Pakistan Reforms Report

Edition 2026



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PAKISTAN REFORMS REPORT 2026



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Foreword

Pakistan stands at an important inflection point in its governance journey. The year 2025 reflects not a single defining reform, but a growing pattern of institutional change, incremental, technical, and often understated, yet collectively significant in shaping how the state functions and delivers for its citizens. The Pakistan Reforms Report 2026 has been conceived in this spirit: to document, organize, and present these reforms as they occurred across the machinery of government, without political commentary and without performance grading.

This report is not an evaluation of the Government of Pakistan's performance, nor is it an advocacy document. It is a structured effort to document reforms undertaken during the calendar year 2025, so that researchers, policymakers, analysts, development partners, and citizens can better understand what is changing, where it is changing, and how those changes may influence governance outcomes over time. In a country where reform narratives are often episodic or personality-driven, this report deliberately shifts the focus to institutions, systems, and processes.

One of the most notable evolutions between the Pakistan Reforms Report 2025 and the current edition is the maturation of reform design. While earlier reforms were frequently programmatic or sector-specific, the 2026 edition reveals a stronger emphasis on structural governance, including digital state capacity, regulatory predictability, institutional coordination, and long-term sustainability. Reforms increasingly cut across ministries and jurisdictions, signaling a move away from siloed interventions toward system-wide change.

Another defining feature of the 2025 reform landscape is the growing alignment with the Sustainable Development Goals (SDGs), not as an external reporting requirement, but as an organizing logic for policy action. The dominance of reforms linked to SDG 16 (Peace, Justice and Strong Institutions), SDG 8 (Decent Work and Economic Growth), and SDG 9 (Industry, Innovation and Infrastructure) points to a clear prioritization: strengthening the state's institutional backbone as a prerequisite for inclusive growth and social development.

This report has been compiled with care to ensure consistency, comparability, and clarity. Duplication has been removed, reform descriptions standardized, and impacts assessed across economic, governance, business, and human capital dimensions. The objective is not merely to record activity, but to create a baseline of institutional change, one that future researchers can track, critique, and build upon.

We are deeply grateful to the prime minister's office, ministries, divisions, attached departments, and public institutions that engaged with this process and shared their reform journeys openly. Their cooperation has made it possible to present a comprehensive picture of governance change across the federal government.

Pakistan's reform story is rarely linear, and often contested. Yet it is precisely for this reason that systematic documentation matters. By capturing reforms as they unfold, quietly, technically, and persistently, this report aims to contribute to a more informed national conversation about governance, state capacity, and the lived impact of reform on the citizens of Pakistan.

Puruesh Chaudhary
Director

Amir Jahangir
Chief Executive Officer



Research Methodology

The Pakistan Reforms Report 2026 is grounded in a descriptive, evidence-based methodology designed to document reforms undertaken by the Government of Pakistan during the calendar year 1 January–31 December 2025. The report does not evaluate political performance, assign scores, or rank institutions. Instead, it systematically records reforms to provide researchers, analysts, policymakers, development partners, and citizens with a clear understanding of how governance systems are evolving, where institutional change is occurring, and how these changes may influence public service delivery and citizen outcomes over time.

Defining a Reform

For the purposes of this report, a reform is defined as a deliberate and documented change introduced by a government institution that alters policy frameworks or legislation, institutional structures or mandates, operational processes and service delivery mechanisms, digital systems and data architectures, or regulatory, compliance, and oversight arrangements. Routine administrative actions, recurring programs, or legacy initiatives without demonstrable modification during 2025 were excluded to maintain analytical clarity and relevance.

