

The National Registration & Biometric Policy Framework has been implemented in December 2024 with the goal of preventing identity theft and improving identity verification mechanisms. In addition to reducing dependency on fingerprint authentication, the implementation of multi-biometric verification systems will enable citizens to employ facial recognition for identity verification. This has raised worries about data privacy and potential misuse by state agencies, even while these innovations improve security and are in line with the developing technological solutions.

Improving Border Security and Counterterrorism

Better coordination in counterterrorism operations has been made possible by the creation of the National Fusion Centre in February 2024, which has enhanced inter-agency intelligence sharing. A more unified and strategic approach to national security is the goal of the development of a National Internal Security Policy (2024-2029).

The operationalization of the UNSCR 1373 Portal in December 2024, intended to improve collaboration in counterterrorism financing, is another noteworthy reform. Although these measures enhance Pakistan's adherence to international anti-terrorism norms, it will be crucial to guarantee open implementation and avoid abuse for political ends.

Difficulties and the Future

Significant obstacles still exist even if these reforms show a commitment to improving law and order. Data privacy, government overreach, and citizen spying are issues brought up by the quick digitization of security and governance. Additionally, in order to prevent power abuse, strict accountability systems must be complemented with the expansion of law enforcement agencies.

Pakistan needs to concentrate on implementing security programs nationwide, especially in rural and undeveloped areas. Additionally, inter-agency coordination is still a major challenge, necessitating clear jurisdictional boundaries and better information-sharing mechanisms.

Streamlining the Madrassah Registration

The Societies Registration (Amendment) Act 2024, commonly referred to as the Madrassah Registration Bill, implements significant reforms aimed at regulating religious seminaries (Madaris) within Pakistan. This legislation requires that all currently operating madrassas complete their registration within a period of six months, whereas newly established madrassas are allotted a timeframe of one year to fulfill this obligation. Seminaries possessing multiple branches are required to complete a singular registration, and all branches must submit annual audited reports to ensure transparency.

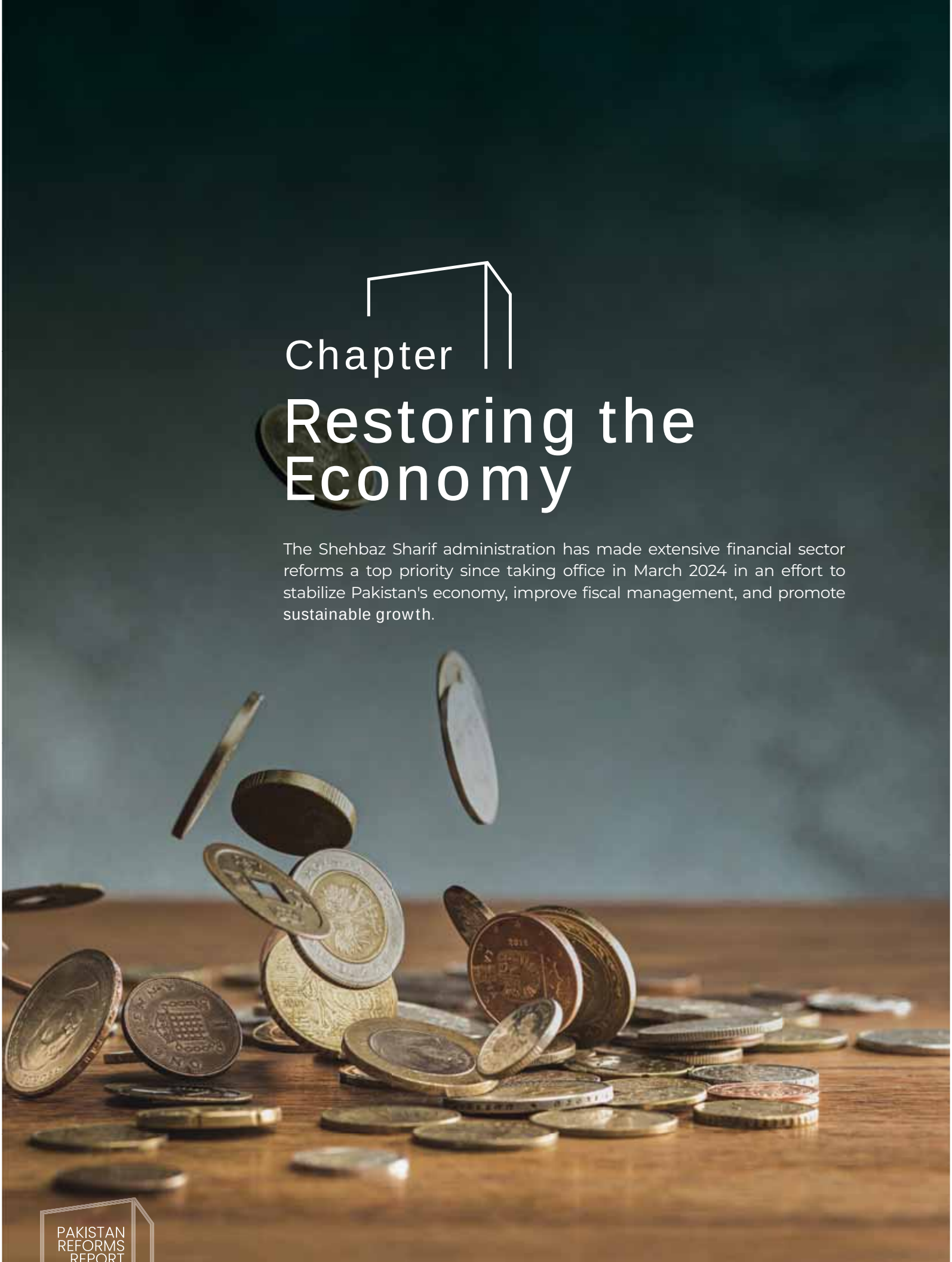
The legislation forbids madrassas from instructing or disseminating material that advocates for militancy, sectarianism, or religious animosity, while permitting comparative religious studies and promoting the incremental incorporation of contemporary subjects. A political accord with JUI-F has successfully addressed protracted disputes, thereby mandating the registration of madrassas in accordance with the Societies Act of 2024.

Subsequent to the enactment of the legislation, an ordinance was promulgated, permitting madrassas to register under either the Societies Act or the auspices of the Ministry of Education. This unprecedented reform seeks to establish standardized governance, enhance transparency, and bolster national security.

Pakistan needs to take a balanced strategy that prioritizes both security and fundamental rights in order to guarantee long-term success. A safe, stable, and investment-friendly environment may be established in the nation by promoting transparent government, bolstering judicial oversight, and upholding a commitment to democratic principles.

Security, governance, and investor confidence are gradually improving as a result of Pakistan's law and order reforms. Pakistan is now a more business-friendly nation thanks to the visa facilitation program, digital governance efforts, improved law enforcement capabilities, and cybersecurity measures. The final measure of these regulations' effectiveness, however, will be to ensure the ethical application of these policies, address concerns of overreach, and maintain a balance between security and civil liberties.

Pakistan may keep moving in the direction of a safe, law-abiding, and economically thriving future by concentrating on sustainable, inclusive, and accountable reforms.



Chapter

Restoring the Economy

The Shehbaz Sharif administration has made extensive financial sector reforms a top priority since taking office in March 2024 in an effort to stabilize Pakistan's economy, improve fiscal management, and promote sustainable growth.

Financial Reforms: Improving Fiscal Restraint and Economic Stability

Pakistan has implemented a number of financial changes in the last 12 months with the goals of reducing fiscal deficits, simplifying pension obligations, and enhancing economic resilience. In order to ensure long-term financial sustainability and economic progress, these reforms are mainly concentrated on macroeconomic stabilization, fiscal consolidation, and pension restructuring. The government has taken a multifaceted strategy, requiring tougher fiscal discipline for corporate and semi-autonomous entities, introducing a defined contribution pension plan, creating a pension fund, and enacting parametric pension changes. It is anticipated that these actions will enhance the financial management of the public sector, lessen the strain on the national exchequer, and establish a more sustainable fiscal climate.

Pension Reforms: Handling Debt and Maintaining Financial Stability

The parametric reform of the pension system, which was started on September 10, 2024, and went into effect on January 1, 2025, was one of the biggest financial reforms. The goal of this change is to ensure that pensioners have enough financial stability while reducing the rising costs of pensions. Accordingly, the government expects pension allocations for FY 2025–2026 to be reduced by Rs. 83 billion, resulting in an estimated savings of Rs. 1.7 trillion over the following ten years. Since these estimates are predicated on past rates of pension growth, it is an essential change to lessen the financial strain.

A government-owned Non-Banking Finance Company (NBFC) is creating a pension fund to further lower pension liabilities and enhance financial management. The fund scheduled to open on January 1, 2025. Long-term pension sustainability will be ensured by the government's ability to allocate specific funds for investments in productive sectors thanks to this financed pension plan. The government will be able to better manage its pension commitments and stabilize its financial liabilities with the aid of the savings and earnings from these investments.

On July 1, 2024, a Defined Contribution Pension Fund Scheme was also launched with the goal of easing the financial strain on the National Exchequer while offering pensioners financial stability. Employees make contributions under this plan while they are employed, restricting the government's financial obligation to the conclusion of employment. A more sustainable pension structure is ensured by this change from a defined benefit model to a defined contribution scheme.

Strengthening Economic Stability through Fiscal Reforms

Strict financial guidelines were released by the government on January 23, 2024, to encourage more economic restraint in corporate, semi-autonomous, and autonomous entities. According to this reform, these organizations' surplus and revenues must be immediately placed into the Federal Consolidated Fund (FCF). The Federal Government may therefore appropriately account for these sums when creating the yearly budget, guaranteeing improved financial planning and effective use of available resources.

At the Prime Minister's direction, a high-level committee was also established on December 16, 2024, with the Finance Minister serving as its chair. Prior to each budget cycle, the committee is responsible for examining all proposals for new or amended benefits for Federal Government employees and recommending changes to the Federal Cabinet. This procedure lessens disparities

in pay and benefits across Federal institutions and guarantees increased fiscal restraint, transparency, and consistency in government spending.

Macroeconomic Stabilization: Managing Inflation and the Fiscal Deficit

With notable progress in the first half of FY 2024–2025, Pakistan has also made important strides in budgetary consolidation. The Primary Surplus was Rs. 1,812 billion during July to December 2023, whereas the Federal Fiscal Deficit was Rs. 2,697 billion (2.5% of GDP). By July-December 2024, the Federal Fiscal Deficit had decreased to Rs. 2,313 billion (1.9% of GDP) and the Primary Surplus had grown to Rs. 3,604 billion as a result of extensive fiscal reforms.

As a result of these reforms, the economy has stabilized, inflation has decreased, and the policy rate has decreased from 22% in January 2024 to 12% in January 2025. Businesses now have easier access to credit thanks to the reduced policy rate, which has increased investment, job creation, and economic growth. A stable macroeconomic climate that supports investment and business development is the long-term goal in order to attain steady economic growth.

A Route to Sustainable Financial Administration

The groundwork for a more robust and orderly economic system has been laid by the ongoing financial reforms. Macro-financial policies have reinforced economic stability, fiscal consolidation has enhanced budgetary discipline, and pension reforms have guaranteed a viable retirement system. Even though these changes don't immediately result in additional jobs, they do improve the business environment, boost investor confidence, and increase financial predictability, all of which contribute to long-term economic growth. Sustaining Pakistan's economic development going forward would need persistent efforts at fiscal restraint, targeted investment in productive industries, and rigorous financial management.

The Securities and Exchange Commission of Pakistan (SECP) and the Ministry of Finance have spearheaded several important reforms, which have centered on steps to boost investor confidence, stabilize the financial sector, manage spending, and generate income. The digitization of the Federal Board of Revenue (FBR) in April 2024, which created an integrated digital tax system to expand the revenue base while exempting citizens with low incomes, is one of the significant changes carried out by the Ministry of Finance. By December 2024, this program had raised the tax-to-GDP ratio by 1.8 percentage points, decreased tax evasion, and greatly enhanced tax compliance, opening the door to a more predictable and transparent tax system. In May 2024, the government also obtained a $20 billion package of financial aid from the World Bank that focused on climate resilience, education, and health. This program addresses long-term economic risks and promotes sustainable development by expanding access to renewable energy and reducing child malnutrition by 40%.

The government effectively reduced inflation from 38% to 4.1% by December 2024 by implementing a multifaceted plan that included supply-chain stabilization measures, reduction of subsidies, and budgetary restraint. This accomplishment restored public trust and mitigated the cost-of-living catastrophe. Low-income workers' purchasing power was directly increased in June 2024 when a minimum wage reform policy was implemented, requiring an 8% yearly increase in minimum wages to combat inflation-driven income erosion. Additionally, in July 2024, the government unveiled the Uraan Pakistan Plan, an export-led growth strategy that aims to double exports by 2029. Within six months, IT exports will have increased by 5.6% thanks to the plan's Rs. 89 billion investment in the IT sector, trade incentives, and support for SMEs. Additionally, a Public Debt Management Strategy was unveiled in August 2024 with the goals of restructuring

domestic debt, decreasing reliance on external borrowing, and boosting foreign exchange reserves, which by the end of 2024 had steadied at 4.2 months of import cover.

Through a number of measures intended to improve corporate governance, facilitate commercial transactions, and fortify capital markets, the SECP has also been instrumental in changing Pakistan's financial environment. The sale of Government Debt Securities (GDS) on the Pakistan Stock Exchange (PSX), which started in December 2023 and raised Rs. 2.17 trillion by December 2024, was a significant milestone. This program expanded investor engagement, improved market efficiency, and raised transparency in the financing of public debt. In January 2024, SECP shortened the approval process to 14 working days for regulatory approvals and 15 working days for listing procedures in an effort to boost the IPO market. In addition to raising PKR 9.22 billion through six IPO deals, this reform is anticipated to draw in additional issuers and investors in the future. In order to protect minority shareholders and ease the difficulties experienced by prospective acquirers, the Listed Companies (Substantial Acquisition of Voting Shares and Takeovers) Regulations, 2017 were amended.

With the introduction of "eZfile" in February 2024—a fully digital business register platform that took the place of the antiquated eServices system—digitalization has been a major component of SECP's reforms. By facilitating 100% online business registration and post-incorporation filings, the user-friendly technology streamlines compliance and cuts down on paperwork. By combining several regulatory requirements and cutting the number of forms from 75 to 28, the Companies Regulations 2024 significantly simplified corporate compliance, saving company expenses and encouraging corporatization. The Voluntary Pension Scheme (VPS) structure was modified by SECP in March 2024, enabling companies in the public and commercial sectors to provide fully funded defined contribution pension plans. While Punjab and Sindh are finalizing their frameworks, Khyber Pakhtunkhwa had effectively established its pension program by December 2024, with 12 Asset Management Companies (AMCs) overseeing assets valued at Rs. 2 billion. It is anticipated that these actions will make Pakistan's pension system more dynamic and inclusive.

There are still a number of issues with the government's financial and regulatory strategy in spite of these reform initiatives. One of the main obstacles has been the poor rate of tax net expansion, which has failed to include a sizable section of the informal economy in the tax system despite efforts at digitization. The potential revenue collection benefits of the FBR's digitalization initiatives are limited because many individuals and enterprises still conduct their operations outside of the official tax system and in the gray area of the economy.

Dependency on outside funding, like the $20 billion World Bank deal, is another major worry that raises concerns about long-term financial viability. The government has not yet implemented enough domestic revenue generation initiatives to lessen the need for foreign help, even though these monies relieve acute economic concerns. Furthermore, public debt is still a major burden that restricts fiscal flexibility for development investment, and efforts to restructure it have been sluggish.

Instead of tackling systemic inefficiencies in production and supply networks, inflation control measures have mostly been temporary and have relied on administrative regulations and subsidies. Small and medium-sized businesses (SMEs), many of whom find it difficult to cover growing labor costs without commensurate productivity increases or government assistance, have opposed the minimum wage reforms, despite the fact that they are advantageous for low-income workers.

Even if there have been substantial digital reforms implemented on the SECP front, corporate governance issues still exist, especially when it comes to guaranteeing efficient regulatory enforcement. Although the IPO market has grown in a positive manner, the general investment

atmosphere is still precarious, and investor confidence is still impacted by regulatory irregularities and political unpredictability. Furthermore, many SMEs still have difficulty navigating complicated financial regulations and obtaining reasonable credit, making it difficult for them to obtain financing.

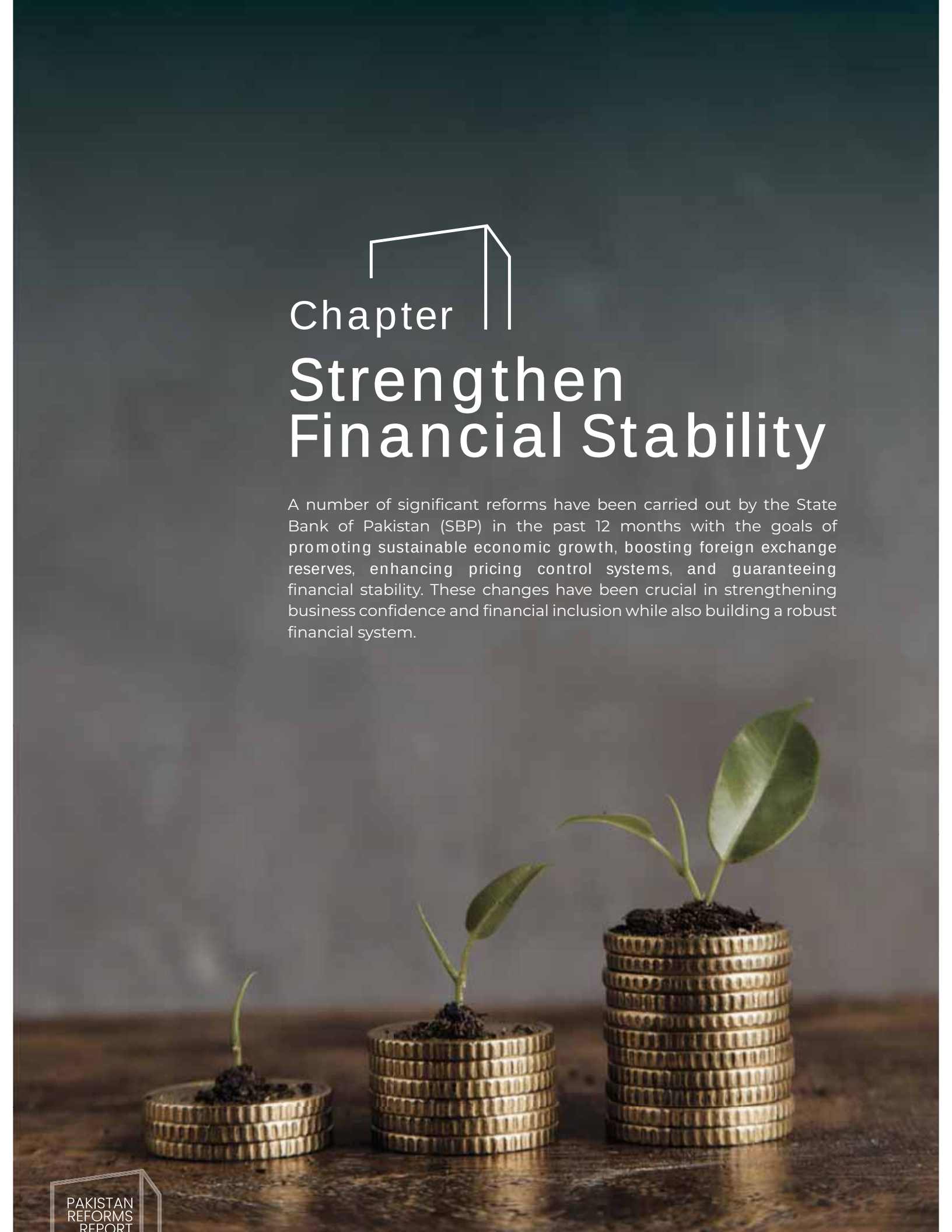
Concerns about cybersecurity have also been sparked by the shift to a more digital financial sector, as some companies are finding it challenging to adjust to the new digital regulatory context. Furthermore, although being progressive, the pension changes have not yet been widely adopted because many businesses in the private sector are still reluctant to introduce new pension plans because of regulatory uncertainty.

The financial sector reforms implemented by the Shehbaz Sharif administration have had an unprecedented impact, tackling important economic issues and creating the framework for long-term growth. The economy has steadied and investor confidence has been restored thanks to the Ministry of Finance's emphasis on tax reform, inflation control, export development, and debt management. Concurrently, SECP's changes have increased the ease of doing business, reinforced corporate governance, and advanced financial digitization. Nevertheless, there are still issues with expanding the tax base, guaranteeing long-term debt management, enhancing SME financing availability, and bolstering regulatory enforcement. In order to guarantee that these reforms result in long-term economic stability and resilience, it will be imperative to address these concerns. The government's dedication to reform demonstrates its vision for a prosperous and stable Pakistan that can confidently face challenges in the future.

Chapter

Strengthen Financial Stability

A number of significant reforms have been carried out by the State Bank of Pakistan (SBP) in the past 12 months with the goals of promoting sustainable economic growth, boosting foreign exchange reserves, enhancing pricing control systems, and guaranteeing financial stability. These changes have been crucial in strengthening business confidence and financial inclusion while also building a robust financial system.



A primary goal of SBP's monetary policy has been to stabilize prices and bolster foreign exchange reserves to aid in economic expansion. Inflation was successfully lowered from 38% in May 2023 to 4.1% by December 2024 through precisely calibrated strategies. FX reserves improved significantly, rising from a low of US$3.1 billion in January 2023 to US$11.4 billion. By controlling inflation and external account pressures, these policies have greatly reduced the dangers of economic default and encouraged sustainable growth. The long-term objective is to guarantee steady growth and put an end to Pakistan's economy's cyclical boom-bust pattern.

On December 27, 2024, SBP implemented a new regulatory framework to enhance compliance and transparency in the exchange industry. It is anticipated that this approach will guarantee a more robust exchange market and lessen financial irregularities. Additionally, on October 8, 2024, exchange companies received tailored incentives to increase inflows of home remittances. By encouraging the use of official banking channels, this strategy has not only strengthened Pakistan's foreign exchange reserves but also enhanced remittance flows.

SBP is aggressively integrating the Arab world's BUNA platform with Pakistan's Raast rapid payment system in a significant step towards digitization. The goal of this cross-border remittances program is to give Pakistani citizens in the Middle East safe and affordable remittance options. This integration is anticipated to boost remittance inflows and strengthen Pakistan's economic connections with the Arab world by enabling quicker and more effective money transfers.

On July 11, 2024, SBP unveiled measures that further bolstered economic growth by permitting foreign investment by Pakistani exporters, especially those in the IT industry. Businesses have been able to grow internationally thanks to this move, which has raised export volumes and foreign exchange earnings. In order to increase liquidity and diversify funding sources, SBP also allowed banks to securitize future foreign exchange flows on July 5, 2024, in order to raise long-term foreign currency funding.

In October 2024, SBP introduced a Macro-Prudential Policy Framework to improve financial stability by bolstering bank resilience and reducing financial risks. This framework has strengthened the basis for long-term economic growth and lessened instability. Accordingly, on July 22, 2024, new rules were released to assist banks in managing non-performing loans (NPLs), guaranteeing improved risk management and heightened investor trust in the banking industry.

A Cyber Risk Management Department was established by SBP in September 2024 in recognition of the increasing significance of cybersecurity in the digital banking industry. By strengthening digital banking security and implementing counter-fraud measures, this program has decreased the vulnerabilities in online financial transactions. Furthermore, SBP introduced a new eCIB system in December 2024, which helps banks evaluate borrowers' creditworthiness more precisely and grant loans more quickly. SMEs have benefited most from this trend because it has made finance more accessible to them.

Additionally, SBP has advanced significantly in the areas of digital transformation and financial inclusion. SBP authorized the opening of digital banks in Pakistan on January 28, 2025, which is anticipated to transform financial accessibility. Furthermore, by 2028, the National Financial Inclusion Strategy (NFIS 2024-28), which was introduced on January 15, 2025, seeks to close the gender gap in financial services to 25% and raise financial inclusion to 75%. The plan promotes economic growth in underbanked areas by implementing focused efforts in SME financing and agriculture.

With the launch of a systematic framework for transforming conventional banks into Islamic banks between June and October 2024, the promotion of Islamic banking has also been a priority. On October 31, 2024, SBP added a specific chapter on Islamic banking to the Banking Companies Ordinance, 1962, further solidifying the legal framework. The trust in Shariah-compliant banking

services has grown dramatically as a result of these improvements. Furthermore, the profit-sharing rules that were implemented on November 26, 2024, have guaranteed higher returns for depositors, increasing the appeal of Islamic banking to clients.

SBP has attempted to automate government payments, including as salaries, pensions, and vendor transactions, in an effort to improve public financial administration. These projects, which were implemented in the second part of 2024, have decreased dependency on antiquated, paper-based procedures and greatly increased the efficiency of governmental financial administration. By facilitating quicker complaint processing, the launch of the Sunwai customer complaint portal in December 2023 has also improved public satisfaction with banking services.

On August 1, 2024, SBP launched a Risk Coverage Scheme for SMEs in an effort to further assist SMEs and the agriculture industry. By protecting banks from credit risk, this program promotes more lending to small firms. By June 2029, SME finance is expected to have doubled to Rs. 1,100 billion. Furthermore, SBP's policy changes have made it simpler to obtain agricultural loans by permitting digital survey reports and bona fide certificates in place of conventional land records. This has shortened loan processing periods and increased farmers' access to finance.