Data Collection Process

Data was collected through a standardized reform reporting template circulated to federal ministries, divisions, attached departments, autonomous bodies, and public sector institutions, through the Prime Minister's Office (PMO). Each institution was requested to report reforms implemented or initiated during 2025 and, where possible, to support submissions with documentary evidence. Reported information was cross-validated using official notifications, SROs, Acts, Rules, policy documents, institutional websites, annual reports, PC-I/PC-II summaries, and official media releases. Where inconsistencies or ambiguities arose, direct clarification was sought from designated focal persons. Only reforms with verifiable institutional ownership and identifiable implementation milestones were included.

Standardization and De-duplication

Given the cross-cutting nature of many reforms, a key methodological step involved standardization and de-duplication. Reforms reported by multiple institutions were mapped to a primary implementing entity, with coordination roles referenced contextually. Descriptions were harmonized in terms of terminology, timelines, and impact dimensions to enable comparison across sectors and aggregation at the report level.

Reform Classification Framework

Each reform was then classified across multiple analytical dimensions to capture its scope and significance. These included reform category (such as policy, legislative, institutional, digital, governance, regulatory, financial, or service delivery), core output or deliverable, institutional impact, economic impact, business and governance impact, and human capital impact. This multidimensional framework ensures reforms are assessed beyond activity counts and situated within broader governance and development contexts.

SDG Alignment Methodology

Reforms were also mapped to the United Nations Sustainable Development Goals (SDGs) based on their primary intended outcomes. Where a reform contributed to multiple SDGs, the dominant alignment was recorded to avoid inflationary counting. SDG mapping drew on official SDG definitions and targets, reform objectives, institutional mandates, and anticipated medium- to long-term development impacts. The resulting distribution provides a quantitative lens on national reform priorities during 2025, highlighting areas of strategic concentration such as institutional strengthening, economic growth, innovation, and climate action.

Quality Assurance and Validation

Quality assurance was applied throughout the process to maintain credibility and analytical integrity. Reforms lacking clarity on scope, ownership, or implementation status were excluded or flagged for follow-up. Narrative descriptions were edited for neutrality and factual accuracy, and aggregate counts and SDG mappings were cross-checked internally for consistency across chapters. In keeping with the report's mandate, the methodology avoids normative judgments and prioritizes traceability, transparency, and replicability.

Limitations

The methodology has acknowledged limitations. Reporting quality varies across institutions depending on internal documentation capacity; sub-national and provincial reforms are not comprehensively captured unless reported by federal entities; and impact assessments are indicative rather than econometric, reflecting the report's documentary, not evaluative, purpose. These constraints are noted to guide interpretation rather than detract from the report's value.

Use of the Report

Overall, this methodology positions the Pakistan Reforms Report 2026 as a living reference document. It is intended to support longitudinal analysis of governance reforms, inform policy research and reform sequencing, enable comparative assessment across sectors and years, and contribute to evidence-based dialogue on state capacity and citizen-centric governance in Pakistan. Future editions may build upon this foundation by incorporating deeper outcome tracking, expanded sub-national coverage, and time-series analysis as institutional data maturity improves. You can reach us at reforms@mishal.com.pk

About Mishal Pakistan

Mishal Pakistan is an award-winning institution specializing in business intelligence, benchmarking, public policy, and strategic communications, with a strong focus on translating research into measurable impact. Working at the intersection of development, media, and information intelligence, the organization has played a significant role in strengthening journalistic standards, countering misinformation, and enhancing media credibility. Mishal Pakistan collaborates with governments, international organizations, the private sector, and civil society to design knowledge-based solutions that support economic development, institutional reform, and digital transformation.

Recognized for its data-driven approach, Mishal Pakistan serves as the Country Partner Institute of the World Economic Forum (WEF) and contributes to major global indices, including the Global Risks Report, Global Competitiveness Report, Global Gender Gap Index, Global Travel and Tourism Development Index, Global Growth Report, and the Network Readiness Index. Through its policy and governance advisory work, the organization supports evidence-based decision-making on economic reforms, governance innovation, and digital policy, leveraging artificial intelligence and big data analytics to advance governance modernization, predictive analysis, and strategic communications.