The SBP's initiatives have encountered opposition and difficulties in spite of these important advances. Although inflation has been brought under control, some economists contend that the actions implemented were overly drastic and could have stunted the growth of important businesses by restricting credit availability. Concerns have been raised over the excessive dependence on remittances and external borrowing, rather than bolstering domestic sectors to produce steady foreign profits, as a result of the sharp rise in foreign exchange reserves.

Although critics point out that artificial measures, including stringent foreign exchange controls, have been utilized to minimize volatility, which may not be sustainable in the long run, the exchange rate stability attained in 2024 has been praised. Due to strict compliance standards, several businesses have reported having trouble obtaining foreign exchange for imports, which has an impact on supply chain stability and trade.

Digital banking changes have made financial inclusion easier, but there is still a big disparity in financial knowledge and digital preparedness, especially in rural areas. Despite the new credit facilitation programs, many SMEs still have difficulty obtaining financing because of risk-averse banking practices and complicated eligibility requirements. Furthermore, because traditional banks are still reluctant to completely change their operations due to operational and regulatory concerns, the shift to Islamic banking has proceeded more slowly than anticipated.

As the risks of fraud and cyberattacks increase due to increased exposure to digital banking, cybersecurity is still a significant concern. Even though SBP has put cybersecurity guidelines in place, digital fraud incidences are still on the rise, which is indicative of weaknesses in consumer protection and enforcement measures.

The State Bank of Pakistan's measures during the last 12 months have improved economic stability, strengthened the financial sector's resilience, and created the framework for long-term, steady economic growth. But there are still issues like maintaining pricing stability, expanding financial inclusion, and enhancing cybersecurity. In order to successfully guide Pakistan toward long-term financial stability and economic growth, SBP will need to address these complaints and blind spots.



Chapter

Reforms to Attract Investments

Pakistan has made major reforms in the last year to improve ease of doing business, streamline regulatory procedures, and draw in both domestic and foreign investment. The Board of Investment (BOI), is leading these initiatives, which demonstrate a strong dedication to industrial competitiveness and economic development. Even while the investment climate has significantly improved as a result of these reforms, some structural issues still prevent them from reaching their full potential.

The Ultra-Fast Reform Package, which comprises 100 reforms across 24 federal regulatory departments, has been one of the most ambitious projects. This package, which was presented to the Cabinet Committee on Regulatory Reforms in January 2025, intends to streamline Registrations, Licenses, Certifications, and Other Permits (RLCOs) to remove administrative obstacles. Since it drastically cuts down on the time and expense involved in establishing and running a business in Pakistan, this move is praiseworthy. However, institutional inertia and disjointed interdepartmental collaboration have frequently hindered previous attempts to modify regulatory frameworks, making implementation difficult.

The BOI hired renowned expert Dr. Scott Jacobs to evaluate Pakistan's regulatory environment because it recognized the need for international experience in regulatory reforms. This is a proactive step to guarantee that Pakistan's investment framework incorporates best practices from throughout the world. A thorough mapping of regulatory constraints and the identification of superfluous processes have been the immediate results. If implemented, this reform may result in increased investor trust, increased transparency, and long-term economic viability. The necessity for strong execution mechanisms is highlighted by the fact that prior attempts at regulatory simplification have frequently suffered from sluggish provincial adoption.

Significant progress has also been made by Pakistan in enhancing international cooperation and investor protection. An encouraging step in luring FDI from the Gulf is the completion of the Investment Annex under the Pakistan-GCC Free Trade Agreement (FTA) in mid-2024, which focuses on investment guarantees with Saudi Arabia and Qatar. In a similar vein, Pakistan's intention to expand its investor base beyond its conventional partners is indicated by its negotiations with Hungary on Bilateral Investment Treaties (BITs). Although these agreements give foreign investors legal guarantees, their efficacy rests on Pakistan's capacity to effectively implement them and preserve policy stability, an area in which the nation has historically struggled because of its erratic economic policies.

China continues to be a key component of Pakistan's investment policy, and the country's attempts to improve business-to-business relations were highlighted at the June 2024 Pakistan-China B2B Investment Forum in Shenzhen. Chinese companies are very interested in exploring Pakistani markets, as seen by the 29 MOUs and one Letter of Intent (LOI) inked at the event.

Additionally, CPEC's Action Plan with China's National Development and Reform Commission (NDRC) seeks to boost Chinese investments in Pakistan's Special Economic Zones (SEZs) and advance industrial collaboration. Although these changes are positive, bureaucratic bottlenecks and sluggish project implementation have historically prevented Pakistan from fully benefiting from Chinese investments. Pakistan must resolve governance concerns and expedite its clearance procedures in order to fully reap the benefits of these agreements and prevent delays that deter investors.

The All-Pakistan SEZ Survey, carried out in July and August of 2024, was a significant project with the goal of industrial expansion. An 18-point action plan was approved to solve the significant regulatory and infrastructure shortcomings found in 35 SEZs as a result of the survey. This strategy has the potential to generate thousands of employment and significant investment in industrial projects if it is carried out successfully. However, problems including power outages, difficult approval processes, and land acquisition disputes have historically hampered the success of SEZs. SEZs will not reach their full potential as investment hubs unless these issues are fixed.

Based on successful worldwide one-window service models like Shenzhen, China, BOI started the creation of the Business Facilitation Center (BFC) in Islamabad to further improve business facilitation. It is anticipated that the BFC will decrease bureaucratic inefficiencies, centralize license and approval procedures, and simplify investor contacts. This is a progressive move because the lengthy and erratic approval procedures have been a major grievance for Pakistani investors. However, there have been execution delays for comparable projects in the past, which raises questions about whether the BFC will be completely operational by the anticipated date.

The Asaan Karobar Bill 2025 is another significant piece of legislation that intends to create the Pakistan Business Portal (PBP), a one-window G2B (Government-to-Business) service, and streamline regulatory frameworks. Reducing red tape, increasing transparency, and promoting entrepreneurship all depend on this reform. Businesses will benefit from quicker licensing and registration procedures in the short term, and this approach will eventually increase Pakistan's appeal to investors. However, the ability of the government to implement the bill at the federal and provincial levels will determine its efficacy.

Even if these reforms show promise, Pakistan still confronts significant obstacles that could jeopardize its long-term prosperity. Investors' top concerns are political instability, frequent regulatory changes, and inconsistent economic policies. Furthermore, because bureaucratic resistance and governance inefficiencies have prevented many previous investment-friendly reforms from translating into real economic advantages, implementation gaps continue to be a persistent problem.

Notwithstanding these obstacles, Pakistan deserves praise for its proactive approach to facilitating investment. The move toward business-friendly policies, international investment protection, and regulatory modernization shows a sincere desire to make Pakistan a desirable place to invest. To fully benefit from these measures, however, consistent execution, interagency collaboration, and policy continuity efforts will be necessary. These reforms, if successfully carried out, might establish Pakistan as a regional center for investment, promoting industrial competitiveness, job creation, and economic expansion.



Chapter

Planning for Development

The past 12 months have been adventurous for the Ministry of Planning, Development, and Special Initiatives. Where the Ministry has implemented a number of significant reforms to promote sustainable development, increase the effectiveness of public investments, and propel Pakistan's economic transition. The goals of these projects are to improve environmental sustainability, modernize infrastructure, promote economic resilience, and streamline public sector development programs (PSDP).

In order to promote comprehensive economic reforms and support sustainable development, a historic initiative known as the National Economic Transformation and 5Es Framework Unit (NETU) was established in July 2024. This strategic body seeks to modernize the Planning Commission's planning procedures, encourage innovation, and increase productivity. It is anticipated that NETU would eventually turn the Planning Commission into an active think tank, setting Pakistan up for resilience and economic success. Through the alignment of sectoral transitions with contemporary skills and technologies, this effort will create job opportunities.

The National Transfer of Accounts and National Time Transfer of Accounts awareness campaign was started in December 2024 with the goal of strengthening fiscal planning and boosting economic participation. This program helps policymakers better allocate resources across age and gender groups by shedding light on how demographic changes impact economic life cycles. This reform improves corporate planning and investment strategies by enabling targeted interventions in fiscal policy and social programs through the provision of detailed data on economic participation.

The ministry launched the Climate Screening Handbook in July 2024 to incorporate climate risk assessments into PSDP projects in recognition of the vital significance of climate resilience. New standards for ranking projects linked to adaptation and mitigation were also created in January 2025 to help direct investment choices. By lowering costs associated with disasters, these policies guarantee that public investments promote environmental sustainability, food security, and climate adaption. By adding climate risk analysis, the Updated Project Appraisal Process, which came into force in January 2025, improves project evaluations even further and makes sure that all new projects take any climate-related disruptions into consideration.

The Ministry plans that by December 2025, to launch an asset register for financing climate projects with fixed assets, such as green bonds, in an effort to diversify funding sources. The goal of this reform is to lessen Pakistan's dependency on debt denominated in dollars and promote local currency funding for investments that respond to climate change. Bond issuing for PSDP projects will be facilitated by a Sustainable Finance Framework that is planned to be created by December 2025 in partnership with the Ministry of Finance. These efforts will boost transparency, boost investor trust, and develop Pakistan's green capital market. In addition, the Climate Finance Strategy, which will be introduced in October 2025, intends to assist climate-responsive projects by utilizing carbon markets, climate funds, and private sector concessional financing. Currently in development, the Sustainable Finance Bureau will serve as an advising center to help finance climate-related projects.

Launched in December 2024 in accordance with the 13th Five-Year Plan based on the 5Es Framework (Equity, Energy, Environment, e-Economy, and Exports), Uraan Pakistan is a significant structural change implemented by the ministry. The goals of this strategy are to boost export potential, encourage the development of infrastructure and human resources, and accomplish balanced regional development. It is anticipated to increase productivity and facilitate investment over time, adding 7.5 million new jobs.

To improve project selection and resource usage, the ministry unveiled a new framework for public investment operations in January 2025. It is anticipated that this change will guarantee evidence-based investments, ease the load on PSDP, and expedite decision-making. In July 2024, the development project handbook was revised to facilitate this endeavor by streamlining and digitizing project management. Investor trust is increased by this update, which also speeds up technical and economic evaluations, increases transparency, and expedites project approvals.

The introduction of the Intelligent Project Automation System (iPAS) in January–June 2024 was a significant milestone toward the digital transformation of public sector growth. By digitizing project processing, this technology makes it possible to track progress, outputs, and results in real time. By improving accountability, transparency, and data-driven decision-making, iPAS has the potential to completely transform project governance and execution. To improve infrastructure risk management and disaster response capabilities, iPAS is also being connected with NATCAT and the 4RF Dashboard. In addition to increasing investor trust, this integration will open up new job prospects for data analysts, IT specialists, and GIS specialists.

The Paperless CDWP program was started in December 2024 with the goal of digitizing the development project approval process. This change has greatly enhanced coordination and accelerated project approvals by doing away with the requirement for physical documentation, increasing efficiency and openness.

Pakistan and China's cooperation under the China-Pakistan Economic Corridor (CPEC) has also been a major emphasis, with efforts to create a new Five-Year Cooperation Plan currently under progress. With a focus on five economic corridors—industrial relocation and trade enhancement, green energy and regional connectivity, agricultural productivity and food security, economic revitalization and job creation, and science and technology cooperation—the plan is in line with the Belt and Road Initiative (BRI) and the 5Es framework. The goal of these corridors is to improve Pakistan's economic infrastructure and increase employment possibilities.

A number of reforms have also been made by the Public-Private Partnership Authority (P3A) to promote efficiency and investment in government projects. Established in July 2024, the Joint Committee on Consulting Support brings together leading international companies to support federal divisions' data-driven decision-making. By December 2024, antiquated procurement laws that had previously deterred investment had been replaced with a New Procurement Framework for PPP Projects, which aims to draw in both domestic and foreign investors. Furthermore, the P3A National Resource Center's continuous expansion is expanding knowledge of regulatory frameworks, asset monetization, and private capital mobilization.

Enhancing data-driven policymaking has been made possible in large part by the Pakistan Bureau of Statistics (PBS). Using an integrated digital method, the 7th Agricultural Census was carried out in January 2024 and provided vital information on farm machinery, animals, and agriculture. Future policies pertaining to agricultural production, climate resilience, and food security will be influenced by this data. Furthermore, the Data Fest 2024 (October 2024) encouraged evidence-based decision-making and data literacy among government agencies, corporations, and academic institutions.

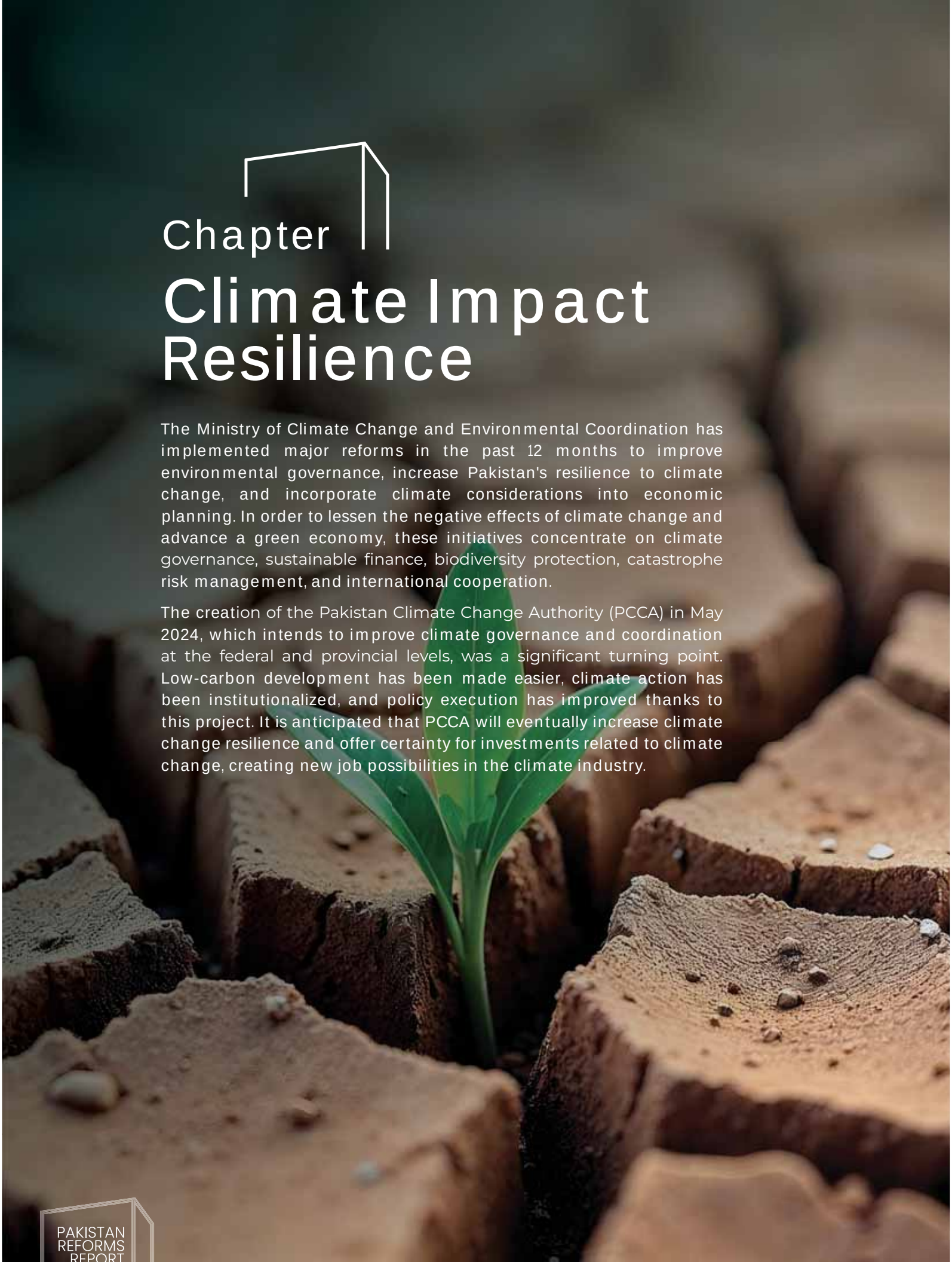
The introduction of the Quarterly National Accounts (July 2024) and Quarterly Labor Force Surveys (March 2024) has further enhanced economic monitoring and enabled policymakers to implement corrective actions more often. In a similar vein, the Quarterly Household Integrated Economic Survey (March 2024) is influencing social safety programs and policies aimed at reducing poverty.

Despite being over-ambitious, there are still a number of obstacles in the way of these encouraging improvements. Some industries have found it difficult to adjust to the new planning frameworks, and the implementation of NETU and Uraan Pakistan has proceeded more slowly than expected. The implementation of important projects under the PSDP climate resilience and infrastructure programs has also been hampered by bureaucratic

inefficiencies and approval delays. The influence of the iPAS digital transformation program on governance transparency is also limited because, despite its launch, full ministry integration is still lacking.

Another significant issue is the public-private partnership (PPP) model, which still faces investment hesitation from foreign companies because of regulatory complexity, even with new procurement procedures. Furthermore, Pakistan's green bond market is still in its infancy, and the shift to green finance channels has been gradual.

In order to modernize Pakistan's economy, improve sustainability, and foster economic resilience, the Ministry of Planning, Development, and Special Initiatives has implemented radical modifications. However, successful execution, efficient regulatory procedures, and improved public-private sector coordination are necessary for these programs to succeed. To make sure that Pakistan's development plan fits with its long-term growth goals, these issues must be resolved.



Chapter

Climate Impact Resilience

The Ministry of Climate Change and Environmental Coordination has implemented major reforms in the past 12 months to improve environmental governance, increase Pakistan's resilience to climate change, and incorporate climate considerations into economic planning. In order to lessen the negative effects of climate change and advance a green economy, these initiatives concentrate on climate governance, sustainable finance, biodiversity protection, catastrophe risk management, and international cooperation.

The creation of the Pakistan Climate Change Authority (PCCA) in May 2024, which intends to improve climate governance and coordination at the federal and provincial levels, was a significant turning point. Low-carbon development has been made easier, climate action has been institutionalized, and policy execution has improved thanks to this project. It is anticipated that PCCA will eventually increase climate change resilience and offer certainty for investments related to climate change, creating new job possibilities in the climate industry.

The National Policy Guidelines for Trading in the Carbon Markets were authorized by the government in December 2024, allowing the private sector to take part in carbon trading. This strategy increases climate financing inflows, creates jobs in the carbon market, and offers a framework for the creation of carbon credits. It is anticipated that this program will draw green investments, establishing Pakistan as a major participant in the global carbon finance arena.

The Climate Finance Wing was created in March 2024 in recognition of the significance of efficient climate finance management in order to guarantee appropriate resource allocation for climate projects. Green investments have been made easier, financial governance has been simplified, and institutional capacity to obtain foreign funds has been reinforced. Accordingly, in order to enhance openness and decision-making in climate-related investments, the Climate Finance Portal, which was introduced in November 2024, centralizes climate finance data.

Additionally, Pakistan has improved its global climate cooperation. Regional cooperation have grown since the SCO Environmental Protection Agreement was signed in July 2024, giving access to resources and knowledge for environmental sustainability. Pakistan's importance in international climate discussions has also grown after it joined important UNFCCC committees (COP29 Bureau, WIM ExCom, PAICC, and Article 6 Supervisory Body) in November 2024. This has created opportunities for climate finance and policy advisory positions. Furthermore, efforts to preserve coastal ecosystems and biodiversity have been strengthened with the signing of the International Mangrove Center Agreement in November 2024.

Through funding programs such using the Global Shield Support (US$ 245 million grant, December 2024) to establish climate disaster risk financing and insurance structures, Pakistan has achieved considerable strides in climate resilience. This reform creates jobs in catastrophe insurance and resilience planning, improves disaster risk management, and fortifies financial protection against climate shocks.

In order to increase carbon sequestration and boost climate resilience, 67.5 million trees were successfully planted nationally as part of the Green Pakistan Programme (February 2024–January 2025). This program promoted sustainable land management and produced more than 200,000 green jobs. The Recharge Pakistan Project, which was scheduled to be launched in September 2024 and cost US$77 million, also emphasizes sustainable water resource planning and ecosystem-based flood management.

In August 2024, the Green Tech Hub was established in partnership with the National University of Science and Technology (NUST) and Ministry of IT& Telecom's (IGNITE) to foster innovation in climate technologies. This program boosts Pakistan's green economy, encourages green startups, and speeds up the commercialization of sustainable products. Entrepreneurs, R&D professionals, and company incubator specialists now have more job options thanks to it.

The Islamabad Declaration on Gender and Green Economy (August 2024, AFPPD International Conference) is another example of Pakistan's emphasis on gender-inclusive climate policies. In order to ensure fair participation in both economic growth and climate action, this program advocates for gender-responsive climate policies.

Pakistan has taken action to include climate factors into economic planning at the policy level. By utilizing all available sources of climate funding, the Drafted National Climate Finance Strategy (July 2024–February 2025) simplifies access to climate finance. Transparency in green finance is increased by the Green Finance Taxonomy (January 2025, developed in partnership with SBP and Worldbank Group), which offers a defined classification system for sustainable investments. Additionally, to track climate-related expenses and enhance fiscal planning for

sustainability, Green/Climate Budget Tagging (FY 2024–25, in partnership with SBP & Ministry of Finance) has been implemented.

Pakistan has also made biodiversity protection a top priority through community-driven and legislative efforts. By involving local communities in wildlife protection, encouraging responsible tourism, and generating jobs related to conservation, the Community-Based Wildlife Conservation Program was planned to be launched in May 2024. Furthermore, the Islamabad Nature Conservation and Wildlife Management Act, which was promulgated in August 2024, fortifies the legislative safeguards for biodiversity in the Islamabad Capital Territory and Margalla Hills National Park.

The Development of Eco-Tourism Trails & Facilities (October 2024) has designated Trail-06 as a leopard preserve zone in order to promote sustainable tourism and create new jobs in the eco-tourism industry while also enhancing eco-tourism and protecting natural ecosystems.

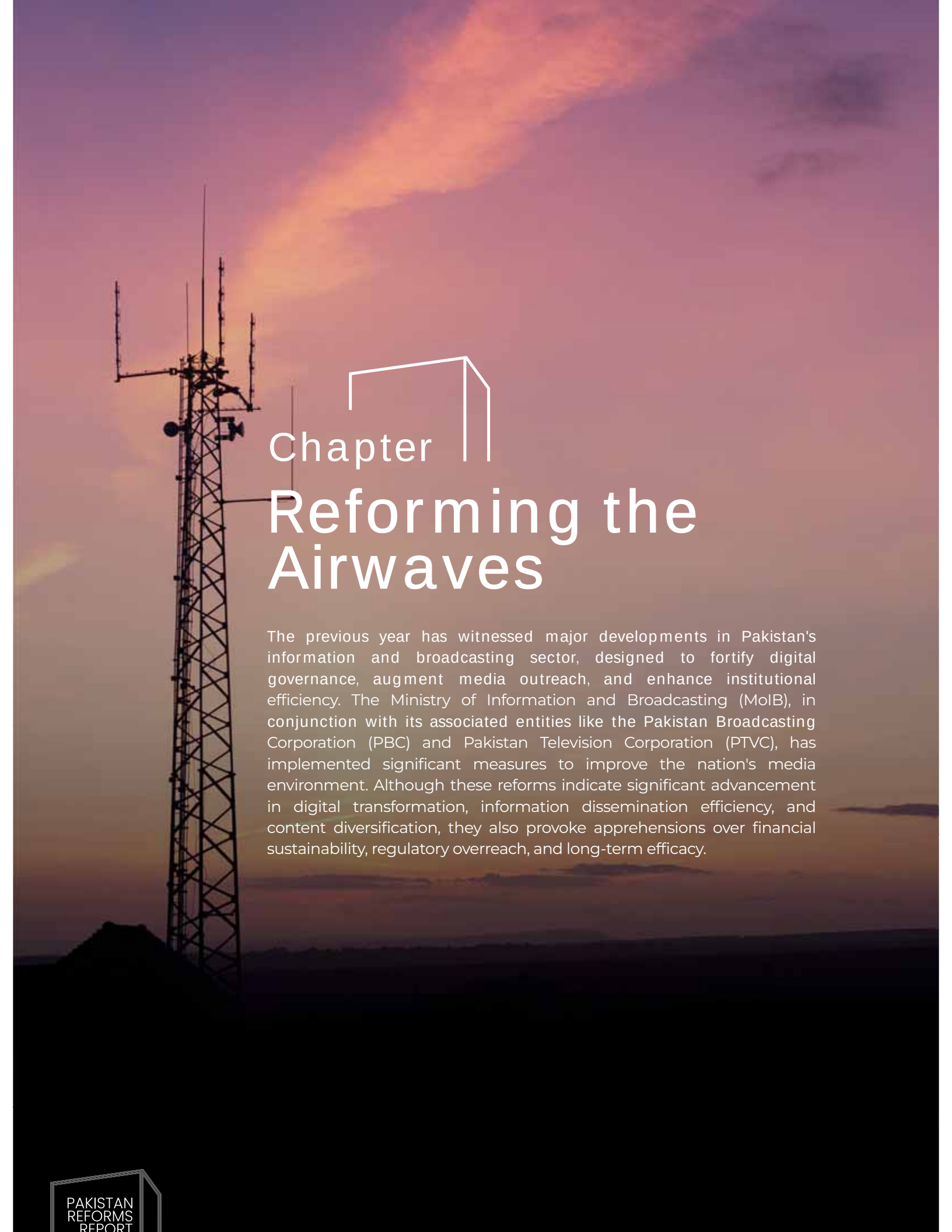
Even with these significant revisions, a number of issues still exist. The implementation of important climate policies is being delayed by the continued lack of institutional coordination between the federal and provincial administrations. Despite its establishment, the Pakistan Climate Change Authority (PCCA) has encountered administrative roadblocks that impede the implementation of policies and decision-making. Furthermore, firms have been reluctant to participate in carbon markets because of regulatory uncertainty and a lack of incentives.

Despite advancements in climate finance methods, Pakistan continues to face challenges in attracting private investment for environmentally friendly initiatives. Although the Green Finance Taxonomy and Green/Climate Budget Tagging are positive developments, their effectiveness will be constrained in the absence of robust enforcement measures. Furthermore, Pakistan's adaptation finance is still in its infancy, which makes it challenging to finance catastrophe preparedness and climate-resilient infrastructure projects.

Regarding biodiversity, unlawful poaching and deforestation are still occurring in a number of areas, and conservation regulations are not being adequately enforced. Although ecotourism initiatives like the leopard conservation zone on Trail-06 encourage sustainability, their full potential is hampered by inadequate infrastructure and a shortage of skilled workers. The long-term viability of these initiatives is also called into question because, despite the Green Pakistan Program's success in afforestation, funding for forest monitoring and maintenance is still insufficient.

Although Pakistan has established important alliances and memberships in the realm of international cooperation, it is still difficult to convert these into real climate money inflows and policy impact. Furthermore, in order to guarantee that financing mechanisms correspond with worldwide investment patterns, climate diplomacy requires increased involvement with private sector partners.

In order to improve Pakistan's climate change resilience, advance sustainable finance, and include environmental factors into economic planning, the Ministry of Climate Change has implemented new reforms. Even while institutional frameworks, international cooperation, and policy formulation have advanced significantly, implementation issues are still a major worry. To completely achieve its climate adaptation and mitigation objectives, Pakistan will need to address governance flaws, enhance private sector involvement, and guarantee long-term financial viability. The success of the government's climate program and its ability to build a resilient, environmentally friendly, and inclusive economy will depend on its ability to overcome these obstacles.



Chapter

Reforming the Airwaves

The previous year has witnessed major developments in Pakistan's information and broadcasting sector, designed to fortify digital governance, augment media outreach, and enhance institutional efficiency. The Ministry of Information and Broadcasting (MoIB), in conjunction with its associated entities like the Pakistan Broadcasting Corporation (PBC) and Pakistan Television Corporation (PTVC), has implemented significant measures to improve the nation's media environment. Although these reforms indicate significant advancement in digital transformation, information dissemination efficiency, and content diversification, they also provoke apprehensions over financial sustainability, regulatory overreach, and long-term efficacy.

On October 23, 2024, a significant structural shift occurred with the establishment of the Digital Communication Department (DCD), which unified the government's digital communication services into a single institution. This initiative seeks to enhance efficiency, eliminate resource duplication, and combat misinformation. While it enhances the government's digital response capabilities, it also raises apprehensions regarding potential propaganda, censorship, and media regulation, especially in an environment where press freedom is under heightened scrutiny. The employment of experts under the Special Professional Pay Scale (SPPS) in June 2024 aims to improve data-driven decision-making and crisis communication. Although strategic appointments can enhance governance, the difficulty resides in guaranteeing independent and impartial decision-making devoid of political interference.

In the broadcasting sector, the Pakistan Broadcasting Corporation (PBC) has significantly enhanced its radio transmission infrastructure. The Transmission Enhancement Initiative (2024) relocated FM transmission towers in Karachi, Muzaffarabad, and Gilgit, markedly augmenting radio coverage. Likewise, relocating four FM transmitters from Islamabad and Rawalpindi to Murree expanded the broadcast range from 25 km to 100 km, improving accessibility in critical areas. Nonetheless, as worldwide trends increasingly favor digital and on-demand programming, substantial investments in traditional FM transmission prompt inquiries over long-term viability. Although these developments may be an advantage to rural and underserved regions, PBC must guarantee that its financial resources are directed effectively to digital radio and internet streaming services, which signify the future of media consumption.

The reestablishment of the Pakistan Broadcasting Foundation (PBF) in 2024, enabling its involvement in competitive procurement for FM antennas, signifies a favorable transition toward institutional financial independence. Nevertheless, structural inefficiencies and bureaucratic delays have traditionally afflicted state-run media, and it is uncertain whether these cost-reduction initiatives would result in sustained fiscal autonomy. Concurrently, relocating radio stations in Mirpur, Gwadar, and Bannu from leased premises to government-owned facilities is a rational strategy for cost reduction; nevertheless, if these savings are not reinvested in content enhancement and technological advancements, their effect will be constrained.

In addition to financial improvements, cultural and educational efforts have been highlighted. The inauguration of the Radio Pakistan Museum in 2024, in partnership with Turkey's TIKA, represents a significant advancement in the preservation of Pakistan's broadcasting heritage. The museum's success relies on public interaction and its capacity to be sustainable. The renovation of the Pakistan Broadcasting Academy and its commencement in 2024 aim to provide professionals with contemporary broadcasting competencies. This project focuses on skill development; nevertheless, the absence of contemporary equipment and international partnerships may hinder the academy's ability to cultivate globally competitive media workers.

PTVC has implemented significant structural and technological enhancements in television broadcasting. The solarization of PTV Headquarters, commenced in October 2024, represents a significant attempt to diminish dependence on fossil fuels and decrease operational expenses. Although it is anticipated to achieve break-even within two years, PTVC's overarching financial difficulties persist unaddressed. Energy conservation alone cannot offset diminishing audience and obsolete content techniques. To maintain competitiveness, PTV must transition towards digital expansion and streaming services, rather than depending exclusively on traditional television broadcasts.

Initiatives have been undertaken to diversify material and enhance programming. The overhaul of PTV Sports programming in November 2024 has effectively garnered increased audience and advertising revenue. Nevertheless, with private sports networks and digital streaming platforms prevailing in the market, PTV must expedite its digital presence to maintain relevance in a transforming media environment. The augmentation of PTVC's digital presence, encompassing the monetization of social media platforms, is a promising initiative; yet, Pakistan's state-run media continues to trail behind private competitors in online engagement.

Pakistan Television Corporation (PTVC) must undergo a strategic overhaul to remain economically viable in the digital age, particularly by reassessing the role of its subsidiary, Shalimar Recording and Broadcasting Co. Limited (SRBC), which has been neglected and continues to air outdated reruns, resulting in financial losses. To address this, PTVC should transform SRBC into a digital-first broadcaster, leveraging public-private partnerships to revamp programming and integrate with global streaming platforms. Monetizing archival content through digital syndication, licensing, and a subscription-based model can generate new revenue streams. Additionally, investing in original digital content, including web series and investigative journalism, will attract younger audiences. A shift toward a hybrid revenue model, combining digital ad revenue, sponsorships, content licensing, and international collaborations, is crucial. Furthermore, PTVC must rationalize its channel portfolio, merging or phasing out loss-making units while focusing on scalable digital expansion. Without embracing digital transformation, PTVC risks becoming obsolete in an evolving media landscape where audiences increasingly prefer on-demand content over traditional state-run television.

These reforms signify a distinct transition towards modernization and efficiency, while simultaneously highlighting persistent issues in financial sustainability, regulatory equilibrium, and digital transformation. The centralization of digital governance via the DCD, although improving digital coordination, requires meticulous management to prevent undue state dominance over media narratives. Furthermore, PBC and PTVC continue to face financial difficulties since elevated operational expenses and constrained revenue sources present considerable concerns. Although solarization, energy saving, and digitalization are praiseworthy initiatives, they require the addition of robust revenue-generation methods and innovative approach in content design to guarantee sustained success.

Pakistan's information and broadcasting sector has achieved some improvements in modernization and operational efficiency; however, the ultimate evaluation of these reforms depends on their capacity to maintain progress. To optimize their influence, the government must equilibrate cost reduction with investment in innovative income models, state oversight with media autonomy, and conventional broadcasting with digital advancement. The sector possesses significant potential to influence public discourse and national identity; nevertheless, realizing this potential necessitates a long-term vision centered on innovation, financial sustainability, and global competitiveness.



Chapter

Ensuring the Nation's Food Security

Food security remains a critical priority for Pakistan, and the Ministry of National Food Security and Research (MNFSR) has undertaken numerous reforms over the past twelve months to modernize agricultural governance, enhance trade, strengthen food safety measures, and support research-driven policies. These reforms address key challenges such as digital transformation, administrative efficiency, regulatory improvements, trade expansion, and sustainable agricultural practices. However, despite significant progress, bureaucratic inefficiencies, slow implementation, environmental concerns, and resistance from local stakeholders pose major obstacles to achieving long-term agricultural sustainability and economic growth.

Strengthening Governance and Digital Reforms

To enhance governance, decision-making, and administrative efficiency, the Prime Minister's Task Management System (TMS) was introduced in January 2025. This system is expected to improve coordination across MNFSR, streamline implementation mechanisms, and increase accountability in policy execution.

Complementing this initiative, the E-Office system was adopted in June 2024, making official correspondence paperless and more efficient, significantly reducing bureaucratic delays. Additionally, in November 2024, the ministry undertook a rightsizing initiative, which resulted in the abolition of 218 redundant posts and the classification of 62 positions as non-essential, aiming to create a lean and efficient organization. While this effort has optimized administrative structures, critics argue that downsizing without a proper restructuring plan may overload the remaining workforce, negatively affecting operational efficiency.

Another key digital reform includes the Implementation of E-Pak Acquisition & Disposal System (E-PADS) in December 2024, which ensures transparency in procurement processes in accordance with Public Procurement Regulatory Authority (PPRA) rules. To further support employees, a dedicated Day Care Centre was established in December 2024 in collaboration with the private sector, facilitating a better work-life balance for female staff.

Enhancing Food Safety, Trade, and Regulatory Compliance

To improve food safety standards, the Department of Plant Protection (DPP) amended the Plant Quarantine Rules in August 2024, incorporating food safety lab tests and establishing the National Biosecurity Technical Committee, National Plant Health Committee, and National Food Safety Committee. These bodies have been tasked with developing protocols for enhanced food security, export facilitation, and regulatory oversight. In June 2024, Pakistan also introduced bio-pesticides registration, promoting non-toxic and environmentally friendly pesticides to reduce pesticide residues in food and enhance ecological sustainability. However, low farmer awareness and a lack of training programs have slowed adoption.

Several trade expansion reforms have been launched to enhance agricultural exports. In December 2024, Pakistan registered traders and export facilities with Uzbekistan, introducing a track-and-trace system to ensure secure agricultural trade.

The Digitalization of Certification for Plant Quarantine and Agriculture Pesticides Registration, rolled out in December 2024, has significantly reduced processing times from 7 days to just 3 hours, improving the ease of doing business and boosting export approvals.

A notable but controversial reform includes the protocol signed with China in October 2024 for the export of donkey meat, a step aimed at developing specialized donkey farms and slaughterhouses for international markets. While this initiative has potential economic benefits, it has sparked public backlash and ethical concerns regarding the treatment of animals. Similarly, a protocol signed in November 2024 allows for the export of bovine bone granules to China, facilitating the development of crushed bone processing industries.

To further strengthen agricultural trade, the development of Sanitary and Phytosanitary (SPS) import conditions for GMO soybeans in November 2024 has allowed the import of genetically modified soybeans for oil extraction and poultry feed. This measure aims to lower domestic feed prices but has faced resistance from local farmers and environmental activists concerned about GMO regulations.

Boosting Agricultural Research and Development

Pakistan's agricultural research sector has also received substantial investment and policy attention. A Rs. 500 million grant was allocated for upgrading the HEJ Lab to meet EU compliance standards, ensuring that food export samples meet international food safety requirements. Additionally, Rs. 400 million was dedicated to modernizing the Department of Plant Protection's (DPP) laboratory to enhance testing, compliance, and regulatory efficiency.

A significant development in regulatory oversight is the ongoing establishment of the National Food Safety, Animal, and Plant Health Regulatory Authority, aimed at standardizing food safety and strengthening regulatory frameworks. However, delays in legislative approval and concerns over bureaucratic inefficiencies have slowed its progress.

Meanwhile, agricultural research partnerships have expanded through agreements such as the Pak-China MoU on Agricultural Research, signed in June 2024, which aims to strengthen bilateral cooperation in agricultural R&D. Additional agreements with Uzbekistan, Belarus, and Russia have focused on cotton research, livestock breeding, and agricultural trade expansion.

Key Agricultural Policy Reforms and Climate-Resilient Farming

Recognizing the importance of policy-driven agricultural reform, MNFSR has developed and finalized several key national policies:

- The National Seed Policy (November 2024, Pending Cabinet Approval) aims to enhance seed quality and strengthen Pakistan's domestic seed industry.
- The National Animal Health Act (July 2024) establishes uniform livestock health regulations to improve disease control and food safety.
- The National Livestock Breeding Policy (August 2024) seeks to boost productivity by promoting selective breeding and modern genetic techniques.
- The Agricultural Development Authority Act (September 2024) facilitates corporate and contract farming to modernize Pakistan's agricultural landscape.
- Despite these reforms, policy implementation remains slow, and provincial coordination is weak, limiting the effectiveness of federal agricultural policies.

Despite notable progress, several challenges remain. Bureaucratic inefficiencies continue to hamper the timely execution of reforms, particularly in agricultural policy enforcement and research funding utilization. The slow adoption of bio-pesticides and modern agricultural practices suggests a gap in farmer education and outreach programs. The introduction of GMO soybean imports has raised significant concerns regarding long-term environmental sustainability and food security regulations.

Moreover, the public backlash against donkey meat exports reflects societal resistance to certain trade policies, highlighting the need for better public communication and stakeholder engagement. Additionally, while trade agreements have expanded exports, a lack of enforcement mechanisms may limit their effectiveness over time.

Another significant concern is the delayed establishment of the National Food Safety Regulatory Authority, which, if not implemented effectively, could weaken Pakistan's food quality standards and hinder export credibility. Furthermore, while E-Office and digitalization reforms have improved efficiency, connectivity issues and slow interdepartmental

coordination continue to pose barriers to seamless implementation.

The Ministry of National Food Security and Research has made significant progress in strengthening Pakistan's food security, trade, and research capabilities. Through digital governance, regulatory improvements, and research-driven policymaking, the ministry has laid the foundation for a modernized agricultural sector. However, the success of these reforms depends on their effective execution, overcoming bureaucratic bottlenecks, and addressing public concerns. For Pakistan to fully leverage its agricultural potential, improved inter-ministerial coordination, increased farmer outreach, and better public-private collaboration will be essential. Addressing environmental concerns, trade compliance issues, and strengthening policy enforcement will ensure that Pakistan's agricultural reforms translate into sustainable economic growth and global competitiveness.



Chapter

The Industrial Revolution's Innovation

The Ministry of Industries and Production (MoIP) has led an exciting agenda over the last 12 months to promote industrial innovation, boost productivity, and place Pakistan in the changing context of the Fourth Industrial Revolution. Policy creation, digital transformation, SME expansion, industrial automation, regulatory reorganization, and sustainable economic practices are all included in these reforms. Even while these initiatives represent advancements, obstacles including bureaucratic sluggishness, sluggish policy execution, and opposition to change still stand in the way of Pakistan's full industrial potential.

The creation of the first-ever National Industrial Policy in June 2024 was a historic move that aimed to boost exports, encourage industrial growth, and incorporate contemporary technologies into production. Diversifying industrial production, increasing SME access to financing, improving regulatory frameworks, and promoting environmental sustainability are the objectives of this program. However, its full benefits have not yet been realized due to poor infrastructure, lack of interministerial cooperation, and execution delays. To improve institutional control, the government concurrently reorganized the governance of important State-Owned Enterprises (SOEs), including PIDC, SMEDA, and PSM. Although these governance reforms are a step in the right direction, Pakistan's state-owned enterprises (SOEs) have a lengthy history of inefficiencies, poor financial management, and bureaucratic obstacles that will require consistent work to overcome.

MoIP enacted rightsizing steps to increase fiscal discipline, eliminating 741 unnecessary positions across 15 SOEs and 60% of open positions inside the ministry, which resulted in an annual savings of Rs. 630 million. In order to lessen the financial strain on the government, seven loss-making SOEs were also privatized in January 2025. Privatization creates issues about job losses and the requirement for open post-privatization monitoring, even while it also has the ability to promote efficiency, investment, and job creation. The complete implementation of E-Office technologies, which have improved accessibility, digitized record-keeping, and improved service delivery, is another noteworthy development. The transition to paperless governance has resulted in an 80% reduction in approval times and a nearly 50% reduction in administrative expenses. True digital transformation necessitates a more extensive cultural shift across government institutions, as Pakistan continues to suffer with cumbersome bureaucratic processes.

Understanding the role that SMEs play in promoting industrial progress, SMEDA unveiled a three-year business plan that prioritized capacity building, simplified rules, and financial accessibility. Given that many small firms suffer with cash restrictions and complex loan procedures, a simplified loan application form was designed to assist easier funding for SMEs.

In order to streamline business registration, licensing, tax compliance, and market access, the National SME Policy 2021 was also revised. Another priority was women's entrepreneurship, as seen by the January 2025 submission of the Women Entrepreneurship Policy (WEP) and Action Plan for cabinet approval. The objective of this initiative is to improve business training and financial inclusion for women-led businesses. Additionally, from October to December 2024, 1,500 women received training in internet commerce, freelancing, and e-business through an internet Skills Training Program for Women Entrepreneurs. Even while these programs represent advancements, long-standing sociocultural obstacles still prevent women from fully participating in the economy.

Significant efforts have also been made by the Engineering Development Board (EDB) to modernize the engineering field, increase industrial competitiveness, and streamline regulations. The implementation of an E-Office system in December 2024 led to increased transparency, lower operating expenses, and quicker decision-making. The board has started a thorough investigation of how easy it is to do business in engineering areas, with an emphasis on streamlining business registration, cutting down on regulatory complexity, and enhancing trade laws. The National Electric Vehicles (NEV) Policy 2025-30, which aims to minimize emissions, lessen reliance on fuel imports, and create a domestic NEV sector, was another significant policy shift. By 2030, the initiative aims to reduce oil imports by $3 billion, install 3,000 charging stations around the country, and increase NEV sales by 30%. Nevertheless, sluggish infrastructural development and a lack of government incentives for regional producers continue to be major barriers to reaching these lofty goals.

The absence of cooperation between industry and academia has been one of the most significant weaknesses in Pakistan's industrial sector. In 2024, EDB and NUST inked a Memorandum of Understanding to advance industrial automation, research, and innovation. In line with the Triple Helix

Model, this program aims to improve Pakistan's industrial capacities by promoting collaborations between government, business, and academia. Although this program has promoted industry-driven research, the adoption of new technologies is still being slowed by Pakistan's antiquated technical curricula and inadequate R&D financing. In order to standardize and control the gem and jewelry business, the government formed the Pakistan Gems and Jewelry Development Authority (PGJDA), which resulted in the creation of approx 100s new employment. However, expansion is still hampered by antiquated processing methods, inadequate foreign marketing plans, and restricted access to international certification.

The Export Processing Zone Authority (EPZA) established the Public and Private EPZ Rules, 2023, to allow private investors to create Export Processing Zones (EPZs) in order to increase exports and draw in foreign direct investment (FDI). Over 50,000 employment and $1 billion in exports are anticipated as a result of this program. However, historically, the development of SEZs has been hampered by inconsistent policies, poor infrastructure, and sluggish government approvals. In a similar vein, PIDC developed a Land Licencing Policy in February 2024 with the goal of lowering industrial units' upfront capital expenses. This is expected to speed up industrial land allocations and create 3,000 employment.

700 acres were set aside for a new steel plant as part of the regeneration plan for Pakistan Steel Mills (PSM), which might generate 5,000 employment. Austerity measures have also saved Rs. 5 billion a year, including reducing non-essential gas and power supplies. PSM is still dealing with inefficiencies, antiquated technology, and financial mismanagement even if these actions have stabilized the faltering steel industry. Through PASDEC's mechanized mining projects, other industries like marble and granite are also modernizing; nonetheless, Pakistan's overall industrial automation is still restricted to a few industries.

Investment in human capital and skill development are essential components of Pakistan's industrial future. Numerous organizations have started training initiatives to give workers technical and digital skills. Over 675 entrepreneurs received business management training from PIM, PITAC-accredited Technical Training and DAE programs, and Asia Productivity Organization (APO) partnerships brought in AI and robotics training programs. Although these initiatives are improving workforce preparedness, Pakistan continues to struggle with inadequate industrial training programs, restricted apprenticeships, and poor education-to-employment links.

The industrial reforms of the last year demonstrate a strong commitment to economic growth, sustainability, modernization, and regulatory improvements. However, successful implementation, efficient institutions, and luring private sector involvement are necessary for these programs to succeed. Although they offer a strategic framework, the National Industrial Policy and NEV Policy will only be effective in the long run if they are implemented consistently, bureaucratic inefficiencies are decreased, and an atmosphere that is conducive to investment is created. Although programs for women entrepreneurs, SME development, and SOE privatization are admirable, their success depends on ongoing institutional and financial support. Pakistan must make investments in R&D, update its infrastructure, and establish an environment that encourages industrial competitiveness if it is to fully embrace the Fourth Industrial Revolution. A proactive industrial strategy, increased technological adoption, and ongoing structural reforms can help Pakistan establish itself as a major player in the global industrial economy.

Chapter

An Economy Driven by Commerce

In order to increase exports, improve trade governance, fortify economic diplomacy, and modernize trade policies, the Ministry of Commerce has implemented a number of fundamental reforms in the last 12 months. Recognizing that trade liberalization, export growth, and digital transformation are critical to long-term economic viability, these initiatives represent a deliberate shift toward a commerce-driven economic model. Although these actions show advancements in institutional and regulatory frameworks, Pakistan's trade competitiveness is nonetheless hampered by implementation issues, outside economic forces, and infrastructure constraints.



Activating Sectoral Councils for export items under the Strategic Trade Policy Framework (STPF) between September and November 2024 has been a significant endeavor. By institutionalizing stakeholder consultation for the creation of export policies and trade facilitation, this reform seeks to improve industry-government coordination. Likewise, in January 2025, the Sectoral Roadmap for Export Enhancement in the Agro Sector was created and is presently under National Export Development Board (NEDB) approval. The strategy seeks to synchronize export targets, pinpoint policy obstacles, and offer structural enhancements for agro-exports. Even while these actions improve Pakistan's standing in international trade, the nation still lacks the infrastructure and capacity for value-added processing necessary to realize the full potential of its agro-export industry.

In an effort to improve export competitiveness and market access, the Minimum Export Price (MEP) for rice was eliminated in September 2024, demonstrating trade liberalization initiatives. As a result, Pakistan's share of international markets has grown and its rice exports have expanded. However, export rejections due to noncompliance with international food safety standards highlight the necessity for more stringent quality inspections. On the other hand, the purpose of the January 2024 MEP on pink salt was to control exports of raw materials and promote value addition. Although average export prices have increased as a result, Pakistan still lacks a robust pink salt processing sector that can optimize value-added exports. Additionally, the Strengthening of SPS Compliance for Rice Exports initiative was launched in July 2024 in partnership with the Department of Plant Protection (DPP) and the Ministry of National Food Security & Research (MNFSR) to guarantee adherence to international food safety standards, lowering export rejection rates and enhancing Pakistan's reputation in international markets.

The Ministry of Commerce introduced eCommerce Policy 2.0 in November 2024 in recognition of the internet economy's explosive growth. Its main objectives are to boost global competitiveness, accelerate digital transformation, encourage innovation, and fortify infrastructure. The policy has expanded market access, boosted SME involvement in e-commerce, and promoted digital adoption. The entire potential of e-commerce growth is however constrained by Pakistan's ongoing struggles with digital infrastructure, payment gateways, and international regulatory alignment. In order to preserve Pakistan's GI interests, improve legal protection, and guarantee export compliance, the Standard Operating Procedures (SOPs) for Geographical Indications (GI) Registration in Foreign Jurisdictions were also finalized in December 2024. Although it is anticipated that this project will enhance the branding of Pakistani goods like Sindhri mangoes and Basmati rice, its efficacy is hampered by a lack of awareness among exporters and inadequate enforcement measures.

The National Export Development Board (NEDB), which was established in July 2024 with the goal of improving trade policy coordination and more effectively resolving export-related issues, increased trade governance. In a similar vein, working with donors to obtain technical support for trade policy reforms in January 2024 has improved regulatory effectiveness and policy coherence by bringing trade policies into line with global best practices. Reviewing the current Strategic Trade Policy Framework (STPF) and creating the STPF 2025-30 during November and December 2024 was another important change. It is anticipated that the new framework will improve the efficacy of trade policy, boost export competitiveness, and match domestic interests with international trade patterns. Long-term stability is hampered by Pakistan's trade policy' historical inconsistencies, implementation delays, and protectionist inclinations.

In March 2024, the Import Policy Order (IPO) 2022 rationalized import restrictions and reduced port detentions by amending the definition of new cars to facilitate commercial dealings. In

order to shorten the time needed to address compliance concerns, a Federal Ministers Committee was also formed in April 2024 to manage one-time exemptions for small import/export infractions. This has enhanced customs clearance procedures and enabled more seamless commerce operations. In order to improve trade paperwork and lower administrative barriers, Pakistan Customs Tariff (PCT) codes in the Export and Import Policy Orders (2022) were harmonized with the World Customs Organization's (WCO) 2022 system in April 2024.