Mishal Pakistan has also pioneered the systematic documentation of governance reforms by launching and institutionalizing the Pakistan Reforms Report, the first comprehensive national effort to record reforms across ministries, divisions, and attached institutions. This initiative introduced a structured, evidence-based framework that moves beyond isolated announcements to provide continuity, comparability, and institutional memory, offering researchers, policymakers, investors, and citizens a credible lens to assess the scope and impact of governance change in Pakistan.

With deep expertise in economic competitiveness research, public diplomacy, and narrative strategy, Mishal Pakistan supports governments and institutions in perception management, policy communication, and crisis response. Through collaboration with international bodies, universities, and global think tanks, the organization continues to advance research-driven narratives, governance innovation, and responsible technology adoption. By integrating strategic foresight, innovation, and collaboration, Mishal Pakistan remains committed to shaping the future of governance, media, and public policy in Pakistan and beyond.

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About the Pakistan Reforms Report

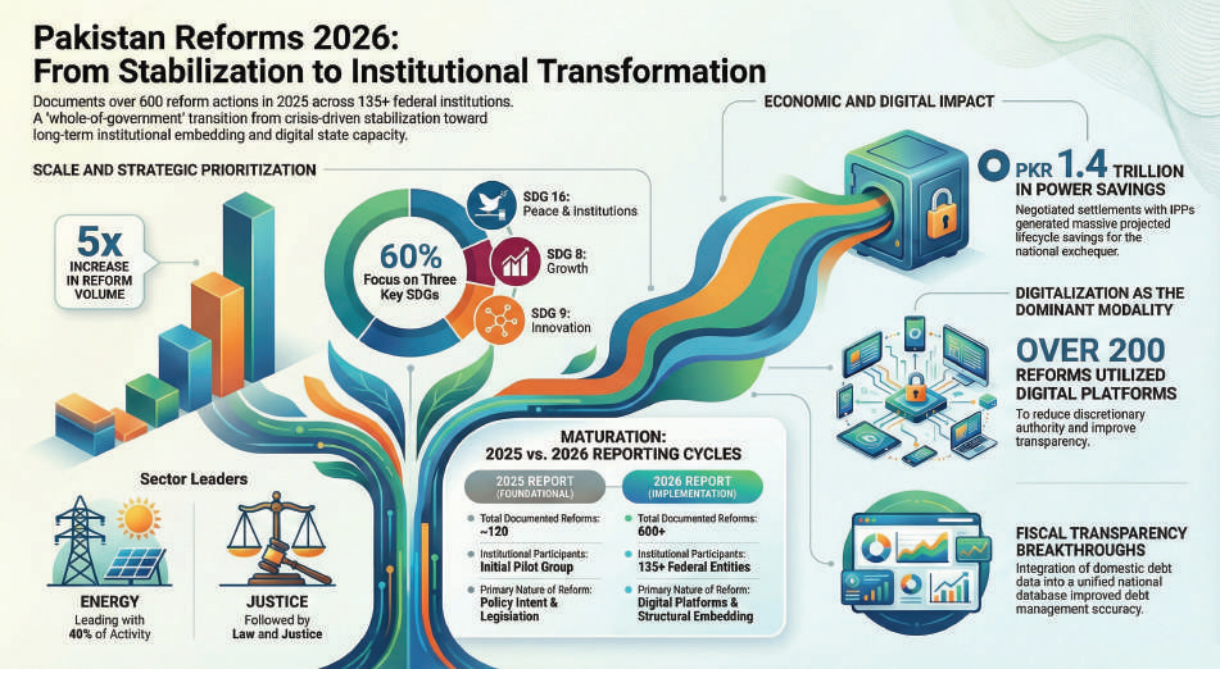
The Pakistan Reforms Report is a national governance documentation initiative designed to systematically capture, structure, and present reforms undertaken by the Government of Pakistan across federal ministries, divisions, and attached institutions. Launched in February 2025, the Report was conceived in response to a persistent challenge faced by policymakers, development partners, investors, and researchers: while reform activity in Pakistan has often been extensive, it has remained fragmented, difficult to track over time, and inadequately documented in a single, credible reference.