The Ministry of Commerce has placed a lot of emphasis on economic diplomacy, working to build global alliances and increase Pakistan's trading presence. By opening nine new stations in July 2024, the Ministry strengthened Pakistan's trade missions overseas, increasing the nation's market accessibility and international commercial footprint. In a similar vein, new Trade Development Officer/Investment Officer roles were established in August 2024 with the goal of strengthening Pakistan's economic ties with China and increasing trade and investment flows. Although these steps have increased market accessibility and FDI interest, Pakistan still confronts structural obstacles to successfully use trade diplomacy because of geopolitical difficulties and uneven policy implementation.

From April to December 2024, the Ministry of Commerce began reviewing the current National Tariff Policy 2025-30. The policy seeks to integrate Pakistan into international value chains, streamline tariffs, and increase industrial competitiveness. It is anticipated that this change will boost industrial activity and draw in foreign investments by lowering input costs and streamlining tariff systems. Nonetheless, Pakistan's tariff system has long been criticized for its excessive protectionist measures that restrict competition and its unpredictability.

The Pakistan Institute of Trade and Development (PITAD) launched a Learning Management System (LMS) in September 2024 with the goal of digitizing training and research activities in the field of trade education and capacity-building. Additionally, a Digital Library was created, giving entrepreneurs and politicians quick access to resources pertaining to trade. Furthermore, from July to December 2024, PITAD embarked into international partnerships with Alibaba and WIPO, concentrating on training modules in intellectual property rights (IPR) and e-commerce. These programs improve business education and trade literacy, but long-term capacity-building programs are still required to close Pakistan's skills gap in international trade knowledge.

In summary, Pakistan has demonstrated a strong commitment to trade expansion, digital transformation, and enhanced regulatory efficiency through its commerce-led economic reforms. Although e-commerce regulations, enhanced trade facilitation, and the reduction of export barriers present fresh economic prospects, obstacles like sluggish implementation, poor infrastructure, and lax enforcement procedures still impede advancement. Improved public-private cooperation, institutional accountability, and consistent policy implementation are necessary for these projects to succeed. Pakistan may establish itself as a competitive international trading partner by utilizing its trade potential, simplifying laws, and encouraging innovation. However, the full impact of these reforms might not materialize if structural inefficiencies are not addressed, logistics are not improved, and digital trade infrastructure is not invested.

Chapter

Protecting the Health of the Nation

To strengthen the nation's health infrastructure, improve access to healthcare, and improve pharmaceutical regulations, the Drug Regulatory Authority of Pakistan (DRAP) and the Ministry of National Health Services, Regulations & Coordination (NHSR&C) have implemented significant reforms over the past year. By bringing Pakistan's regulatory structure into line with international best practices, these steps hope to guarantee high-quality healthcare services and encourage the export of pharmaceuticals. However, issues including implementation bottlenecks, permission delays, and limited infrastructure still present major obstacles despite noteworthy advancements in digitalization, regulatory simplification, and clinical research facilitation.

The modification of the Drugs (Licensing, Registering & Advertising) Rules, 1976 to conform to the Pharmaceutical Inspection Cooperation Scheme (PIC/s), which was started in May 2024, has been one of the most important regulatory changes. Higher safety standards in Pakistan's pharmaceutical business, increased pharmaceutical exports, and enhanced worldwide credibility are all anticipated outcomes of this endeavor. In a similar vein, the Drugs (Research) Rules revision in March 2024 aims to broaden the Central Research Fund's (CRF) purview to assist in the creation of Pharmacovigilance Centers and Testing Laboratories around the nation. Potential benefits for the healthcare industry have been delayed because of the slow pace of regulatory revisions, despite the fact that these measures can greatly improve drug quality and prevent counterfeit medicines.



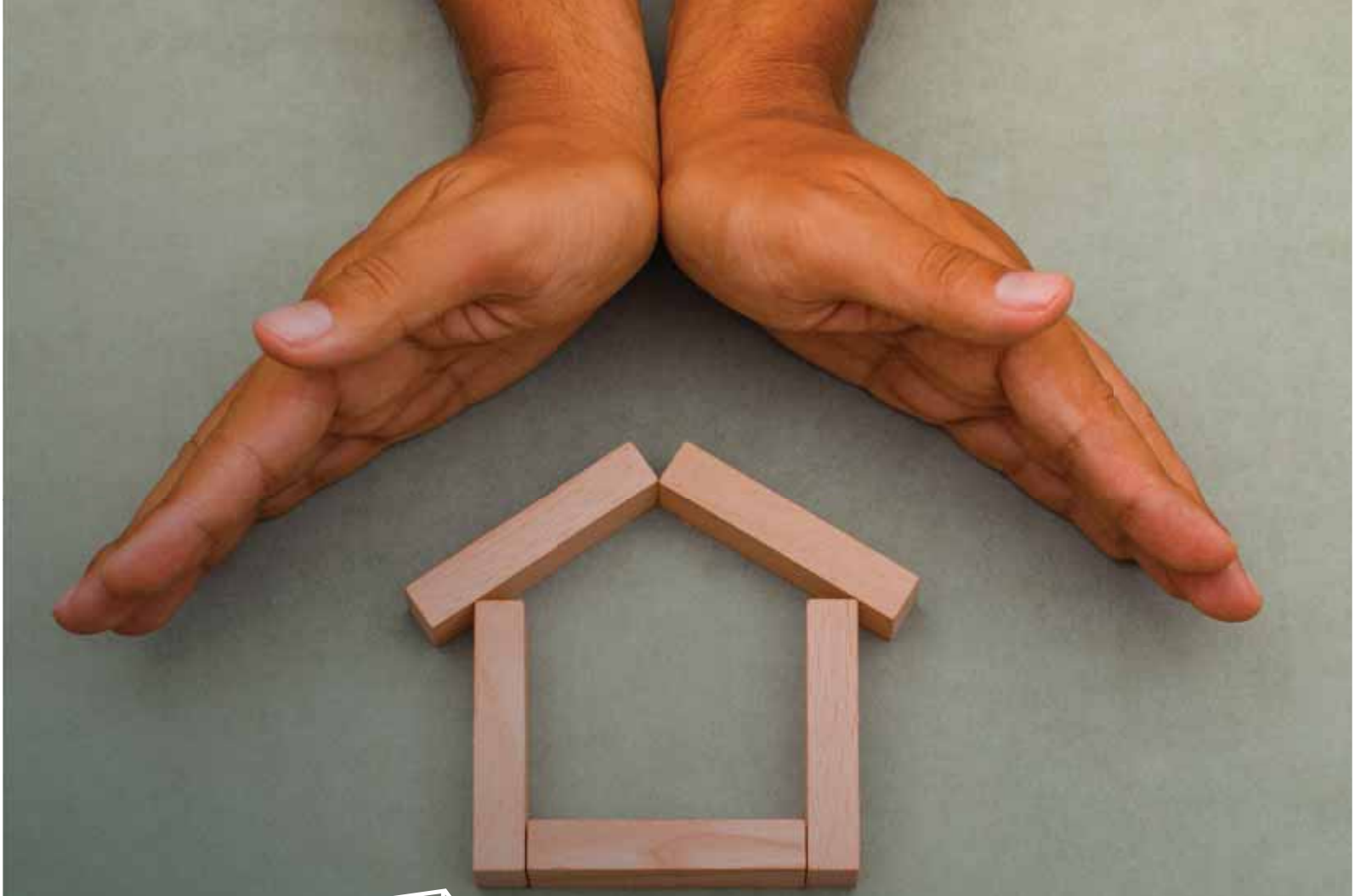
The introduction of Bioequivalence and Bioavailability (BE/BA) studies for drug registration in March 2024 guarantees that locally produced generic medications fulfill the same requirements as their foreign counterparts, hence improving therapeutic efficacy and safety. This action will boost consumer confidence in Pakistani generics, draw in global pharmaceutical investments, and establish specialist positions in research and clinical trials. Similarly, the Clinical Trials Section's functionalization in April 2024 has improved participant safety, bolstered clinical trial oversight, and promoted global medical research collaborations. Pakistan is now positioned as a potential clinical research hotspot thanks to these reforms; but, for long-term effects, obstacles like insufficient funding for research, a shortage of human resources, and lax enforcement measures must be removed.

The launch of the E-App system for online application submission in January 2024 marked a significant advancement in digitization since it promotes speedier processing, removes paperwork, and improves transparency in drug licensing and registration. In a similar vein, the online case management system that was introduced in April 2024 has improved regulatory interactions by streamlining communication and query disposal. Additionally, the import and export system's transition to computerized applications and connection with the Pakistan Single Window (PSW) has improved trade efficiency for pharmaceutical products by cutting down on customs processing delays. Although business facilitation has significantly improved as a result of these digital activities, resistance to digital adoption, cybersecurity issues, and technical constraints continue to be major obstacles.

In March 2024, the Committee for the Availability of Life-Saving Drugs (CALSD) was created in response to the ongoing shortages of essential medications. This program improves the dependability of public healthcare by guaranteeing consistent supplies of necessary medications. Access to necessary medications is nevertheless hampered by ineffective supply chains, procurement hold-ups, and lax implementation of stock management laws. Further strengthening regulatory control and lowering the possibility of dangerous pharmaceuticals reaching consumers are rules for recalling defective therapeutic goods and handling the storage and disposal of returned medications, which were adopted in May 2024.

In a recent endeavor, the Ministry has increased DRAP's technical team in order to improve the regulatory environment generally. This change improved DRAP's capacity to control, oversee, and guarantee compliance by creating 85 additional technical positions. Although this increases regulatory effectiveness, issues with underfunding, bureaucratic hold-ups, and the requirement for additional capacity-building in pharmaceutical governance still exist.

Pakistan's healthcare reforms show a determined attempt to update regulatory frameworks, guarantee the quality of medications, and ease global pharmaceutical trade. The healthcare ecosystem has been strengthened by digital transformation, research facilitation, and improved monitoring; nonetheless, issues like regulatory gaps, infrastructural shortcomings, and implementation delays still exist. Pakistan must give priority to quicker implementation, healthcare technology investment, and more robust enforcement measures if it hopes to fully reap the benefits of these changes. Ensuring sustained growth in the health sector and public well-being will require a comprehensive strategy that integrates regulatory reforms with accessibility to healthcare on the ground.



Chapter

Sheltering the Housing

A country's prosperity depends heavily on the development of its housing and infrastructure, and in the last year, the Ministry of Housing and Works has implemented a number of significant reforms to improve public service delivery, increase efficiency, streamline operations, and foster openness. These programs concentrate on policy creation, digital transformation, rightsizing government agencies, and boosting business sector involvement. Although these reforms represent a step in the right direction toward modernization, ongoing monitoring and flexible policymaking are necessary for their implementation and long-term viability.

The closure of the Pakistan Environmental Planning and Architectural Consultants (PEPAC), National Construction Limited (NCL), and Pakistan Public Works Department (Pak PWD) was one of the biggest reforms in 2024. This action seeks to optimize the workforce, cut down on unnecessary spending, and boost project execution efficiency. The timely completion of development projects, however, may be impacted by a lack of project management experience resulting from downsizing without sufficient labor reallocation. The creation of the Pakistan Infrastructure Development and Assets Management Authority (PIDAMA) is the suggested substitute; once it is up and running, it will enhance coordination, promote private sector involvement, and centralize monitoring for infrastructure projects. In addition to guaranteeing quicker project approvals and a more welcoming investment environment, this reorganization is anticipated to generate administrative and technical employment possibilities.

The implementation of e-Tendering and the E-Pak Acquisition & Disposal System (EPADS) in 2024 is a significant step toward efficiency and transparency. Its goals are to eradicate corruption concerns, shorten procurement times, and bring about a digital revolution in public procurement. It is expected that this change will guarantee fair competition, decrease human intervention, and lower bureaucratic barriers. In a similar vein, the anticipated completion of the computerization of federal land records by 2025 will enhance record administration, stop land encroachment, and boost government revenue from property transactions and leasing. By lowering the risks of fraud and litigation in real estate transactions, this digitalization push also promotes IT-based job opportunities and improves investment potential.

It is anticipated that the National Housing Policy 2025, which is presently being developed, will establish a strategic framework for urban planning and affordable housing. If properly executed, it will alleviate housing shortages, stimulate private sector investments, and advance sustainable urban development. This program has the potential to provide substantial employment opportunities in the building, real estate, and related sectors, providing lower- and middle-income groups with financial assistance and housing accessibility. To avoid market distortions and speculative price increases, the policy must be properly matched with land availability, financing options, and infrastructure development.

The transfer of Sindh Infrastructure Development Company Limited (SIDCL) to the Ministry of Housing and Works in 2024 was another significant reform. This move intends to improve the efficiency of project execution and guarantee better resource allocation for Sindh's federal urban development projects. Employment possibilities in engineering, project management, and urban development are also created by SIDCL's conversion to Pakistan Infrastructure Development Company Limited (PIDCL), which broadens its scope to oversee infrastructure projects across the country. It is anticipated that this modification will enhance coordination in carrying out federal projects; nonetheless, its effectiveness hinges on effective project monitoring and prompt funding distribution.

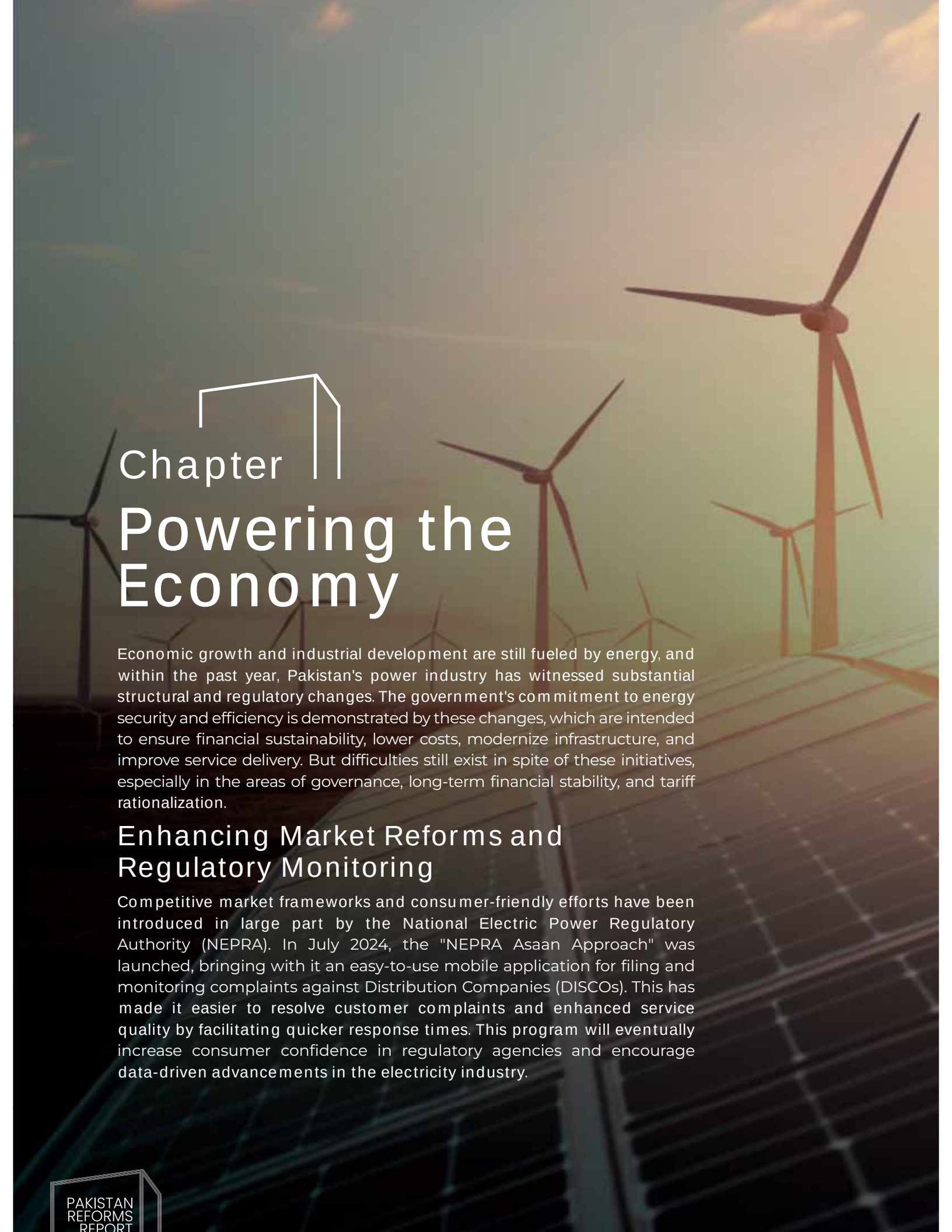
Notable projects in the Estate Office Management sector include the introduction of a Web Portal that enables federal government employees to apply for, track, and monitor their lodging applications online, as well as the improvement of IT infrastructure. This has already led to 1,064 government accommodations being allocated on the basis of merit. Transparency in government housing assignments is another goal of the Amendment in Accommodation Allocation Rules 2002, which is presently being reviewed. 464 apartments were retrieved from unlawful occupiers as a result of the 2024 government accommodations survey, guaranteeing equitable housing access for qualified federal employees. Although governance has significantly improved as a result of these reforms, enforcement measures must continue to be strong to stop future anomalies.

Beginning in 2024, the Federal Government Employees Housing Authority (FGEHA) has integrated e-Filing, accounts administration, land records, project monitoring, and tender management technologies as part of a huge digitization initiative. By facilitating transparent grievance redressal, the Resident Complaint Portal (RCP), which was first released as a mobile application, has improved service delivery. Additionally, new investment opportunities have been created by the reform of Joint Venture (JV) legislation, which has drawn private sector involvement in public housing projects. Although it is still difficult to make sure that infrastructure construction and regulatory clearances keep up with investment pledges, the creation of an Investor Facilitation Cell is another step in fostering confidence in real estate investments.

Numerous high-value projects have been started in major cities including Islamabad, Rawalpindi, Karachi, and Murree in an effort to increase housing investments even more. These consist of housing complexes, mixed-use shopping centers, IT parks, five-star hotels, international hospitals, and commercial hubs that are provided through joint ventures and public-private partnerships (PPPs). It is anticipated that thousands of employment in engineering, construction, project management, and real estate will be created by these developments. To avoid delays, cost overruns, and speculative land hoarding, however, strong regulatory control is required.

With 7,786 housing units currently under construction in Peshawar, the Pakistan Housing Authority Foundation (PHAF) is actively involved in the building of affordable housing. This is expected to increase local economic activity and alleviate housing shortages. Furthermore, increased openness in housing projects is being ensured by the deployment of IT and digitization efforts including e-Balloting, online payment portals, and mobile apps. It is anticipated that the implementation of financial management changes, such as direct Treasury Bill investments made through the State Bank of Pakistan (SBP), will optimize returns and improve the financial sustainability of PHAF. However, simplified mortgage finance and reasonable interest rates must be given top priority if these initiatives are to result in real advantages for homebuyers.

The Ministry of Housing and Works' reforms are part of a larger movement in housing and infrastructure development toward efficiency, digitization, and private-sector cooperation. Although a number of initiatives have effectively decreased bureaucratic inefficiencies, strengthened governance, and increased transparency, their sustained effectiveness hinges on reliable regulatory monitoring, effective implementation, and cooperation among stakeholders. Pakistan may progress toward a more resilient, inclusive, and modernized housing and construction industry by guaranteeing affordable housing, sustainable infrastructure development, and an investment-friendly regulatory environment. However, the practical application of these reforms and the government's capacity to sustain momentum after policy announcements will ultimately decide their efficacy.



Chapter

Powering the Economy

Economic growth and industrial development are still fueled by energy, and within the past year, Pakistan's power industry has witnessed substantial structural and regulatory changes. The government's commitment to energy security and efficiency is demonstrated by these changes, which are intended to ensure financial sustainability, lower costs, modernize infrastructure, and improve service delivery. But difficulties still exist in spite of these initiatives, especially in the areas of governance, long-term financial stability, and tariff rationalization.

Enhancing Market Reforms and Regulatory Monitoring

Competitive market frameworks and consumer-friendly efforts have been introduced in large part by the National Electric Power Regulatory Authority (NEPRA). In July 2024, the "NEPRA Asaan Approach" was launched, bringing with it an easy-to-use mobile application for filing and monitoring complaints against Distribution Companies (DISCOs). This has made it easier to resolve customer complaints and enhanced service quality by facilitating quicker response times. This program will eventually increase consumer confidence in regulatory agencies and encourage data-driven advancements in the electricity industry.

Additionally, NEPRA has authorized Multi-Year Investment Plans for Transmission and Distribution Companies in an attempt to cut down on needless regulatory delays. Long-term financial stability is ensured by these three-year plans for NTDC and five-year plans for DISCOs, which minimize regulatory scrutiny while permitting structured investment in transmission infrastructure. It is anticipated that this change will promote effective project planning and execution, which will ultimately increase service reliability.

Rationalization of Tariffs and Consumer-Centric Reforms

NEPRA has modified the Tariff Rate Design by increasing fixed charges and decreasing the variable component in order to bring tariff structures into line with real cost recovery. This reduces volatility brought on by changes in gasoline prices and guarantees more pricing predictability. By making industrial tariffs more competitive, the Reduction of Cross-Subsidy in Industrial Tariff also seeks to promote productive energy use, which will increase exports and industrial activity.

The implementation of the Prepaid Tariff (2024–25), which permits all consumer groups to choose prepaid power plans, is another important reform. This lowers arguments over billing inconsistencies, improves bill recoveries, and gives consumers more control over their energy use. This will eventually help reduce the building of circular debt and improve revenue management.

NEPRA has also authorized the Winter Demand Package (December 2024–February 2025) to handle seasonal variations in power demand by providing incentives for increased electricity use during off-peak winter months. By spreading out fixed costs over larger consumption quantities, this program not only maximizes the use of generation capacity but also lowers costs per unit.

Promoting the Competitive Market for Electricity

The creation of the Competitive Trading Bilateral Contract Market (CTBCM), which would enable industries and bulk power users to purchase electricity directly from providers at competitive prices, is one of the most revolutionary developments. It is anticipated that this deregulation of the electricity market will decrease procurement inefficiencies, lower electricity prices, and make the power industry more business-friendly. The long-term advantages of a fully competitive market include decreased dependency on government subsidies and increased power producers' financial sustainability, even though the shift will take time.

The Private Power & Infrastructure Board (PPIB) has been registered by NEPRA as an Independent Auction Administrator (IAA) for a ten-year period (January 2024) in order to further encourage private sector participation. Auction-based procurement is made possible by this reform, which increases power generation's cost-effectiveness and transparency.

The approval of power acquisition programs for DISCOs (May 2024) is another crucial step in the reform of electricity procurement. This guarantees more effective and economical power procurement by coordinating power purchases with long-term energy growth plans, such as the Transmission System growth Plan (TSEP) and the Indicative Generation Capacity Expansion Plan (IGCEP).

Making the Switch to Sustainable & Renewable Energy

NEPRA authorized the Request for Proposal (RFP) documents for 620 MW of renewable energy (RE) projects in K-Electric (February–March 2024) in an effort to raise the proportion of RE in Pakistan's power mix. By lowering carbon emissions and dependence on pricey imported fuels, these projects hope to improve environmental sustainability and energy security.

The Rebasing of Tariff (July 2024) for FY 2024-25, which aims to reduce the impact of recurring tariff changes, was a significant regulatory approval. This change gives businesses long-term stability by guaranteeing pricing predictability, which enables them to efficiently plan their electrical expenses.

Improving Digitalization, Transparency, and Customer Trust

One of the main goals of energy sector reforms has been the implementation of digital platforms to increase accountability and transparency. By compiling a nationwide database of certified energy-efficient appliances, the Product Registry System (PRS, 2024–25) stops the sale of inferior goods and assists customers in making wise decisions.

Similarly, initiatives to lower theft, increase billing accuracy, and promote energy saving are in line with NEPRA's drive for smart metering and automated billing systems. Among these initiatives are:

To facilitate two-way communication between utilities and customers and lower energy losses and theft, AMI and Automated Power Management Systems (APMS, 2024–25) will be installed. In order to prevent overbilling and guarantee reading accuracy, optical character recognition (OCR) will be introduced in meter reading in March 2025.

In order to decrease billing inconsistencies and boost consumer confidence in DISCOs, the "Mera Meter Meri Reading" mobile application will be released in March 2025.

Pakistan's energy sector is now more investor-friendly because to these digital initiatives that streamline compliance, boost operational effectiveness, generate grassroot level data, and enhance customer satisfaction.

The Path Ahead: Obstacles & Opportunities

Although Pakistan's energy sector has undergone a substantial transition as a result of these reforms, a number of obstacles still exist. Although privatizing DISCOs can improve service efficiency and quality, there are structural and political obstacles to overcome. The power industry is still under stress from the cyclic debt problem, necessitating further drastic financial restructuring. Furthermore, strict regulatory control will be necessary to guarantee fair competition in the electrical market as it shifts to a competitive trading model.

A more robust, open, and customer-friendly power sector will result from the successful implementation of these changes. Pakistan's energy sector is moving toward increased sustainability, efficiency, and economic growth by embracing digital revolution, upgrading energy legislation, and promoting private investment.

Chapter

Making the Economy Vibrant Again, Energy Efficiencies

Pakistan has implemented significant energy sector reforms in the last 12 months with the goals of strengthening investment prospects, guaranteeing energy security, expediting licensing procedures, and upgrading regulatory frameworks. These changes, which affect the LPG, LNG, oil, gas, and CNG industries, make the energy market more efficient and competitive while opening up new business prospects. Implementing regulatory changes, enhancing enforcement procedures, and encouraging private sector involvement have all been made possible in large part by the Oil and Gas Regulatory Authority (OGRA). Even though these reforms are essential for industrial productivity and economic progress, there are still issues with meeting environmental commitments, maintaining sustainable energy sources, and striking a balance between affordability.



Improving Market Investment and LPG Infrastructure

In February 2024, the process for obtaining LPG licenses was streamlined in an effort to draw investment to Pakistan's LPG industry. Private sector involvement has expanded as a result of the lifting of the 5KM inter-storage plant distance restriction, which has raised investments in LPG storage facilities. Twenty to twenty-five technically skilled workers per plant now have job options thanks to these reforms, which also ensure more efficient energy distribution and less dependence on conventional fuels. Furthermore, new investments have been made easier by the streamlined licensing process, which has improved energy security and guaranteed a consistent supply of LPG.

Increasing Public Trust and Consumer Protection

By designating designated officials in key consumer locations, OGRA has improved consumer services by introducing a public complaint redressal procedure for gas providers. This program guarantees the prompt and free settlement of complaints, especially those involving billing problems, low-pressure concerns, and delays in gas connections. Because of these actions, the public's trust in the regulator has been restored, enabling gas utility firms to enhance service quality and streamline their business processes.

Improving Market Liberalization and LNG Infrastructure

An amendment to the OGRA Ordinance (April 2024) has been proposed to remove LNG infrastructure from the requirement for Third-Party Access (TPA), acknowledging the significance of private sector investment in this type of infrastructure. By permitting investors to build LNG facilities at their own expense and risk, this action aims to boost private sector involvement, improve energy supplies, and lessen reliance on state-owned projects. It is anticipated that the reform will create about 1,000 new employment, making Pakistan a more desirable location for LNG projects.

Enhancing Consumer Convenience and Regulation of the Oil Sector

With the release of a smartphone application in December 2024 to assist commuters in locating authorized gas stations, Pakistan has taken action to modernize its retail fuel industry. In addition to helping consumers, this project will aid in the removal of illegal gas stations, improving regulatory control and fostering a more structured fuel retail sector. Furthermore, in order to improve Pakistan's national energy security, a Study on National Strategic Fuel Reserves (SFR) was started in November 2024 with the goal of creating a comprehensive policy that ensures strategic fuel stockpiling for emergencies.

Increasing OGRA's Presence and Enhancing Regulatory Oversight

In December 2024, OGRA opened new regional offices to facilitate investor and public access and improve regional involvement and policy execution. More efficient policy execution has resulted from this initiative's better consumer complaint resolution and facilitation of investor relations. Furthermore, OGRA has taken proactive measures to create a more welcoming and

inclusive workplace by developing childcare centers, pick-and-drop services, and dedicated workplaces for women in accordance with the Government of Pakistan's Women Empowerment Policy.

Using Digitalization to Increase Regulatory Effectiveness

In 2024, OGRA implemented an E-Licensing System in accordance with the Prime Minister's directions, guaranteeing quicker processing of applications and regulatory difficulties. By enabling investors, cutting down on bureaucratic red tape, and encouraging openness, this change has greatly increased the ease of doing business.

Maintaining Safety and Regulatory Compliance in the Gas and Petroleum Industries

In July 2024, OGRA stepped up enforcement efforts in response to a sharp rise in POL-related incidents, guaranteeing rigorous adherence to safety standards for petroleum refineries, LPG, and CNG. In addition to raising safety standards, these consumer-focused reforms have also raised public awareness of fuel-related hazards, which has decreased accidents and increased industry control. Furthermore, by establishing new regional offices throughout Pakistan, OGRA has increased its field visibility, improved regulatory implementation, and produced jobs for local populations.

Liberalization of the Gas Market and the Use of Infrastructure

Through the introduction of the Third-Party Access Rules and the Pakistan Gas Network Code, OGRA has made it easier for the private sector to participate in gas distribution and transmission, thereby fostering a more efficient and competitive gas market. It is anticipated that these actions will increase pipeline use, foster competition, and enhance service delivery at competitive prices.

By allowing additional players to invest in gas transmission and storage facilities, the liberalization of the gas industry would ensure more reliable and efficient energy supplies and generate employment possibilities.

Boosting the CNG Industry with Quick Licensing Procedures

Understanding the significance of affordable fuel substitutes, In 2024, OGRA implemented a streamlined licensing procedure for CNG stations that use RLNG. By reducing dependency on pricey liquid fuels and diversifying fuel sources, this reform seeks to improve the development of CNG infrastructure in high-consumption areas. Investment in the CNG industry has already increased as a result of the reform, with each newly constructed CNG station generating 15 skilled and non-skilled jobs.

Juggling Investment, Growth, and Energy Security

With market liberalization, infrastructure growth, and regulatory reforms influencing the future of fuel supply and use, Pakistan's energy sector is undergoing substantial change. Energy security and economic stability have been improved by government initiatives to

expedite licensing, draw in private investment, and strengthen regulatory control; yet, obstacles still exist in guaranteeing affordability, sustainability, and long-term energy resilience. Going forward, Pakistan's economic growth and the provision of sustainable energy solutions will depend on sustained investment in contemporary infrastructure, the digitization of regulatory procedures, and competitive market frameworks.

The past 12 months have seen significant changes in Pakistan's energy sector, including extensive reforms aimed at luring investment, cutting expenses, boosting productivity, and promoting sustainability. Even though a lot of these initiatives have produced encouraging outcomes, there are still certain issues that need to be strategically adjusted to guarantee their long-term effectiveness. With the goal of reviving economic activity, increasing transparency, and making it easier to conduct business in the energy sector, the initiatives encompass several organizations, including the Geological Survey of Pakistan (GSP), the Ministry of Energy (Petroleum Division), and significant state-owned firms. To effectively achieve these ambitious reforms, however, systemic inefficiencies and implementation deficiencies must be addressed despite the momentum.

The Geological Survey of Pakistan's digitization of baseline geodata is among the most admirable efforts. More than 1,500 geological goods, such as technical reports, research articles, and maps, are now available online. For investors, researchers, and policymakers, the creation of a GIS-based web portal further improves access to vital data. Investor trust in mineral exploration is greatly increased by this program, which removes administrative obstacles and conforms to international best practices. Digital accessibility is a step in the right direction, but questions still surround the data's completeness and integrity. To make Pakistan's mining industry genuinely competitive on a worldwide basis, more investments in real-time geological mapping are needed, as much of the data now accessible is out of date.

Mineral exploration and development is another important area of advancement. In order to find promising mineral resources, such as gold, copper, and metallic minerals, the government has actively pursued geophysical surveys and test drilling in Attock, Chagai, Uthal & Bela, and Nagarparkar. The Punjab government is getting ready to sell blocks valued at billions of rupees because these projects have been effective in attracting investor interest. Even while these initiatives are positive, prospective investors are nonetheless irritated by the bureaucratic red tape and licensing delays. Pakistan runs the danger of losing out on profitable mining possibilities to more business-friendly countries in the region unless it increases regulatory efficiency and expedites licensing procedures.

Another crucial step in making Pakistan a desirable place for business is the government's unification of mining laws and policies among the provinces. The goal of this reform is to provide a uniform framework that is in line with international standards and lessen regulatory inconsistencies. Effective enforcement is essential to the success of a consistent legal framework. Since governance issues and a lack of institutional capacity have historically beset Pakistan's mining sector, regulatory harmonization might not inspire the necessary investor confidence in the absence of strong monitoring systems.

To encourage investment in already-existing refineries and raise gasoline standards, the petroleum industry implemented the Brownfield Refining Policy. This program has the potential to improve fuel quality, decrease reliance on imports, and increase energy security if correctly executed. However, since Pakistan has long battled with inefficiencies in the refining sector, providing incentives alone might not be sufficient.

This policy may not achieve its lofty objectives if refinery infrastructure is not modernized and

production and distribution inefficiencies are not addressed. Likewise, it is anticipated that the deregulation of gasoline and diesel prices will encourage market-based pricing, which will ultimately benefit consumers. Nevertheless, there is a chance that oil marketing firms could take advantage of price changes at the expense of customers in the absence of strict regulatory control.

The deregulation of the Inland Freight Equalization Margin (IFEM) is another significant structural change that aims to draw in foreign investment in pipeline infrastructure and promote competitive fuel transportation. Although this change encourages market competition, it may also lead to regional price differences, which would disproportionately affect customers in rural areas. To ensure fair fuel prices across the country, policymakers must balance deregulation.

The government's introduction of ethanol-blended fuel to minimize emissions and dependence on fossil fuels is a good step in the promotion of sustainable energy solutions. It is anticipated that solarization initiatives at OGDCL and PARCO locations will enhance environmental sustainability and drastically reduce operating energy expenses.

Furthermore, the emergence of Pakistan's first shale gas well indicates advancements in unconventional oil and gas exploration. Even though these actions show a dedication to renewable energy, structural obstacles such as poor grid integration, financial limitations, and uneven policy implementation remain affecting Pakistan's renewable energy industry. The government must make sure that these programs are included into a comprehensive national energy policy rather than continuing as stand-alone endeavors.

In the meantime, state-owned businesses (SOEs) such as OGDCL and SSGCL have restructured in order to increase their financial sustainability and operational efficiency. It is noteworthy that Unaccounted-for-Gas (UFG) losses were reduced from 17% to 10%, which increased profitability. Additionally, rural areas now have greater access to energy thanks to the gasification of 292 villages under an eight-year plan, which has promoted regional economic growth. Nonetheless, political appointments, excessive bureaucratic meddling, and persistent inefficiencies still hinder SOEs' capacity to operate efficiently. These restructuring initiatives may only result in short-term gains in the absence of more comprehensive governance reforms and performance-based management.

The government has aggressively participated in international investment conferences like the Future Mineral Forum, showcasing Pakistan's unrealized potential in rare earth elements, copper, nickel, and gold, in an attempt to increase Pakistan's competitiveness in global energy markets. Large-scale geoscientific collaboration in Balochistan and Khyber Pakhtunkhwa has also been made possible by a MoU with China, which guarantees the transfer of modern exploration techniques and technology. But there are dangers associated with relying too much on one foreign partner, especially China. In addition to reducing reliance concerns, diversifying alliances and interacting with a larger group of investors from North America, the Middle East, and Europe would attract more competitive technology and experience.

Notable efforts have also been made to improve transparency and convenience of doing business. Financial accountability is ensured and cash handling is eliminated with the implementation of digital payment systems throughout SOEs.

Organizational structures are being reorganized, efficiency is being increased, and financial discipline is being encouraged via the implementation of Oracle ERP. Service delivery has also been improved by automated complaint resolution systems and customer facilitation centers. To address corruption, inefficiency, and antiquated administrative procedures that still impede

corporate operations, institutional reforms must be implemented in tandem with digital transformation.

With a number of innovative reforms intended to attract investment, enhance regulatory frameworks, and assure energy security, there has been a bold push in the past year to revitalize Pakistan's energy sector. Pakistan is making significant strides in the direction of a more resilient energy economy, from mineral exploration and energy digitalization to petroleum sector reform and renewable energy initiatives. Nonetheless, there are still a lot of dangers associated with enduring issues including regulatory uncertainty, governance flaws, sluggish implementation, and bureaucratic inefficiencies.

Reforms must go beyond policy announcements and concentrate on execution, institutional capacity-building, and long-term sustainability in order to really bring the economy back to life. For Pakistan's long-term economic stability and global competitiveness as well as for short-term economic recovery, a transparent, competitive, and well-regulated energy sector is essential. A greater emphasis on execution, accountability, and a wider engagement with global investors is necessary to maintain the current momentum. The energy industry has the potential to become a crucial driver of national economic resurgence and growth in the years to come if Pakistan can close these gaps.



Chapter

Pakistan's Digital Transformation

Pakistan has been making significant strides towards digital connectivity and economic modernization, with various policy reforms, regulatory changes, and infrastructure investments aimed at bridging the digital divide, improving broadband access, and enhancing cybersecurity. Over the past 12 months, initiatives spearheaded by the Pakistan Telecommunication Authority (PTA) and the Ministry of Information Technology & Telecommunication (MoITT) have sought to expand digital inclusion, promote local tech manufacturing, and modernize telecommunications networks. While these efforts have successfully improved service delivery and economic opportunities, some regulatory decisions—such as the implementation of a national firewall—have introduced new challenges for businesses, consumers, and Pakistan's integration into the global digital economy.

One of the most notable advancements has been the expansion of broadband services through the IMT Spectrum Policy and Spectrum Re-Farming Framework, introduced in June 2024. These policies are laying the groundwork for 5G deployment, promising ultra-fast connectivity, smart city development, and the growth of the Internet of Things (IoT). However, financial constraints among telecom operators, bureaucratic red tape, and high spectrum costs have slowed full-scale implementation.

Simultaneously, the Right of Way Fee Harmonization Policy (January 2025) has played a crucial role in reducing infrastructure costs, making broadband expansion financially viable for operators, especially in rural and underserved areas. These reforms have contributed to job creation in infrastructure development and telecom engineering, but challenges remain in ensuring affordability and accessibility for lower-income communities.

To increase mobile penetration and promote domestic tech manufacturing, the Mobile Device Manufacturing and Export Policy (2024-2027) was launched in May 2024. This initiative aims to reduce dependency on imported devices, attract foreign investment, and position Pakistan as a regional tech hub. While this policy has encouraged local mobile assembly plants and job creation, global competition remains a significant hurdle, with international brands continuing to dominate the market.

The Smartphone Installments Policy (August 2023) further sought to increase smartphone adoption, making digital access more affordable for lower-income groups. Given that a 10% increase in broadband penetration correlates with a 2% rise in GDP, these measures are vital for economic growth.

The government has also focused on enhancing digital security and data protection, introducing the Personal Data Protection Bill (2024) to establish secure online transactions and privacy standards. This policy aligns Pakistan with global data protection norms and is expected to boost consumer trust and encourage investment in digital services. However, its success will depend on effective enforcement, regulatory clarity, and compliance monitoring.

Likewise, the Annual Cybersecurity Readiness Ranking (August 2024) and the establishment of the CERT Council (2024) have been crucial steps in strengthening Pakistan's cybersecurity ecosystem. While these initiatives promote national security and data integrity, the recent deployment of a national firewall has unintended consequences that jeopardize connectivity, business continuity, and online freedom.

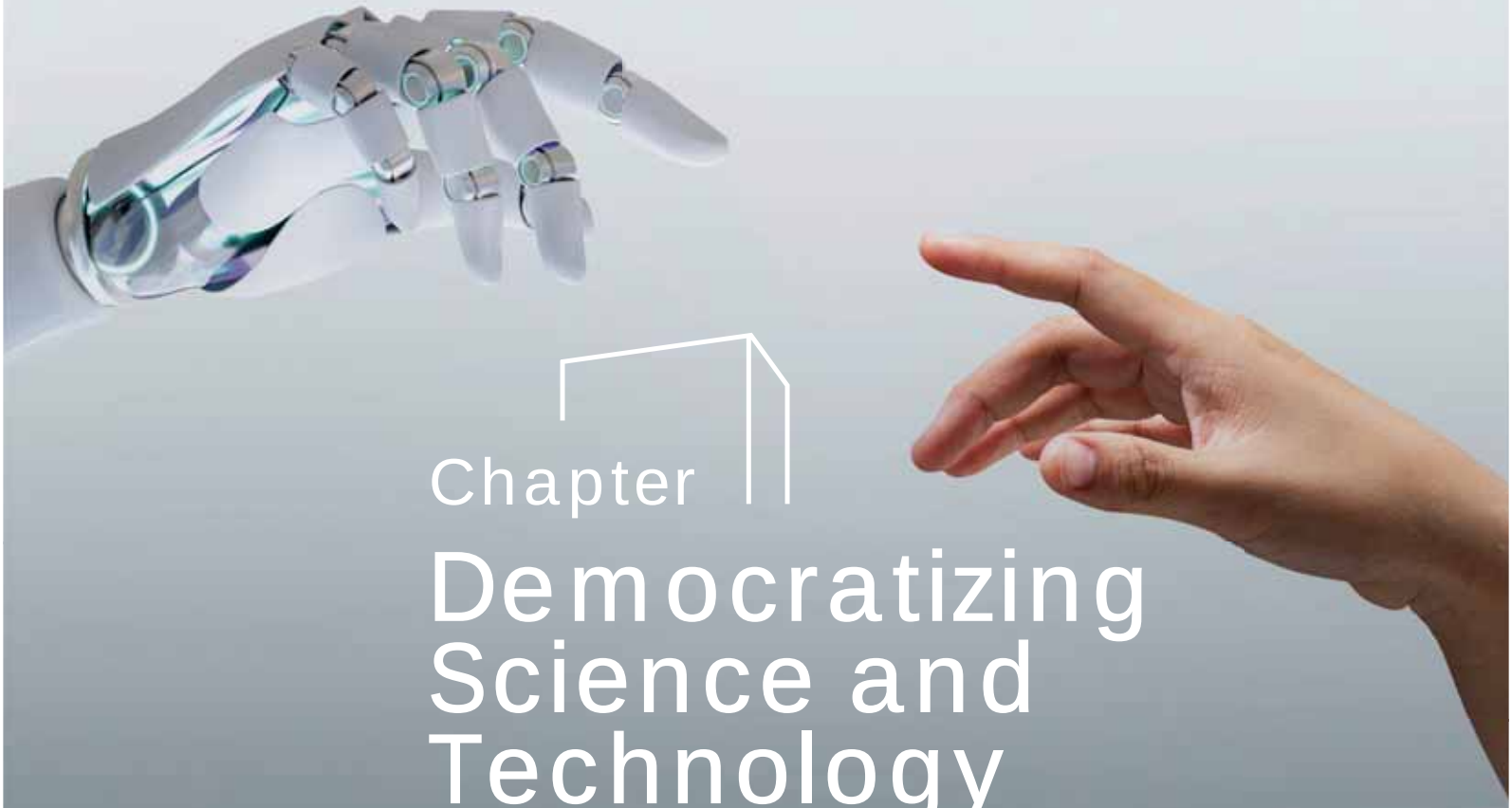
The introduction of firewalls and VPN restrictions has sparked controversy, with freelancers, IT service providers, and digital entrepreneurs raising concerns about censorship, slowdowns, and restricted access to international platforms. While authorities argue that such measures are necessary for combating cyber threats and controlling harmful content, businesses fear that arbitrary content filtering and deep packet inspection (DPI) technologies are limiting access to essential services. VPN restrictions have especially impacted remote workers, fintech users, and online retailers, causing delays in transactions and disrupting real-time communication platforms. The inconsistent enforcement of content filtering policies has also harmed Pakistan's reputation as an emerging digital hub, raising questions about regulatory predictability and investor confidence.

Despite these concerns, major investments in telecommunications infrastructure continue to drive economic growth and regional connectivity. The Cable Landing Station Policy (October 2024), designed to expand submarine cable networks and improve international connectivity, is expected to reduce bandwidth costs, enhance data speeds, and attract foreign investment in Pakistan's IT sector.

Similarly, the Digital Economy Enhancement Project (DEEP) (May 2024) aims to digitize government-to-citizen services, streamline e-governance, and improve business efficiency. If implemented effectively, these initiatives will strengthen Pakistan's digital competitiveness, increase financial inclusion, and encourage startups and fintech enterprises to thrive.

Recognizing the importance of digital inclusion, the government has also introduced the Digital Gender Inclusion Strategy (August 2024) to ensure equal access to ICT services for women. With a focus on affordability, digital literacy, and online safety, this initiative aims to increase women's participation in the digital economy. However, sporadic internet outages and connectivity disruptions in remote areas remain barriers to equitable access, despite the Uninterrupted Internet Services Directives (November 2024). To achieve true digital inclusion, Pakistan must prioritize stable infrastructure and ensure consistent service availability across all regions.

Looking ahead, Pakistan's digital transformation is at a critical crossroads. While regulatory reforms and infrastructure projects have positioned the country as a growing digital economy, concerns over internet restrictions, cybersecurity enforcement, and bureaucratic inefficiencies could undermine progress. A balanced approach—one that prioritizes security while preserving online freedom, facilitates investment while ensuring consumer protection, and fosters innovation without excessive regulation—will be key to Pakistan's long-term success in the global digital landscape. If executed with strategic foresight, public-private collaboration, and inclusive policymaking, these reforms have the potential to turn Pakistan into a leading digital hub in South Asia.



Chapter

Democratizing Science and Technology

With a number of institutional and regulatory changes being implemented by the Ministry of Science and Technology (MoST) to promote innovation, industry-driven R&D, and economic self-reliance, Pakistan's science and technology sector is undergoing a much-needed makeover. Notwithstanding these encouraging developments, there are still a number of serious structural issues, such as a lack of long-term strategic vision for the industry, inadequate funding, and poor enforcement of standards.

Merit-based hiring for leadership roles in important institutions and the resuscitation of defunct organizations are among the noteworthy accomplishments. Although development has been slower than necessary, this has enhanced efficiency, openness, and governance. Long-term lack of leadership in important institutions has hindered innovation, and although new hiring have enhanced institutional performance, bureaucratic inertia and political meddling continue to be a serious danger to maintaining these gains. Furthermore, scientists and researchers are forced to operate under extremely tight budgetary constraints as a result of the lack of R&D funding, which continues to impede real innovation.

With more than $1 billion in economic advantages from industry-driven R&D, MoST has significantly contributed to import substitution and export growth. Enhancing product quality, expediting regulatory procedures, and increasing licensing options have all been made possible in large part by the Pakistan Standards and Quality Control Authority (PSQCA).

More than 4,388 new licenses have been granted, and the opening of new offices at Port Muhammad Qasim and Karachi Port Trust has increased trade efficiency and business facilitation. Additionally, regulatory clearances have been made simpler by the integration of PSQCA with the Pakistan Single Window (PSW) effort, which has decreased delays in import inspections and licensing procedures. But despite these initiatives, enforcement is still a weak point, and because there is no inspection, many companies continue to evade quality control procedures. Global competitiveness will not be significantly impacted by these measures unless more robust compliance systems are implemented.

Over the past year, 300 new standards have been adopted in an attempt to bring Pakistan's regulatory environment into line with international standards. These include updated food safety guidelines, rules pertaining to the electric vehicle (EV) ecosystem, and the introduction of an electronic filing system to update administrative processes. Additionally, businesses now enjoy more regulatory consistency thanks to the extension of the Product Certification Marks (CM) licensing validity from two to three years. Enhancing industry compliance, guaranteeing product safety, and bolstering consumer protection all depend on these actions. The true difficulty, though, is in putting the new regulations into practice, as many local firms find it difficult to adjust because of a lack of technological know-how and budgetary limitations. These reforms might not fully result in higher industry standards if there are no strong training initiatives and incentives for compliance.

The persistent underfunding of R&D continues to be one of the largest obstacles facing Pakistan's scientific and technology industry. Although 32 new firms have been accepted into the National Science and Technology Park (NSTP), obtaining capital and investor assistance is still a significant challenge. Pakistan lacks a formal system for funding and growing firms past the incubation stage, in contrast to international innovation economies that depend on a robust venture capital culture. Investment in high-tech innovation is further deterred by the lack of tax incentives for companies that prioritize research and development.

Another significant breakthrough is the use of artificial intelligence (AI) in national security, with Safe City initiatives utilizing AI enhancing crime prevention and detection. However, because to a lack of comprehensive policy frameworks, AI is still underutilized in the healthcare, industrial, and agricultural sectors. Pakistan's AI ecosystem is still limited to a few government-driven programs with no clear plan for private sector adoption, while other nations are using automation, machine learning, and data analytics to increase economic efficiency. The announced National Artificial Intelligence Policy has been put on hold and in the offing from the the Ministry of IT and Telecom.