The Pakistan Reforms Report addresses this gap by providing a consolidated, evidence-based mapping of governance reforms, enabling domestic and international stakeholders to assess not only what reforms are being undertaken, but also how they are evolving, where institutional capacity is being built, and how governance systems are changing in practice. The Report is designed to complement, rather than replace, international indices and assessments by offering grounded, institution-level documentation that supports deeper analytical work.

The 2026 edition marks the second edition of the Pakistan Reforms Report and reflects a clear progression in both ambition and maturity. While the inaugural 2025 edition focused primarily on identifying reform intent, early-stage policy shifts, legal amendments, and institutional restructuring, the 2026 edition captures a more complex and implementation-driven reform landscape. This evolution mirrors a broader transition in Pakistan's governance trajectory, from foundational reform design toward system-level execution and consolidation.

A defining feature of the 2026 edition is the qualitative shift in the nature of reforms documented. The 2025 Report largely recorded enabling reforms: policy announcements, legislative changes, pilot programs, and initial digitization efforts. In contrast, the 2026 Report documents reforms that demonstrate operational depth and institutional embedding, including nationwide digital platforms, integrated case and service management systems, regulatory harmonization, new dispute resolution mechanisms, compliance frameworks aligned with international standards, and large-scale capacity-building initiatives. This shift signals movement from reform declaration to reform delivery.

The 2026 Report consolidates a substantially larger and more diverse set of reforms, spanning critical governance domains such as energy and infrastructure, rule of law and justice, foreign affairs and diplomacy, science and technology, trade facilitation, digital governance, public finance, and institutional modernization. These reforms are drawn directly from official institutional submissions and validated government records, offering a bottom-up view of governance change across the federal architecture.



Importantly, the Pakistan Reforms Report is not a performance scorecard, political assessment, or evaluative ranking of the Government of Pakistan. Instead, it is a documentation and research instrument, designed to support evidence-based analysis by capturing reforms as they are reported and implemented by institutions. The Report does not seek to judge outcomes or attribute success or failure; rather, it provides the foundational data necessary for researchers, development partners, and policymakers to assess reform direction, coherence, and potential impact over time.

For international donors and multilateral institutions, the value of the Pakistan Reforms Report lies in its ability to surface system-level change that is often missed by high-level indicators alone. By mapping reforms against institutional functions and aligning them with the Sustainable Development Goals (SDGs), the Report offers insight into how governance reforms may translate into improved service delivery, enhanced regulatory predictability, stronger institutions, and greater economic resilience. It also allows for the identification of reform clusters, areas where multiple institutions are moving in parallel, versus gaps where reform activity remains limited or uneven.

A further distinguishing feature of the 2026 edition is its enhanced emphasis on comparability and continuity. As a second edition, the Report enables year-on-year comparison, making it possible to observe how reforms mature, scale, or stall across sectors. This longitudinal perspective is essential for donors and partners seeking to align technical assistance, financing, and policy engagement with reforms that demonstrate sustained institutional commitment rather than episodic activity.

By institutionalizing reform documentation as an annual exercise, the Pakistan Reforms Report contributes to greater transparency, accountability, and institutional memory. Over time, successive editions are expected to strengthen data quality, improve inter-ministerial coordination, and support more informed dialogue between Pakistan and its international partners. In this sense, the Report functions not only as a record of reforms, but also as an enabling platform for deeper governance diagnostics, policy design, and development cooperation.

In its second edition, the Pakistan Reforms Report signals that reform documentation itself is becoming part of Pakistan's governance architecture. As reforms continue to evolve, the Report aims to remain a credible, neutral, and analytically useful reference, supporting a more nuanced understanding of governance change in Pakistan and its implications for development, investment, and institutional performance.



Executive Summary

Pakistan Reforms Report 2026

The Pakistan Reforms Report 2026 presents the most comprehensive, evidence-based documentation of governance, economic, institutional, and regulatory reforms undertaken by the Government of Pakistan during calendar year 2025. This Report is not a commentary, audit, or political assessment of government performance. Rather, it is a structured effort to document reforms as they have been undertaken and implemented, with the objective of enabling researchers, analysts, development partners, and policymakers to better understand how governance in Pakistan is changing, and how these changes may progressively shape aScale, Scope, and Institutional Coverage.

During 2025, the Government of Pakistan implemented over 600 discrete reform actions, spanning more than 35 federal ministries, divisions, regulators, and constitutional institutions. These reforms extend across core economic governance (Finance, Planning, Energy, Commerce), accountability and rule-of-law institutions (Law & Justice, regulatory bodies, audit frameworks), service delivery sectors (Health, Housing, Power), and forward-looking enablers including Science & Technology, Digital Governance, Climate Change, and Investment Facilitation.

This breadth reflects a whole-of-government reform approach, with many initiatives designed not as one-off policy announcements but as enabling institutional infrastructure, digital systems, regulatory frameworks, coordination mechanisms, and standardized procedures intended to outlast political cycles.

Nature of Reforms: From Transactions to Institutions

A defining feature of the 2026 reform narrative is the transition from transactional governance to institutional reform. Across sectors, reforms increasingly focused on:

- Digitization of state workflows and records
- Reduction of discretionary authority through standardized rules
- Fiscal transparency, auditability, and compliance
- Inter-ministerial coordination and planning capacity
- Professionalization and human capital development

This approach reflects an understanding that predictability, transparency, and institutional

capability are prerequisites for economic stability, public trust, and inclusive development.

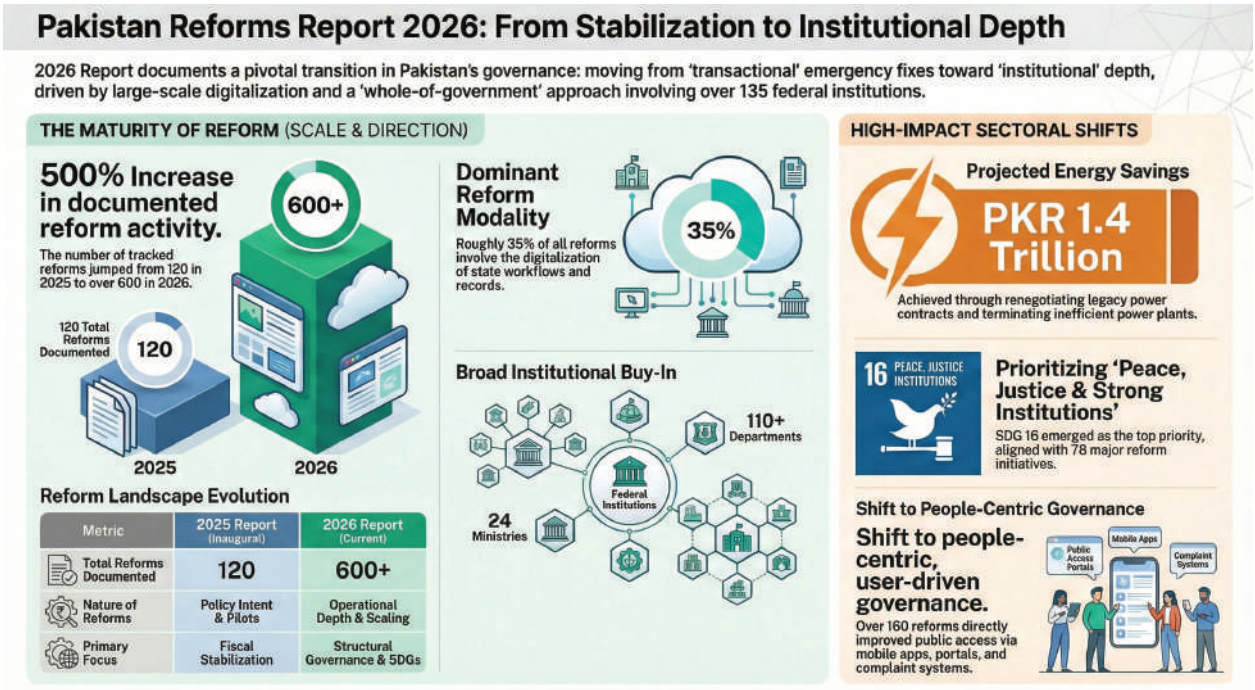
Evolution from Pakistan Reforms Report 2025 to 2026