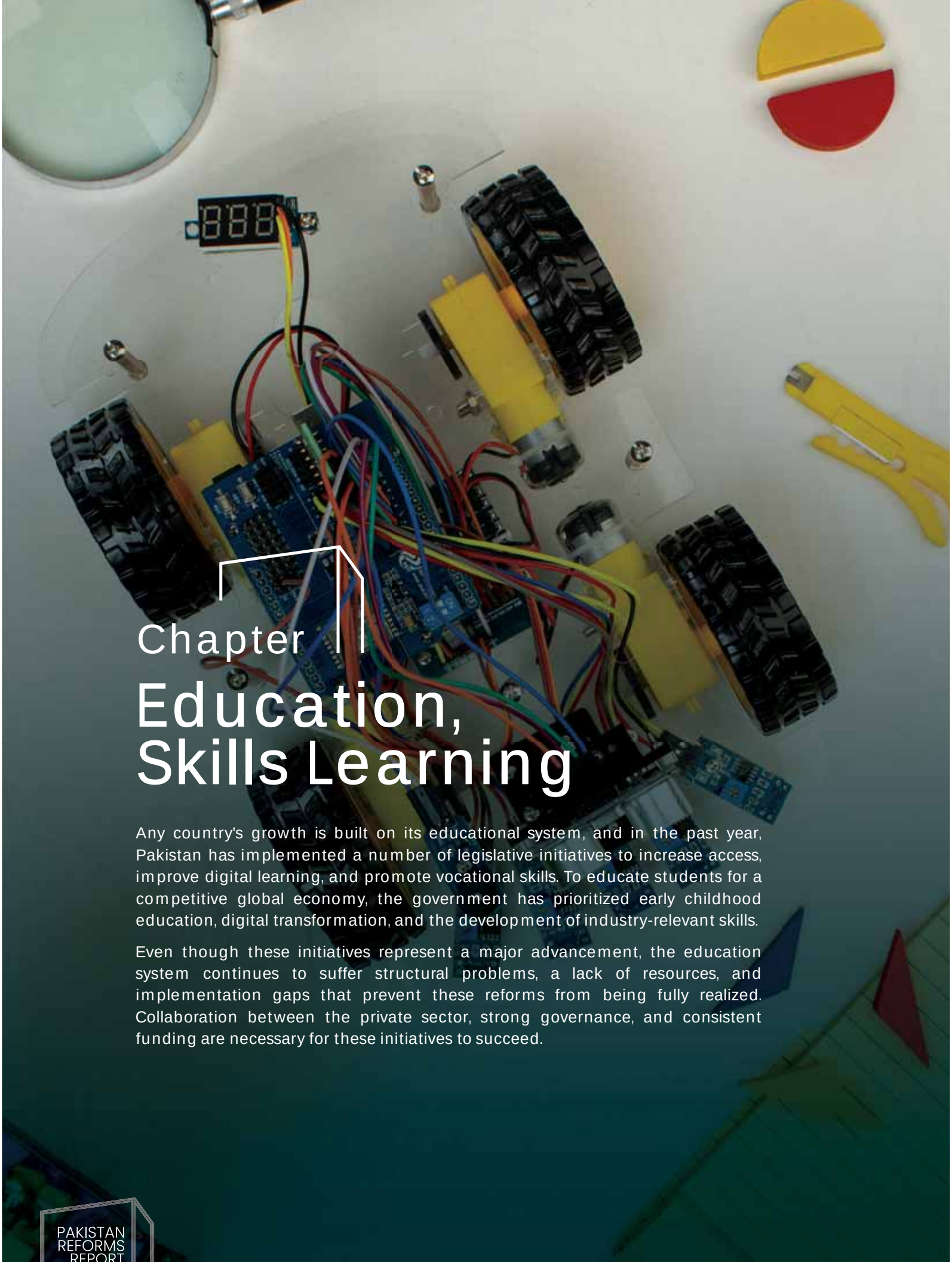
In order to promote technology transfer and investment, MoST has also fortified its ties with other countries, inking nine agreements with China, Malaysia, and the Gulf nations. But Pakistan's record of turning MOUs into workable projects is dismal, and numerous previous agreements haven't produced noticeable outcomes. These accords won't be transformational; they will stay symbolic until the government creates a system for efficient follow-up.

Even while Pakistan's institutional and regulatory changes have clearly made doing business easier, long-term viability is still a problem. The industry is still being held back by the delayed commercialization of research, inadequate R&D financing, and the absence of enforcement of quality standards. Pakistan must switch from short-term policy changes to a long-term approach that centers innovation around economic growth if it is to genuinely democratize science and technology.

Important Suggestions:

- Boost R&D funding: Pakistan will find it difficult to make the shift from a technology-consuming to an innovation-driven economy without consistent investments.
- Enforce quality standards more strictly: To increase global competitiveness, regulations must be supported by stringent compliance procedures.
- Extend automation and AI beyond security initiatives: For a more comprehensive economic impact, AI should be included into industrial production, healthcare, and agriculture.
- Provide tax breaks for investments in R&D: Promoting involvement from the private sector is essential for high-tech industries to grow.
- Enhance international agreement follow-up: MOUs should be connected to concrete benchmarks to guarantee that overseas partnerships yield tangible financial benefits.

Despite MoST's notable advancements in industry-driven innovation, governance, and regulatory changes, there are still many structural obstacles to scientific advancement. Pakistan runs the risk of slipping farther behind in the global innovation race if it does not prioritize long-term investment in science and technology. This would limit its potential for economic progress in a world that is becoming more and more knowledge-driven.



Chapter

Education, Skills Learning

Any country's growth is built on its educational system, and in the past year, Pakistan has implemented a number of legislative initiatives to increase access, improve digital learning, and promote vocational skills. To educate students for a competitive global economy, the government has prioritized early childhood education, digital transformation, and the development of industry-relevant skills.

Even though these initiatives represent a major advancement, the education system continues to suffer structural problems, a lack of resources, and implementation gaps that prevent these reforms from being fully realized. Collaboration between the private sector, strong governance, and consistent funding are necessary for these initiatives to succeed.

Enhancing Foundational and Early Learning

In accordance with SDG-4.2, the federal government has created 100 Early Childhood Education (ECE) Centers in recognition of the value of early childhood education. These facilities seek to lessen learning poverty and offer a solid basis for lifelong learning. Although this is a step in the right direction, issues including teacher shortages, a lack of uniform curricula, and insufficient training programs still require immediate attention.

Improving pupils' reading and numeracy abilities is the main goal of the Foundational Learning Policy's implementation in order to combat learning poverty. Given that Pakistan has one of the lowest rates of fundamental literacy in the world, this program is vital. Its long-term effects, however, will depend on efficient monitoring systems, curriculum standardization, and integration with secondary education regulations.

Another notable program to increase attendance, enhance focus, and lower malnutrition is the Prime Minister's School Meal Program, which serves 65,000 kids free hot meals every day. Maintaining money and making sure that meal distribution is done efficiently, however, continue to be major obstacles.

The establishment of 100 Mother and Child Health Centers in schools as part of the Health & Hygiene Initiative for Schools is a significant step in enhancing the wellbeing of teachers and students. However, long-term funding commitments and the availability of qualified medical personnel will be necessary for this program to succeed.

Including Digital Transformation in the Classroom

One encouraging step toward digital inclusivity is the federal government's Digital Learning centers Initiative, which has established 50 centers in remote schools. These hubs ensure that students in rural areas have access to technology-driven education by concentrating on underserved neighborhoods. The digital divide between Pakistan's rural and urban areas is still a significant obstacle, though, and these hubs might not reach their full potential in the absence of adequate internet connectivity.

A dedication to updating teaching strategies is shown by the Chromebook Labs Initiative, which has equipped 130 schools with Chromebooks and smart boards, and the Smart Classrooms Initiative, which has installed more than 300 LED screens and interactive whiteboards in 100 schools. However, these tools run the risk of being underutilized if teachers and students are not trained in digital literacy.

Another noteworthy innovation is the E-Taleem Learning Management System (LMS), which was implemented to track students' progress online. Adoption of LMSs is a crucial first step in the digital transformation process, but its potential influence may be limited by challenges with connectivity, teacher training, and unequal access to digital devices.

Building Robotics, AI, and STEM Skills

A pioneering effort to improve STEM (Science, Technology, Engineering, and Mathematics) education has opened seven AI and Robotics Labs in Islamabad Capital Territory (ICT) schools. By exposing students to automation, robots, and artificial intelligence, these laboratories are anticipated to equip them for a tech-driven industry. However, solid industry relationships, modernized curricula, and the hiring of knowledgeable professors are necessary for these labs to remain viable.

One important step in educating kids for the digital economy is the Coding, Robotics & AI Learning Program, which was implemented in 150 schools with 75 coding fellows. Nevertheless, there is currently no national AI education policy in Pakistan, and it is unclear if these initiatives will continue after the pilot stage.

Another significant step in encouraging digital entrepreneurship is the IT Parks and Smart Classrooms Initiative, which has five new IT parks. It is anticipated that these parks will assist prospective IT workers and independent contractors. However, their efficacy might be hampered by issues with internet infrastructure, a lack of fast connectivity, and restricted access to venture capital funding.

Women's Empowerment via Education and Mobility

By providing 20 free buses throughout Islamabad, the Pink Bus Initiative for Women and Girls seeks to eliminate obstacles to female students' and working women's mobility. Given that poor female enrollment rates are still mostly caused by mobility issues, this approach is quite admirable. However, the project's success will depend on its capacity to scale to other provinces and maintain long-term financial viability.

Another noteworthy innovation aiming at boosting female workforce participation is the establishment of childcare centers in 50 educational institutions. This program is expected to improve workplace retention and productivity by lowering stress levels among working mothers in educational institutions.

Closing the Gap Between Industry and Academics

The establishment of High-Impact Technology Training Centers in 16-degree colleges, which emphasize industry-relevant digital skills, is one of the most important improvements. It is anticipated that this project would improve employability and produce a workforce that is tech-savvy. However, solid relationships with IT companies, practical project experience, and ongoing skill development are essential to these training centers' success.

Another important intervention is the Financial Literacy Initiative, which, in partnership with SECP and NIBAF, intends to train 2,500 teachers in financial literacy. It is anticipated that this program will provide pupils with the necessary financial management skills by integrating financial education into school curricula. It is still difficult to guarantee broad teacher involvement and effective implementation, though.

One innovative change is the Entrepreneur Curriculum Initiative, which aims to encourage students' creativity and business acumen. However, many students would find it difficult to turn these talents into real business endeavors in the absence of appropriate mentorship programs, industry connections, and startup finance.

Employment prospects in skilled labor markets are anticipated to rise as a result of the Skill Labs Initiative, which intends to open 19 vocational training facilities in schools. Employer-driven skill evaluations, accreditation, and standards are still lacking in Pakistan's vocational education system, nevertheless.

Sports, Mental Health, and Well-Being

The establishment of mental health facilities in universities as part of the Mental Health & Wellbeing Initiative is a proactive move to address students' psychological stress. The

destigmatization of mental health conditions and the availability of qualified counselors, however, continue to be major obstacles.

The goal of the Sports Initiatives is to boost student involvement in sports and physical activities by establishing 40 gyms and providing 20,000 tracksuits and 500 sports kits. Although this is a step in the right direction, professional sports infrastructure and training still lack sustained funding.

Obstacles and Challanges

Even though these educational reforms represent a substantial development, a number of issues still exist:

- Inconsistent Implementation: A lack of interprovincial cooperation and administrative inefficiencies cause delays in the implementation of several initiatives.
- Funding Shortages: Concerns regarding the long-term viability of these programs are raised by the fact that education funding is still below international standards.
- Teacher Training Gaps: New learning programs, AI curricula, and digital technologies all need for qualified teachers, yet teacher training programs are still lacking.
- Weak Industry Links: To guarantee the development of employable skills and career trajectories, universities and the commercial sector must form closer alliances.
- Urban-Rural Divide Disparities in infrastructure and a lack of internet connectivity make it difficult for digital education programs to reach isolated communities.

The Way Ahead

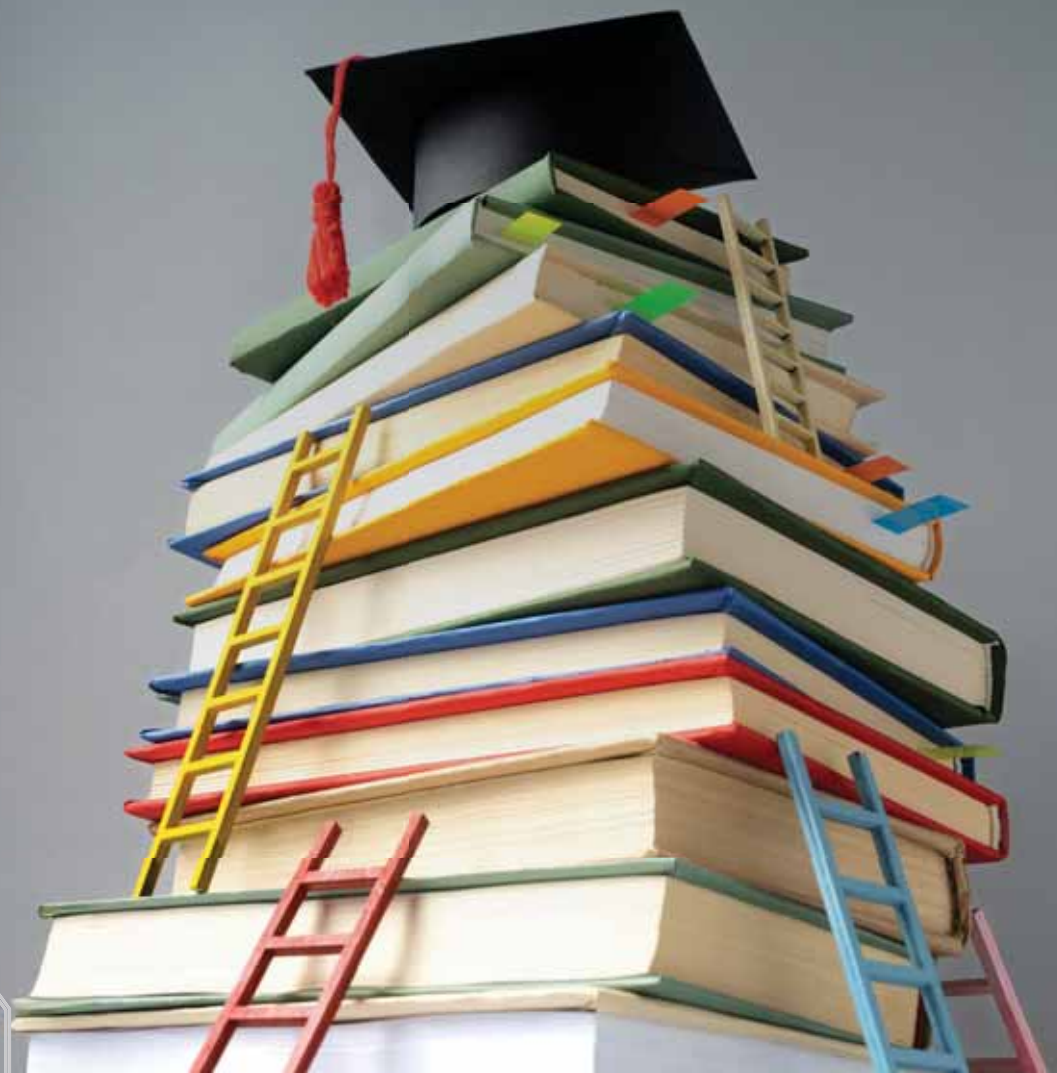
With skill development, digital integration, and policy-driven efforts opening the door to a more inclusive learning ecosystem, Pakistan's educational landscape is changing. However, sustained dedication, improved governance, and public-private partnerships are necessary for these reforms to be successful.

Pakistan must prioritize teacher preparation, industry-driven curricula, and fair access to digital resources if it is to close the education-employment divide. These programs have the potential to transform Pakistan's workforce, spur economic expansion, and establish the nation as a knowledge-driven economy if these obstacles are successfully overcome.

Chapter

Learning Reforms in Higher Education

With a number of projects started in 2024 and scheduled for 2025 to improve quality, accessibility, and research-driven learning, Pakistan's higher education industry has seen a flurry of improvements in the last 12 months. These changes seek to enhance governance, incorporate technology into education, and close the gap between academia and industry. Achieving the intended transformation is nevertheless hampered by issues including inconsistent implementation, ineffective governance, and financial sustainability, even though many of these projects represent noteworthy advancements.



The creation of Centers of Excellence in Biotechnology, Robotics, Data Sciences, and Artificial Intelligence has been one of the biggest trends of 2024. These facilities were established to make sure that graduates have state-of-the-art capabilities and to bring Pakistani higher education into line with the Fourth Industrial Revolution. Although these programs are progressive, they face difficulties in maintaining funding, training faculty, and keeping qualified professionals in the nation. These institutes' long-term viability will rely on how well they work with businesses and academic institutions.

Another significant initiative that aims to increase access to higher education through free and reasonably priced online courses is the National Digital Learning Platform, which was launched in early 2024. This program aims to solve regional differences in educational access and provide students with internationally recognized certificates. Despite the enormous promise of digital learning, rural internet connectivity is still a significant obstacle, and students from remote places may still find it difficult to fully benefit from these reforms unless infrastructure problems are fixed.

The government introduced Industry-Academia Research Funding Programs in mid-2024 to support commercially viable research initiatives in partnership with private sector players in an attempt to boost research and innovation. These programs seek to promote job development, entrepreneurship, and the real-world implementation of academic research. However, Pakistan has a slow history of commercializing research, and bureaucratic barriers continue to hinder university research's ability to provide solutions that are suitable for the market.

In late 2024, universities were given access to a Performance-Based Funding Model that tied funding to research output, academic achievement, and graduate employment. Although the goal of this change is to raise academic standards and promote accountability, it also puts further strain on public universities that already receive inadequate funding, many of which are unable to satisfy these performance criteria. The government's capacity to guarantee equitable funding distribution and offer extra assistance to institutions who are having difficulty raising their standards will determine how well this approach works.

In order to harmonize learning outcomes across universities, the Undergraduate Education Policy 2024 and Postgraduate Research Guidelines 2025 were put into effect in recognition of the necessity to modernize curricula. To make sure that graduates are prepared for the modern workforce, these reforms center on adding problem-solving, entrepreneurial, and soft skills courses to degree programs. Although this policy change is praiseworthy, different universities are still implementing it differently, and faculty development is essential to successfully implementing the revised curriculum.

Early in 2024, new student financial aid initiatives were launched to increase access to higher education. These initiatives included scholarships for top achievers, low-income students, and disenfranchised students. Although enrollment in higher education has expanded dramatically as a result of these programs, their long-term viability depends on effective financial planning and resource allocation. There have been management issues with past government-backed student loan schemes, which raises questions about how well these projects will be sustained in the years to come.

In late 2024, the Higher Education Commission (HEC) inked several agreements with foreign universities, concentrating on teacher and student exchange programs, in an effort to strengthen Pakistan's academic engagement with the world. The purpose of these partnerships is to give Pakistani students access to global research and exposure possibilities. Nonetheless, the ongoing problem of brain drain—the exodus of skilled graduates from

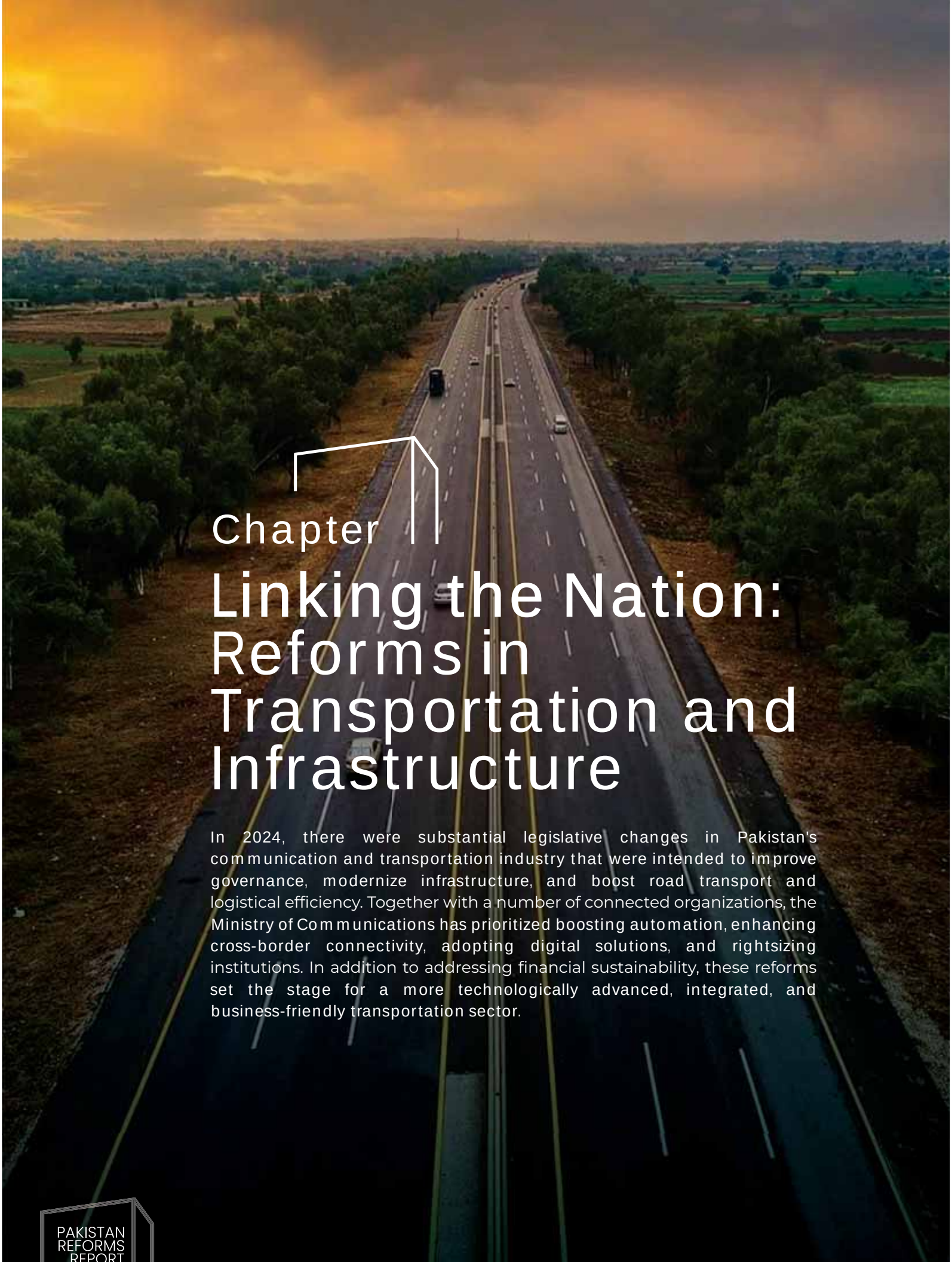
Pakistan in search of better employment opportunities overseas—remains a problem. Even if international partnerships are beneficial, Pakistan runs the risk of losing some of its best talent to foreign universities if there are no domestic employment openings or incentives for research.

Reaffirmed in 2024, the Quality Assurance Mechanism aims to prevent the growth of subpar higher education institutions by enforcing stricter certification requirements and keeping an eye on compliance. These steps are intended to guarantee the international recognition of degrees awarded in Pakistan. Enforcing compliance is still difficult, though, and many universities still function without upholding globally recognized academic norms.

The government opened mental health counseling clinics at major colleges in early 2025 in response to growing worries about the mental health of students. By addressing students' stress, anxiety, and academic pressure, these institutes hope to promote a more healthy learning environment. Although this effort is critically needed, two important obstacles to its complete success are the destigmatization of mental health conversations in Pakistan and the availability of qualified specialists.

The National Skills University and the growth of TVET programs in mid-2024 represent a significant push towards technical and vocational education. In order to lower graduate unemployment and match education with industry demands, these programs seek to supplement standard degree programs with hands-on, skills-based learning. The efficacy of these programs is, however, limited by enduring cultural prejudices against vocational training and the continued preference of many students for traditional degrees over skill-based learning.

Pakistan's changes to higher education have made considerable progress toward industry alignment, modernization, and digitization. Although these projects show promise, institutional capability, financing sustainability, and continuous policy execution are necessary for their success. Although it is admirable that technology, research-driven policies, and student financial aid have been integrated, issues with governance inefficiencies, infrastructural deficiencies, and brain drain still exist. In order to establish a globally competitive higher education system that eventually helps students, academia, and the whole economy, the government must make sure that these reforms are not only declared but also successfully put into practice.



Chapter

Linking the Nation: Reforms in Transportation and Infrastructure

In 2024, there were substantial legislative changes in Pakistan's communication and transportation industry that were intended to improve governance, modernize infrastructure, and boost road transport and logistical efficiency. Together with a number of connected organizations, the Ministry of Communications has prioritized boosting automation, enhancing cross-border connectivity, adopting digital solutions, and rightsizing institutions. In addition to addressing financial sustainability, these reforms set the stage for a more technologically advanced, integrated, and business-friendly transportation sector.

Restructuring important communication organizations including the National Highway Authority (NHA) Executive Board, Pakistan Postal Services Management Board (PPSMB), and National Highway Council (NHC) has been a significant step toward better governance. These modifications were made in order to comply with the State-Owned Enterprises (SOE) Act 2023 and are intended to improve financial efficiency, accountability, and transparency. The government wants to align corporate governance procedures with global norms by decreasing political meddling and boosting decision-making autonomy.

In order to make operations more sustainable, the Pakistan Post Office Department (PPOD) simultaneously underwent a major rightsizing drive in 2024, eliminating 4,410 unnecessary positions. While it is anticipated that these institutional reforms will enhance service delivery and promote increased private sector involvement, their long-term viability will rely on their capacity to uphold monitoring and guarantee smooth implementation.

Another important priority for 2024 has been updating Pakistan's road system, with a particular emphasis on developing trade corridors and cross-border connectivity. To improve international road transport networks and ease trade routes, a number of trade agreements and Memorandums of Understanding (MoUs) have been made with nearby nations. It is anticipated that these measures will increase exports, generate new employment opportunities, and bolster Pakistan's influence in the region. However, efficient regulatory frameworks, well-kept road networks, and close cooperation with the business sector are necessary for successful implementation.

With significant innovations like the introduction of M-Tag electronic tolling, digital postal services, and e-ticketing systems, technology has been instrumental in transportation modernization initiatives. M-Tag will greatly ease traffic at toll plazas, increase transparency in toll collection, and boost travel efficiency when it was fully implemented on the Lahore-Sialkot Motorway (M-11) in August 2024 and then expanded to all motorways. In a similar vein, the Axle Load Control Regime (ALCR), which was introduced in January 2024, was put into place to stop trucks from being overloaded. This is anticipated to lessen highway damage and increase road safety. Even if these actions are a step in the right direction, issues with public adaptation and enforcement still exist.

Additionally, Pakistan Post has advanced its digital transformation by deploying paperless mail transmission systems, upgrading UPU software to IPS-2023 for better international mail transmission, and offering real-time delivery tracking via 1,060 Android devices. These developments would improve Pakistan Post's dependability in a fiercely competitive worldwide market in addition to streamlining international logistics. To sustain these advantages, however, ongoing investments in IT infrastructure and customer service enhancements will be required.

Significant advancements have also been made by Pakistan Railways, notably in the areas of regional connection and freight transportation. Initiated in June 2024, the Thar Rail Connectivity Project would provide a cost-effective transportation route for domestic energy production by connecting the Thar coal mines with the Chhor railway station. Similar to this, the Dedicated Freight Corridor, which was introduced in January 2024, intends to improve supply chain efficiency and lower transportation costs by increasing rail freight flow and decluttering Karachi's ports.

Under the Uzbekistan-Afghanistan-Pakistan (UAP) transit trade framework, the Kohat-Thal-Kharlachi Rail Link, another major plan, was signed in November 2024 and will improve trade links with Afghanistan and Uzbekistan. Although their success will depend on

efficient project management and infrastructure funding, these projects have the potential to greatly increase Pakistan's commerce potential if they are finished on time.

The National Highways & Motorway Police (NHMP) has implemented significant measures to improve operational effectiveness in the areas of traffic control and road safety. NHMP training capacity has been raised, driving license issuance for heavy transport drivers looking for work overseas has grown, and workforce efficiency has improved since the September 2024 introduction of rank and personnel rationalization. Additionally, fine collecting has been digitalized and enforcement transparency has increased since the August 2024 implementation of an E-Ticketing System. The government's dedication to lowering traffic accidents and enhancing public adherence to traffic safety laws is further demonstrated by the extension of NHMP's road safety awareness initiatives through FM-95 radio stations.

The opening of Gwadar International Airport, one of the most significant infrastructure developments of 2024, has established Pakistan as a key trading and logistical hub in Central, South, and West Asia. Being the biggest airport in Pakistan, it should make it easier to carry heavy loads from Gwadar Port, which will save exporters a lot of money on shipping and logistics. The airport is an important transit hub for regional trade, drawing investments in the aviation, logistics, and hospitality industries due to its integration with the China-Pakistan Economic Corridor (CPEC) projects. However, good marketing to international airlines and investors, effective customs procedures, and security measures will determine its long-term effects.

All things considered, Pakistan's transition into a regional center for trade and logistics has been made possible by the transportation and connectivity reforms of 2024. It is anticipated that the drive for digitization, public-private partnerships, and infrastructure upgrading will increase business ease, promote global trade, and generate job possibilities. These changes have the potential to increase economic growth and improve Pakistan's competitiveness in the global market, but their success will need ongoing political commitment and investment in regulatory enforcement.



Chapter

Restructuring Human Rights and Responsibilities

With the Ministry of Human Rights launching new laws, digital projects, and policies to enhance citizen protection, gender equality, child rights, and religious diversity, the past year has seen a dramatic change in Pakistan's approach to human rights, governance, and social obligations. Introduced in 2024 and scheduled for 2025, these changes seek to modernize legislative frameworks, fortify institutional systems, and bring Pakistan into compliance with its international human rights obligations. Even though these actions are praiseworthy, there are still significant obstacles to overcome in terms of execution, enforcement, and public acceptance.

On August 4, 2024, the government introduced the AWAZ App and Human Rights Complaint Portal to expedite access to justice and guarantee prompt reparation of human rights breaches. In order to ensure a quicker and better-coordinated government response, this digital effort allows citizens—particularly those living in remote areas—to report gender-based violence (GBV), missing children, and other rights breaches. Although it is anticipated that the platform would enhance data collecting and policy planning, public awareness and law enforcement authorities' responsiveness will determine how effective it is.

In order to remove inefficiencies and unify services under a more efficient framework, the National Commission for Child Welfare and Development (NCCWD), Implementation of National Plan of Action for Children (INPAC), and National Child Protection Center (NCPC) were among the redundant organizations that were abolished in April 2024. Although this action guarantees improved resource use, questions still surround whether other systems will successfully cover the gaps these organizations have created.

The National Policy for Ending Violence Against Women and Girls was introduced in October 2024 in response to the pressing need to address gender-based violence (GBV). In order to promote a violence-free environment for women in all fields, this policy presents a national plan for involving males in the battle against GBV. The impact of this program may be limited by cultural resistance and enforcement issues, even if it is in line with Pakistan's constitutional and international commitments under CEDAW and the GSP Plus regime.

Furthermore, in January 2024, Islamabad developed a Child Protection Institutional Mechanism that offers vulnerable children shelter, rehabilitation, and reintegration services. This program seeks to safeguard children's mental well-being by shielding them from abuse and exploitation. To avoid service delivery gaps, provincial child protection agencies and law enforcement must effectively coordinate.

The cabinet's January 14, 2025, adoption of the National Commission for Minorities Bill, 2024, is another historic development. By promoting religious diversity and guaranteeing constitutional rights for religious minorities, this measure aims to improve Pakistan's reputation as an inclusive nation. Although this is a positive start in the direction of religious harmony, its effectiveness will rely on appropriate enforcement and safeguards against discrimination in housing, work, and education.

In January 2024, the government launched the Human Rights Sensitization and Awareness Program in an effort to raise awareness and create a society that is mindful of human rights. The program's main goal is to inform students, public servants, attorneys, and members of civil society on Pakistan's pro-human rights laws, international commitments, and constitutional rights. It is anticipated that this will promote legal empowerment and behavioral change. But its success will depend on broad public participation and the removal of administrative roadblocks.

The Global Alliance of National Human Rights Institutions (GANHRI) certified Pakistan's National Commission for Human Rights (NCHR) in May 2024. This accreditation raises Pakistan's standing internationally and brings its human rights commission into compliance with international norms. Similarly, in October 2024, Pakistan joined international efforts to eradicate violence against children (VAC), strengthening international collaboration and child protection systems.

The ICT Domestic Violence (Prevention and Protection) Bill, 2025 was presented in November 2024 with the goal of protecting victims of domestic abuse. This measure creates a legal framework to shield vulnerable people—including women, children, the elderly, and others—from financial, emotional, and physical abuse. Although it is an essential step in the

direction of a more accepting society, its efficacy will need to be ensured by regular application and law enforcement training.

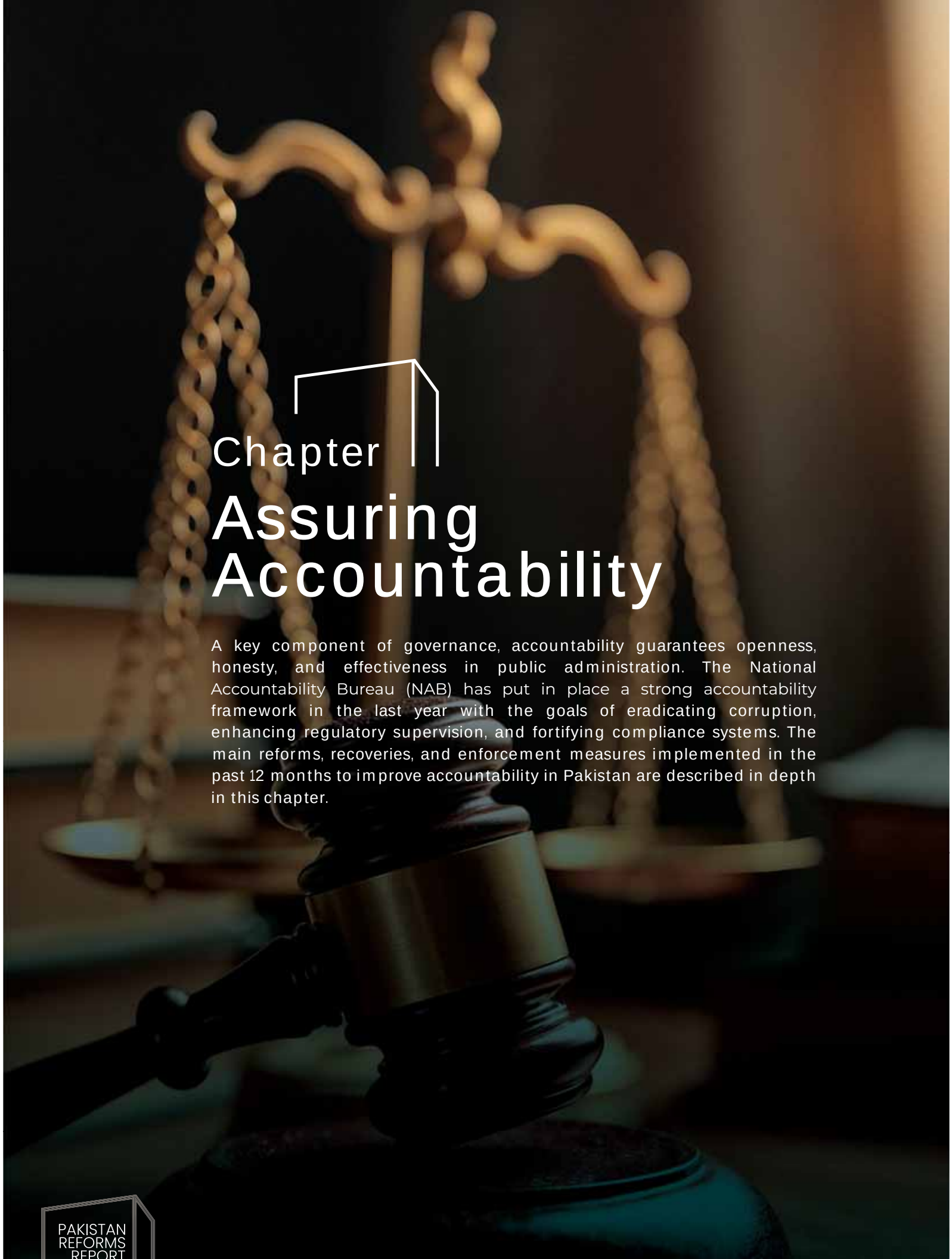
Making Sure Human Rights Are Respected in Lawmaking and Business

In 2024, the government created the Human Rights Due Diligence Guidelines for Business Entities in recognition of the significance of human rights in business activities. These regulations require companies to follow human rights standards, such as workplace safety and gender equality. Pakistan's position under the GSP Plus program is anticipated to improve as a result, however corporate responsibility and compliance monitoring systems will be crucial.

In order to ensure compliance with international human rights treaties and constitutional obligations, a thorough research investigation was started in November 2024 to find any gaps in Pakistan's legislative framework. In order to support evidence-based policymaking and increase enforcement effectiveness, a research study on human rights enforcement methods was also started in December 2024.

In March 2024, the government digitalized the disability certificate process to increase accessibility and integration for people with disabilities (PWDs). Access to government services is made easier, administrative barriers are lessened, and transparency is guaranteed. To optimize its advantages, however, issues like awareness campaigns and digital literacy must be resolved.

Pakistan's dedication to promoting an inclusive, equitable, and rights-based society is seen in the human rights and social responsibility reforms implemented in 2024–2025. These reforms, which range from internet accessibility to legislative protection and foreign alliances, have the potential to improve government, raise the standard of living for individuals, and boost Pakistan's standing internationally. To be successful, these reforms must be fully implemented, cultural resistance must be addressed, and enforcement measures must be strengthened. Pakistan is making headway toward a more just and progressive society by embracing a rights-based approach to governance, but the full effects of these reforms will depend on continued dedication and accountability.



Chapter

Assuring Accountability

A key component of governance, accountability guarantees openness, honesty, and effectiveness in public administration. The National Accountability Bureau (NAB) has put in place a strong accountability framework in the last year with the goals of eradicating corruption, enhancing regulatory supervision, and fortifying compliance systems. The main reforms, recoveries, and enforcement measures implemented in the past 12 months to improve accountability in Pakistan are described in depth in this chapter.

Significant Changes to the Accountability Framework

A number of structural reforms have been implemented in order to improve governance and guarantee efficient enforcement. The complaint verification procedure was streamlined to be finished in seven days with the introduction of a new Standard Operating Procedure (SOP). As a result, the backlog of complaints has been decreased, and attention is now better focused on big corruption instances. In order to make doing business easier, Business Facilitation Cells (BFCs) were created to speed up investigations into complaints pertaining to businesses, guaranteeing prompt resolution and referral to the proper authorities. The effectiveness of corruption investigations has increased because to improved digital evidence gathering and forensic techniques in the revised Investigation and Prosecution SOPs. To ensure speedier judicial processes against corrupt entities, the legal framework for asset recovery and freezing has been reinforced. The introduction of digital governance initiatives has also made it possible to track government spending and procurement procedures in real time.

Significant Recoveries Over the Past 12 Months

Significant financial recovery milestones have been reached by NAB, which has a direct impact on the stability of the national economy. The largest yearly recovery since its founding, Rs. 3,815 billion (USD 14 billion), was collected by NAB in 2024 alone, increasing the total recoveries to Rs. 6.1 trillion. Among the major recoveries are the 1.229 million acres of forest area that NAB Karachi restored, valued at Rs. 2.5 trillion. Additionally, NAB's intervention in the BRT Peshawar case prevented unwarranted cost escalations, saving Rs. 168 billion. The rehabilitation of the Kachhi Canal was finished with a 20 billion rupee savings. One of the biggest public fraud settlements, totaling Rs. 12.75 billion, was also obtained through Plea Bargains in the AAA Associates fraud case. In the Gwadar Land Scam, 12,617 acres valued at Rs. 1.45 trillion were recovered, while in the Eden Housing Scam, victims received Rs. 16 billion back. USD 10 billion in fines associated with the mining dispute were avoided because to NAB's involvement in the Reko Diq case.

Enforcement Measures and Court Cases

By guaranteeing successful legal actions against dishonest people and organizations, NAB has improved its enforcement capabilities. 700 inquiries were finished in the last year, resulting in 218 thorough investigations and 21 referrals against high-profile corruption suspects submitted to Accountability Courts. Prosecution cases continue to have an outstanding success rate of 77.6%. Furthermore, 516 references with a 35.7% conviction rate were concluded. To ensure strong case development and evidence collection, NAB's reorganized complaint cell cleared 9,321 complaints and summoned 8,410 witnesses. New Accountability Courts were created to speed up corruption proceedings, thereby reinforcing legal compliance. In accordance with human rights principles, guidelines were also created to guarantee the respectful treatment of accused individuals. 301 people were suggested for the Exit Control List (ECL) in order to reduce flight hazards.

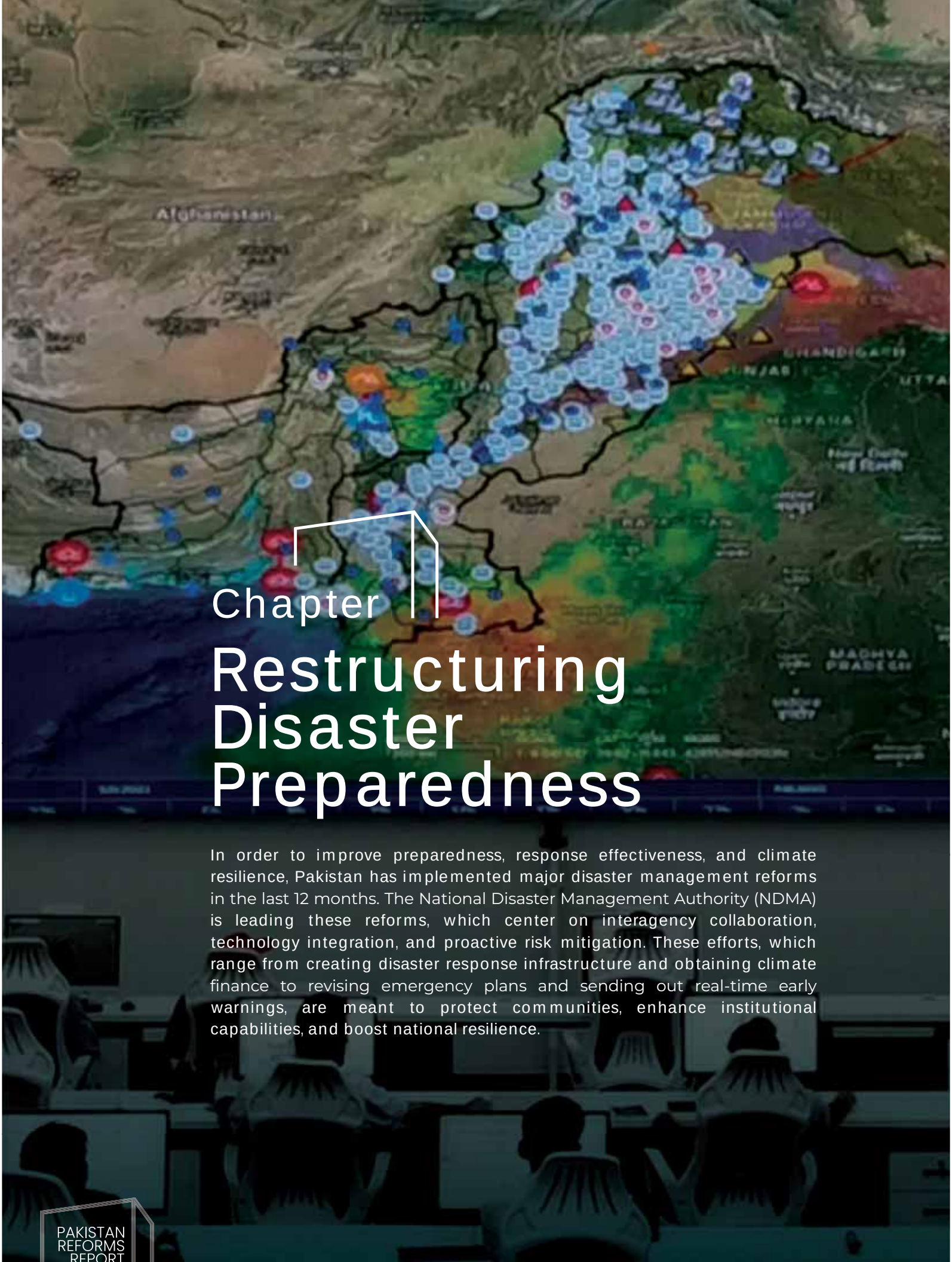
Even while NAB has made considerable progress in its efforts to be more accountable, several of its practices have come under scrutiny. Concerns about the apparent selectivity in probes have been raised by observers, and some stakeholders are calling for a more consistent and open approach to accountability in all sectors. More clarity on the difference between political dynamics and investigation priorities, as well as the necessity of strengthened procedural safeguards to guarantee impartiality, have been proposed. Delays in the prosecution of

high-profile cases have also prompted concerns about the process's general effectiveness, highlighting the need for more efficient court procedures.

The use of plea bargains, while effective in recovering diverted cash, has caused debate, with suggestions for improving the structure to ensure tougher compliance and legal repercussions. Investors and business communities have urged a balance between economic confidence and enforcement, emphasizing the significance of preserving an atmosphere that is favorable to investment while respecting accountability. Furthermore, human rights advocates have stressed the importance of maintaining procedural integrity and adhering to due process, as well as the necessity of treating accused people fairly.

To further bolster NAB's credibility, it will be essential to address these viewpoints and put improvements in operational openness, judicial coordination, and stakeholder engagement into practice. An accountability system that is more resilient and unbiased will result from ongoing efforts to improve institutional performance as well as positive discussions with important stakeholders.

NAB has suggested a number of upcoming projects to guarantee the accountability drive's viability and long-term success. To gauge the effectiveness of regulatory agencies and their role in anti-corruption initiatives, a national Governance Accountability Index will be implemented. Establishing an Annual Reform Report will give stakeholders, the media, academic institutions, and foreign governments a yearly resource. AI-driven project execution, procurement, and financial monitoring of the government will be strengthened through integration with digital governance processes. Proposals are also being made to improve the NAB's enforcement powers and jurisdiction over financial crimes. To verify NAB's performance and recoveries, independent audits and third-party evaluations will be carried out, guaranteeing more accountability and transparency.



Chapter

Restructuring Disaster Preparedness

In order to improve preparedness, response effectiveness, and climate resilience, Pakistan has implemented major disaster management reforms in the last 12 months. The National Disaster Management Authority (NDMA) is leading these reforms, which center on interagency collaboration, technology integration, and proactive risk mitigation. These efforts, which range from creating disaster response infrastructure and obtaining climate finance to revising emergency plans and sending out real-time early warnings, are meant to protect communities, enhance institutional capabilities, and boost national resilience.

Improving Response and Preparedness for Disasters

The National Disaster Response Plan (NDRP) 2024-25, which was put into effect from January to December 2024, was one of the most important revisions. By preparing communities and government agencies to manage a range of hazards, such as floods, earthquakes, and climate-induced disasters, this strategy enhances the nation's disaster response capabilities. In order to strengthen human resource capacities in disaster management, NDMA hired 87 disaster officers and staff members as part of this effort.

Before each season, there were also emergency plans for the summer, monsoon, and winter, as well as 55 advisories and 14 guidelines that addressed weather, floods, glacial lake outburst floods (GLOFs), cyclones, and smog-related hazards. By ensuring that stakeholders are well equipped to manage prospective disasters, these preventive steps help to minimize both human and economic losses.

Improving Logistics and Relief Operations

The government updated the stocking policy in March 2024 in recognition of the necessity of effective disaster relief logistics, guaranteeing the availability of pre-identified relief stocks for emergency response. Especially at the level of the provincial disaster management authority (PDMA), this resulted in a quicker and more efficient disaster response process. By delivering essential relief supplies to PDMAs in April 2024, NDMA further enhanced its logistical capabilities and guaranteed minimum relief stock levels for prompt local reaction.

In March 2024, NDMA launched an E-Logistics Need Gap Analysis Portal to enhance real-time logistics coordination and enable effective resource allocation in emergency situations. By streamlining relief supply chains, this digital project improves disaster management effectiveness and speeds up crisis response times.

Foreign Disaster Relief and Diplomatic Engagement

By sending 1,273 tons of relief aid to Palestine, 413 tons to Lebanon, 114 tons to Syria, and 80 tons to Malaysia between October 2023 and January 2025, Pakistan has also shown its support for the international community. These initiatives support Pakistan's humanitarian leadership and diplomatic outreach. On December 12, 2024, 448 trapped Pakistanis were also evacuated from Syria, demonstrating the government's dedication to safeguarding its citizens in times of crisis overseas.

Boosting Governance and Compensation for Disasters

On January 14, 2025, NDMA updated its minimal ex gratia support rules to guarantee prompt and transparent financial aid for catastrophe victims. By streamlining the compensation procedure, these changes hope to provide impacted parties with prompt and equitable payments. Furthermore, by guaranteeing distinct roles, duties, and reaction measures, the National Disaster Management Plan (NDMP) 2024 reinforces disaster risk mitigation policies at the federal and provincial levels.

Strengthening Search and Rescue (SAR) Skills

In October 2024, NDMA published a Concept Paper on Integrated National Search and Rescue System for Pakistan in recognition of the necessity of a coordinated national search and rescue (SAR) system. Area-specific, emergency-based SAR teams that are integrated with local resources, non-governmental organizations, and charitable groups are advocated under this idea. Pakistan may increase SAR effectiveness, reduce casualties, and strengthen disaster response by combining official institutions with community-led rescue operations.

In July 2024, NDMA held its first Comprehensive International Simulation Exercise (CISE-24) to further test disaster response capabilities. This exercise gave regional stakeholders the opportunity to evaluate and improve their hazard response plans.

Developing Infrastructure That Is Disaster-Resilient

One important aspect of catastrophe preparedness is infrastructure resilience. To carry out pre-disaster mitigation strategies and post-disaster restoration techniques, NDMA formed an Infrastructure and Project Development Wing in January 2024. This program seeks to reduce future disaster damage while educating populations at risk about disaster-resistant infrastructure. With seven officers and six personnel, the unit can provide a specific focus on the construction of disaster-resilient infrastructure.

Between May and December 2024, NDMA established material centers in Gilgit, Sukkur, and Muzaffargarh to expedite post-disaster rehabilitation and guarantee the supply of necessary supplies.

Between September and December 2024, NDMA also organized two national-level workshops on resilient infrastructure in partnership with government agencies and engineering firms. These gatherings promoted sustainable building techniques throughout Pakistan by fostering public-private partnerships in disaster-resilient development.

Increasing Federal-Provincial Coordination for Disasters

In February 2024, NDMA created a Provincial Coordination Cell to improve coordination between federal and provincial disaster response. In order to ensure a cohesive disaster response plan, this cell enables real-time communication between federal agencies and provincial disaster management authorities (PDMAs).

To further facilitate collaboration between national and provincial DMAs, the Disaster Management Coordination Forum (DMCF) was established in May 2024. This program guarantees improved cooperation during emergencies and fortifies collaborative efforts to reduce the danger of disasters.

Strategic preparedness for disasters is further improved by the creation of the National Coordination Forum on Anticipatory Action (NCF-AA) in March 2024. Better resource allocation and catastrophe response planning are made possible by this forum's partnerships with organizations that specialize in anticipatory action (AA) programs. As the policy and technical support unit for disaster risk preparedness, NDMA established an Anticipatory Action (AA) Cell in April 2024 to aid in these endeavors.

Disaster Resilience through the Use of Climate Finance

Pakistan has taken the initiative to reduce the risk of disasters by gaining access to international climate money. Pakistan was able to obtain money for climate adaptation and resilience projects in January 2024 when NDMA started the Green Climate Fund (GCF) accreditation procedure. By enhancing institutional capacity for disaster risk management, this action generates new job possibilities in disaster mitigation and climate adaptation.

Furthermore, in January 2024, a project proposal for GCF funding was created with the title "Enhancing Multi-Hazard Early Warning Systems and Resilience of Local Communities to Climate-Induced Disasters in Pakistan." By strengthening community resilience and early warning systems, this project seeks to secure long-term support for catastrophe risk reduction.

Enhancing AI Integration with Disaster Early Warning Systems

NDMA has made major improvements to its early warning systems (EWS) in an attempt to modernize disaster forecasting. In order to improve risk anticipation and response, NDMA started sending disaster early warnings up to six months in advance between January and December 2024. In order to facilitate these activities, NDMA has hired 6–8 experts in data science, AI, and GIS, opening up new positions in emergency forecasting and predictive analytics.

Additionally, NDMA introduced AI-based decision assistance for hazard prediction in November 2024, enabling automated disaster forecasting in real time. Data-driven disaster preparedness plans are made possible by this project, which dramatically increases reaction time and dependability.

Combining Policy Research with International Best Practices

Between October and December 2024, NDMA created a Global Common Operating Picture (Global Disaster Calendar) to guarantee conformity with global disaster response patterns. Through this program, Pakistan may monitor the risks of transboundary disasters and improve international collaboration in disaster relief.

Additionally, NDMA started a policy research on how disasters affect water scarcity and food security in December 2024. In order to ensure sustainable resource management, this research offers evidence-based suggestions for long-term climate adaption measures.

Improving Pakistan's Preparedness for Disasters

Pakistan's catastrophe resilience has been greatly enhanced by the NDMA changes implemented in 2024–2025, which guarantee quicker emergency responses, proactive risk mitigation, and more robust climate adaption plans. Pakistan is better prepared to deal with future natural and climate-induced catastrophes thanks to improved early warning systems, bolstered search and rescue efforts, digital disaster monitoring tools, and improved federal-provincial coordination. In the future, Pakistan will be safer and more resilient thanks to sustained investments in technology, policy integration, and international climate financing.



Chapter

Creating the Even Playing Fields

Over the past year, the Competition Commission of Pakistan (CCP) has implemented a number of noteworthy measures aimed at enhancing competition enforcement, reducing monopolistic activities, and fostering an atmosphere that is more conducive to business. A heightened emphasis on regulatory monitoring is reflected in these actions, which range from the creation of the Market Intelligence Unit (MIU) to an increase in legal recoveries. While the commission's goals are admirable, its total influence is limited by a number of structural flaws that still exist. In order to guarantee effective competition regulation in Pakistan, a critical assessment of the CCP's recent activities reveals both notable advancements and enduring difficulties that need to be resolved.

The Market Intelligence Unit (MIU) was established in October 2023 as part of a proactive strategy to identify anti-competitive behavior. A stronger regulatory presence is indicated by the unit's identification of 136 cases involving cartels, collusion, and misleading marketing thus far. Identification by itself, however, is insufficient; these infractions will perpetuate in the absence of prompt prosecution and deterrent sanctions. The ability of the MIU to convert market data into legally binding measures that actively deter anti-competitive behavior is essential to its effectiveness. Without these, it runs the risk of turning into just another bureaucratic system that identifies market exploitation but does nothing to stop it.

A similar example of progress in ensuring financial accountability is the CCP's recovery of Rs. 100 million in penalties over the previous year. This sum is concerningly low, though, given the extent of corporate wrongdoing in Pakistan. Although price-fixing and cartelization have long been alleged in sectors including cement, sugar, and medicines, enforcement is still patchy. The CCP's efforts will remain more symbolic than practical in the absence of harsher sanctions, speedier adjudication, and more robust legal support, failing to provide a real deterrent against market manipulation.

The resolution of 82 court matters by active court interaction is another noteworthy reform. Reducing the backlog is a good thing since in the past, protracted litigation has made it harder to enforce CCP. But in July 2024, the Competition Appellate Tribunal (CAT) once again broke down, highlighting a serious structural flaw. Businesses can continue to use legal loopholes to postpone penalties in the absence of a strong and effective appellate mechanism. CCP must advocate for a permanent, independent appellate body that may expedite matters pertaining to competition and stop court disturbances from weakening enforcement in order to increase the effectiveness of regulations.

A long-term ambition for evidence-based policymaking is reflected in the choice to create a Center of Excellence on Competition Research. The center looks at important industries like road construction, LNG, insurance, and power to find anti-competitive practices and obstacles to entrance. The true impact of this program is still unknown, despite its promising nature. Reform cannot be pushed by research alone; it needs to be converted into practical policy measures and enforcement tactics. The center runs the risk of becoming a scholarly endeavor with minimal practical significance if research findings are unable to alter regulatory choices.

The choice to build the CCP headquarters in Islamabad, with a groundbreaking ceremony scheduled for March 2025, is more contentious. The CCP makes the fair argument that it will save Rs. 110 million a year in leasing expenses by having its own building. However, it seems dubious to prioritize infrastructure over bolstering regulatory processes given the commission's current budget limitations, backlogs in legal cases, and enforcement shortcomings. The CCP should prioritize enhancing market interventions, building capacity, and enacting legal reforms before making investments in tangible assets.

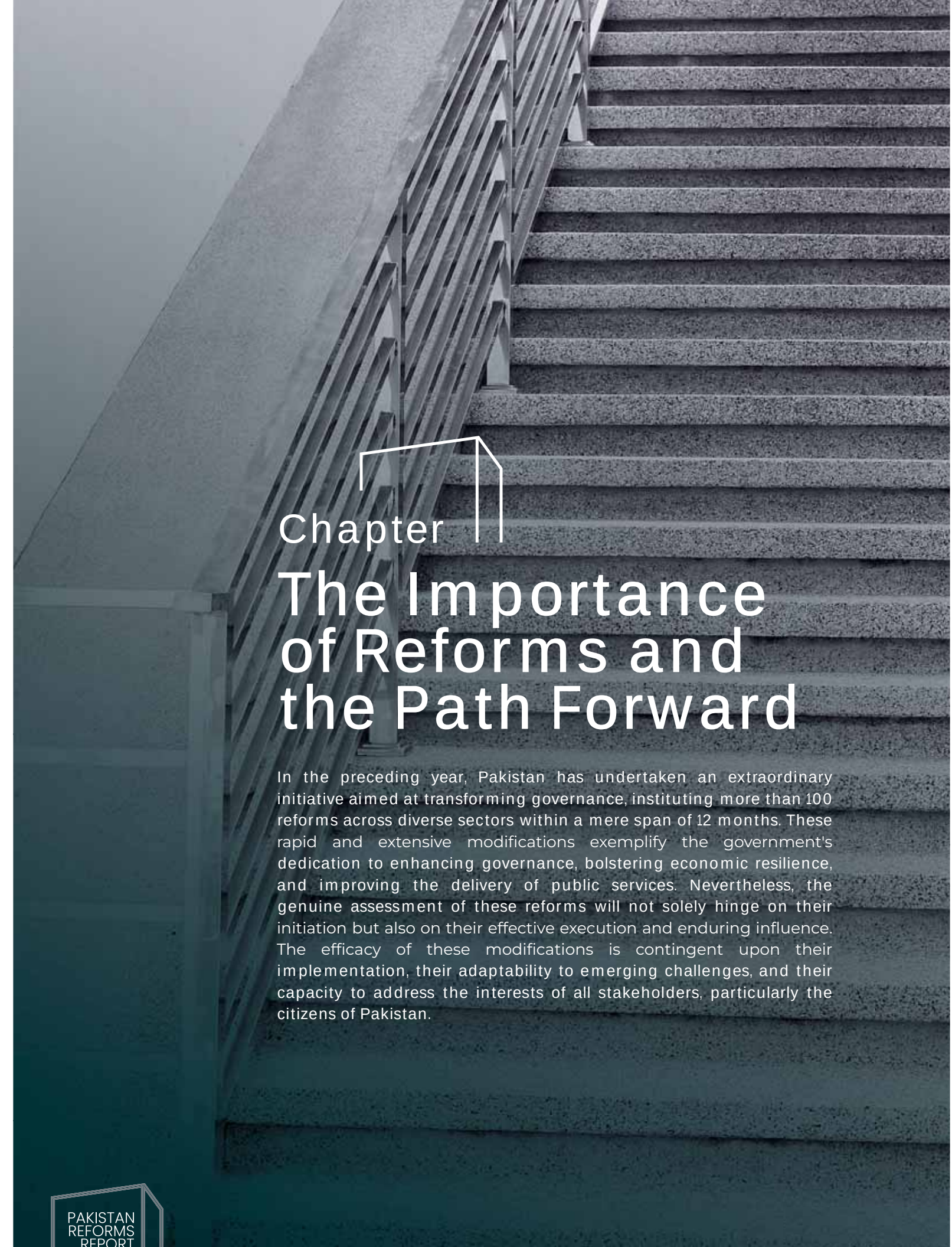
It makes sense and is economical for CCP to restructure its legal department and hire internal legal specialists in order to lessen reliance on outside attorneys. However, Pakistan's court inefficiencies and shortage of specialized judges continue to be the main causes of enforcement delays. Only slight advances will be made by the CCP's legal restructuring unless more extensive judicial changes are implemented. To guarantee quicker decision-making and more effective legal deterrents, a special commercial court system for disputes pertaining to competition is necessary.

Another key area of attention has been public advocacy, with the CCP starting a national campaign to inform consumers and companies about monopolistic practices, misleading

marketing, and cartel activity. Raising awareness is vital, but it needs to be combined with strict enforcement. Advocacy by itself won't be able to produce a significant deterrent unless there are prominent, well-publicized legal actions taken against significant corporate violators. To reaffirm that anti-competitive activity will not be accepted, the CCP must make sure that its public efforts are supported with stringent legal action.

Mergers and acquisitions are a significant sector where CCP has clearly had an economic impact. More than 90 Phase-1 Orders have been granted in various sectors over the last 1.5 years, permitting PKR 29.65 billion in foreign direct investment (FDI). Although this suggests that investor confidence is rising, there is a real worry that unrestrained mergers could result in monopolistic market structures. A small number of strong companies currently control a large number of industries in Pakistan; further consolidation could undermine rather than strengthen competition in the absence of strict regulation. The CCP needs to combine keeping a competitive and diversified market environment with luring in investment.

All things considered, the Competition Commission of Pakistan has achieved some significant strides in enhancing the implementation of regulations and fostering a more competitive economic climate. Restructuring the law, launching advocacy campaigns, and creating the MIU are all positive moves. The effectiveness of the CCP is nevertheless constrained by a number of significant issues, including court inefficiencies, lax punishments, uneven enforcement, and misaligned financial goals. The commission must give regulatory action precedence over infrastructure, enforcement precedence over administration, and public awareness precedence over legal deterrents. Pakistan's competition framework will continue to be susceptible to corporate manipulation if these basic problems are not resolved, which would reduce the overall efficacy of market regulations.



Chapter 11

The Importance of Reforms and the Path Forward

In the preceding year, Pakistan has undertaken an extraordinary initiative aimed at transforming governance, instituting more than 100 reforms across diverse sectors within a mere span of 12 months. These rapid and extensive modifications exemplify the government's dedication to enhancing governance, bolstering economic resilience, and improving the delivery of public services. Nevertheless, the genuine assessment of these reforms will not solely hinge on their initiation but also on their effective execution and enduring influence. The efficacy of these modifications is contingent upon their implementation, their adaptability to emerging challenges, and their capacity to address the interests of all stakeholders, particularly the citizens of Pakistan.

Reforms are essential to the advancement and stability of any nation. They function as catalysts for modernization, guaranteeing that governmental institutions maintain efficiency, accountability, and responsiveness to the requirements of the populace. The recent series of reforms in Pakistan encompasses legal, economic, infrastructural, technological, and administrative sectors, all of which are designed to rectify structural inefficiencies and promote sustainable development. However, reforms alone do not ensure success unless they are adopted, institutionalized, and bolstered through ongoing evaluation and the refinement of policies.

The speed with which the current administration enacted these reforms reflects an acknowledgment of the pressing necessity for change. The government of Pakistan has taken decisive measures to bolster economic stability, strengthen national security, optimize governance, and modernize infrastructure. These swift transformations present an opportunity for Pakistan to surmount enduring obstacles to growth, attract investment, and enhance its position on the global stage. Nevertheless, swift alterations in policy necessitate the establishment of comprehensive mechanisms to guarantee their effective implementation. In the absence of sufficient supervision, certain reforms may be impeded by bureaucratic inertia, insufficient enforcement, or opposition from entrenched interests.

A significant challenge in governance is the effective actualization of the advantages associated with reforms. The cornerstone of optimizing the efficacy of these reforms resides in the adoption of implementation strategies that emphasize efficiency, transparency, and accountability. A meticulously coordinated strategy that encompasses governmental institutions, private sector participants, and civil society can effectively reconcile the disparity between policy formulation and implementation. Furthermore, it is imperative to prioritize the enhancement of institutional capacity, the development of human resource competencies, and the utilization of digital tools to improve service delivery.

Leveraging Technology, Big Data, and Artificial Intelligence for the Implementation of Reforms

In the contemporary digital era, technology offers a transformative potential for the realm of governance. The incorporation of big data and artificial intelligence (AI) within governmental operations has the potential to markedly enhance efficiency, inform decision-making processes, and optimize service delivery. Artificial intelligence-driven solutions possess the capability to forecast economic trends, optimize the allocation of resources, and improve transparency in the formulation of policies. Likewise, big data analytics can furnish policymakers with real-time insights, thereby facilitating more data-driven and informed governance decisions.

By implementing artificial intelligence and data-driven governance frameworks, the government can enhance its ability to monitor the advancement of reforms and pinpoint areas necessitating corrective measures. For instance, artificial intelligence-driven monitoring systems possess the capability to oversee the execution of infrastructure projects, evaluate economic performance metrics, and identify inefficiencies in public expenditure. This proactive strategy facilitates prompt intervention, thereby reducing resource expenditure and ensuring that reforms attain their desired objectives.

Furthermore, initiatives pertaining to digital transformation, including e-governance platforms, the implementation of blockchain technology to enhance transparency, and the automation of public services through artificial intelligence, have the potential to mitigate

corruption and optimize bureaucratic processes. The incorporation of artificial intelligence into legal reforms has the potential to augment judicial efficiency through the automation of case management, the enhancement of legal documentation, and the expeditious resolution of disputes. Likewise, artificial intelligence-driven financial technologies possess the potential to augment tax collection, refine revenue management, and optimize fiscal policies, thereby fortifying economic stability.

The Digital Transformation of the Economy and the Significance of Data in the Provision of Public Services

The digitalization of the economy has emerged as a fundamental pillar of contemporary governance, fostering enhanced efficiency, transparency, and innovation in the provision of public services. Governments must utilize real-time operational data and analyze citizens' behavioral patterns to evaluate service requirements, refine policy formulation, and optimize economic planning. Through the application of data-driven insights, governmental entities can anticipate the demand for public services, including healthcare, education, transportation, and infrastructure, thereby assuring the effective allocation of resources. Digital governance platforms facilitate effortless engagement between citizens and governmental entities, enhancing accessibility and alleviating administrative burdens. Moreover, the implementation of secure and responsible data management practices can significantly bolster public trust, enabling governments to customize services in accordance with the changing requirements of citizens while simultaneously protecting privacy and upholding digital rights. The effective amalgamation of data analytics and digital governance will facilitate Pakistan's transition towards a more efficient, responsive, and citizen-centric state.

Facilitating Sustainable and Inclusive Reforms

Reform initiatives must prioritize inclusivity, ensuring that the advantages are disseminated across all segments of society, with particular emphasis on marginalized communities. It is imperative to resolve socioeconomic disparities, digital divides, and regional imbalances to ensure that reforms foster national cohesion and promote long-term prosperity. The significance of education, skill development, and vocational training is paramount in preparing individuals with the requisite competencies to succeed in an evolved economic environment. Investments in human capital will guarantee that Pakistan's workforce is adequately equipped for the changing job market and is able to capitalize on the new opportunities generated by these reforms.

Furthermore, the cultivation of public-private partnerships will be essential in expediting economic and infrastructural reforms. The expertise, innovation, and investment capabilities of the private sector can effectively augment governmental initiatives, thereby fostering growth and sustainability. Transparent and predictable regulatory frameworks will foster private sector engagement, thereby promoting a collaborative approach to national development.

An Appeal for Ongoing Dedication

Pakistan finds itself at a critical juncture in the evolution of its governance. The rapid implementation of more than 100 reforms within the past year signifies a bold and aspirational vision for national advancement. Nevertheless, the genuine assessment resides in the enduring dedication to executing and enhancing these reforms. Policymakers, institutions, and civil society

must collaborate to institutionalize transformative change, uphold accountability, and advance a governance model that emphasizes efficiency, inclusivity, and innovation.

Technology, especially in the realms of big data and artificial intelligence, has the potential to significantly transform the execution of reforms, augment transparency, and promote sustainable development. By adopting digital transformation, Pakistan has the potential to position itself as a contemporary, efficient, and progressive nation. Nonetheless, achieving success necessitates an ongoing process of assessment, adaptation, and policy recalibration to guarantee that reforms continue to be effective and responsive to the changing requirements of the nation.

The path forward necessitates steadfast dedication, institutional fortitude, and a unified vision for a thriving Pakistan. With the implementation of appropriate strategies and meticulous execution, these reforms possess the capacity to transform Pakistan's governance framework, promote economic stability, and enhance the quality of life for its populace. The process of reform does not conclude with the proclamation of policies; rather, it commences with their effective implementation and enduring sustainability. The moment for decisive action is upon us, and Pakistan must capitalize on this opportunity to construct a more robust and resilient future.

References

The documents that have helped us in forming this report are covered from the various reforms and policy changes introduced over the past 12 months. These references are drawn from official reports, ministerial publications, data from the National Assemly and the Senate of Pakistan, newspapers and media reports, and consolidated reform tables, ensuring an accurate and reliable account of governance and policy advancements in Pakistan.

1. Ministry of Law and Justice

Reference: Ministry of Law and Justice. U.O L&J Ministerial Reforms Report, 2024. Government of Pakistan.

This document outlines legal reforms undertaken by the Ministry of Law and Justice, covering digital legal accessibility, arbitration framework updates, tribunal expansions, and constitutional amendments.

2. Government-Wide Reforms Report

Reference: Government of Pakistan. Reforms Story Report V2.0. 2024.

This report presents an in-depth analysis of governance reforms, structural changes, and economic strategies implemented by the Shehbaz Sharif administration, focusing on fiscal, legal, and administrative transformations.

3. Consolidated Government Reform Data

Reference: Government of Pakistan. Consolidated Report on Reforms in 12 Months (Updated). Ministry of Planning and Development, 2024.

This mishal research compiles data on key reforms from multiple ministries, highlighting their objectives, short-term and long-term impacts, and contribution to economic and governance improvements.

4. Policy Changes and Ministerial Initiatives

Reference: Higher Education Commission. The Latest Initiatives and Policy Changes Introduced Over the Past 12 Months. 2025.

This document details reforms in the education sector, including faculty restructuring, digital transformation in universities, and research standardization initiatives.

5. Economic and Financial Sector Reforms

Reference: Securities Exchange Commission of Pakistan (SECP). Consolidated Reforms Table, 2024.

This table consolidates financial, corporate, and regulatory reforms undertaken by SECP to improve ease of doing business, enhance corporate governance, and strengthen the financial ecosystem through digitalization and regulatory amendments.

6. Ministerial Reports on Security and Interior Reforms

Reference: Ministry of Interior. Reforms in Security and Public Administration. 2024.

This document provides insights into national security reforms, digital transformation in public services, and immigration policy updates aimed at enhancing governance and public safety.

7. Energy and Infrastructure Development

Reference: Ministry of Energy. Power and Infrastructure Development Reforms, 2024.

A detailed analysis of reforms in the energy sector, including renewable energy initiatives, digitalization of energy records, and measures to enhance energy efficiency and sustainability.

8. Telecommunications and Digital Transformation

Reference: Pakistan Telecommunication Authority (PTA). Digital and Connectivity Expansion Reforms, 2024.

This report covers the launch of 5G services, expansion of digital connectivity, cybersecurity enhancements, and measures to increase digital inclusion and gender equity in ICT services.

9. Competition and Market Reforms

Reference: Competition Commission of Pakistan (CCP). Market Regulatory and Competition Reforms, 2024.

This document details structural reforms to promote fair competition, prevent monopolistic practices, and ensure regulatory compliance in the corporate sector.

10. Public Health and Social Protection Reforms

Reference: Ministry of National Health Services, Regulations & Coordination. Health Sector Policy and Reform Initiatives, 2024.

This document covers healthcare system upgrades, including telemedicine expansion, universal health insurance, and infrastructure improvements for better public health services.

11. Agricultural and Rural Development Initiatives

Reference: Ministry of National Food Security & Research. Agriculture Modernization and Food Security Strategy, 2024.

Highlights advancements in agricultural mechanization, digital land records, and rural economic development policies.

12. Industrial and Trade Policy Updates

Reference: Ministry of Commerce. Trade Expansion and Industrial Growth Policy, 2024.

Covers trade policy amendments, export diversification strategies, and incentives for industrial sector growth.

13. Environmental and Climate Resilience Policies

Reference: Ministry of Climate Change. Pakistan Green Growth and Climate Resilience Strategy, 2024.

Outlines reforms in climate governance, carbon emission control, and green energy transitions to promote sustainability.

14. Transport and Urban Development Reforms

Reference: Ministry of Communications. National Transport and Infrastructure Strategy, 2024.

Discusses urban mobility projects, public transport modernization, and smart city developments for better urban planning.

15. Digital Governance and E-Government Initiatives

Reference: Ministry of Information Technology and Telecommunication. Pakistan Digital Transformation and E-Government Strategy, 2024.

Explores digital governance policies, cybersecurity improvements, and initiatives to enhance digital service delivery.

16. Education Sector and Curriculum Reforms

Reference: Ministry of Federal Education & Professional Training. National Curriculum and Higher Education Reforms, 2024.

Focuses on curriculum modernization, skill development programs, and initiatives to improve educational accessibility.

17. Social Welfare and Poverty Alleviation

Reference: Benazir Income Support Programme (BISP). Social Protection and Economic Inclusion Strategy, 2024.

Discusses policies aimed at poverty reduction, financial aid programs, and social safety nets for vulnerable communities.

18. Women Empowerment and Gender Equality

Reference: Ministry of Human Rights. Gender Equality and Women's Empowerment Policy, 2024.

Outlines initiatives to enhance women's participation in the workforce, legal protections, and gender-based reforms.

19. Youth and Employment Initiatives

Reference: Prime Minister's Youth Program. Employment, Entrepreneurship, and Skills Development Strategy, 2024.

Details employment generation strategies, vocational training programs, and financial assistance for young entrepreneurs.

20. Science, Innovation, and Technology Development

Reference: Ministry of Science & Technology. National Science, Innovation, and Technology Policy, 2024.

Covers advancements in research, technological development, and policies fostering innovation and scientific progress.

The above references serve as primary sources for analyzing the scope, effectiveness, and impact of reforms implemented across various sectors in Pakistan. These documents provide a data-driven approach to evaluating governance improvements, economic stabilization efforts, and legal transformations aimed at fostering sustainable development.

Abbreviations

ADR	Alternative Dispute Resolution
ALCR	Axle Load Control Regime
AMI	Advanced Metering Infrastructure
APMS	Automated Power Management Systems
ARCC	Anti-Rape Crisis Cell
BE/BA	Bioequivalence and Bioavailability
CALSD	Committee for the Availability of Life-Saving Drugs
CAT	Competition Appellate Tribunal
CDWP	Central Development Working Party
CCP	Competition Commission of Pakistan
CNG	Compressed Natural Gas
CPEC	China-Pakistan Economic Corridor
CTBCM	Competitive Trading Bilateral Contract Market
DMCF	Disaster Management Coordination Forum
DISCOs	Distribution Companies
DPP	Department of Plant Protection
DRAP	Drug Regulatory Authority of Pakistan
EWS	Early Warning Systems
GCF	Green Climate Fund
GIS	Geographic Information System
GMO	Genetically Modified Organism
GSP	Geological Survey of Pakistan
HEC	Higher Education Commission
IAA	Independent Auction Administrator
IGCEP	Indicative Generation Capacity Expansion Plan
IMAC	International Mediation and Arbitration Center
INPAC	Implementation of National Plan of Action for Children
IPS	International Postal System
iPAS	Intelligent Project Automation System
LNG	Liquefied Natural Gas
LPG	Liquefied Petroleum Gas

MIU	Market Intelligence Unit
MoU	Memorandum of Understanding
MNFSR	Ministry of National Food Security and Research
NCCWD	National Commission for Child Welfare and Development
NCF-AA	National Coordination Forum on Anticipatory Action
NCPC	National Child Protection Center
NHA	National Highway Authority
NHC	National Highway Council
NFCA	National Forensics and Cybercrime Agency
NFRA	National Food Safety, Animal, and Plant Health Regulatory Authority
NHMP	National Highways & Motorway Police
NPPRA	National Public Procurement Regulatory Authority
OGRA	Oil and Gas Regulatory Authority
PCCA	Pakistan Climate Change Authority
PDMAs	Provincial Disaster Management Authorities
PECA	Prevention of Electronic Crimes Act
PIPB	Private Investment & Infrastructure Board
PPOD	Pakistan Post Office Department
PPSMB	Pakistan Postal Services Management Board
PRS	Product Registry System
RE	Renewable Energy
RLNG	Regasified Liquefied Natural Gas
SAR	Search and Rescue
SECP	Securities and Exchange Commission of Pakistan
SPS	Sanitary and Phytosanitary
SOE	State-Owned Enterprises
TMS	Task Management System
TSEP	Transmission System Expansion Plan
UAP	Uzbekistan-Afghanistan-Pakistan (Transit Trade Framework)
UPU	Universal Postal Union
VPA	Visa Prior to Arrival

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