A comparison between the Pakistan Reforms Report 2025 and Pakistan Reforms Report 2026 highlights a clear maturation of Pakistan's reform trajectory. The 2025 cycle was shaped largely by stabilization and corrective imperatives—arresting fiscal leakages, restoring macroeconomic discipline, initiating digitization, and resetting weakened regulatory frameworks. Many reforms during that period were foundational: emergency legislation, pilot digital platforms, framework policies, and early-stage restructuring aimed at restoring basic state functionality.

By contrast, the 2026 report documents a qualitative shift toward consolidation and depth. Digital systems moved from pilots to scale, regulatory reforms progressed from intent to enforcement, and coordination mechanisms increasingly replaced siloed governance. The emphasis shifted from what reforms are announced to how reforms are embedded, operationalized, and sustained. This evolution signals a movement away from crisis-driven policymaking toward structured, institutional governance transformation.

Economic, Governance, and Human Capital Implications

While the Report does not evaluate political success or failure, it does capture the structural implications of reforms. Power sector restructuring alone generated long-term savings exceeding PKR 1.4 trillion, while regulatory simplification, digitization, and investment facilitation reduced compliance costs and administrative delays across sectors. More importantly, institutional dividends emerged in the form of improved audit trails, reduced discretion, stronger regulatory credibility, and improved alignment with international governance standards.



Across ministries, reforms also emphasized human capital development, digital skills, professional certification, performance management, and institutional memory. These investments strengthen state capability as a long-term public asset, increasing the likelihood that reforms translate into durable improvements in service delivery and citizen outcomes.

SDGs Prioritized by the Government in 2025

The reform agenda shows consistent alignment with a focused set of Sustainable Development

Goals, reflecting strategic prioritization rather than symbolic mapping. The most substantively advanced SDGs during 2025 were:

- SDG 16 – Peace, Justice & Strong Institutions
- SDG 8 – Decent Work & Economic Growth
- SDG 9 – Industry, Innovation & Infrastructure
- SDG 3 – Good Health & Well-Being
- SDG 13 – Climate Action
- SDG 17 – Partnerships for the Goals

Strategic Takeaway

The Pakistan Reforms Report 2026 captures a critical transition year in Pakistan's governance journey, from stabilization toward institutionalization. By documenting reforms rather than judging outcomes, the Report provides a neutral, evidence-based lens through which analysts and policymakers can assess how changes in rules, systems, and institutions may shape Pakistan's development trajectory. The maturation observed between the 2025 and 2026 reform cycles suggests that Pakistan's reform agenda is evolving from episodic intervention toward durable governance transformation, with the potential, if sustained, to meaningfully improve citizen trust, economic opportunity, and state effectiveness.



Key Takeaways:
from the Pakistan Reforms Report 2026

» The Pakistan Reforms Report 2026 presents the most comprehensive documentation to date of governance reforms undertaken by the Government of Pakistan during 2025. When assessed collectively, the reforms reveal clear patterns in institutional behavior, sectoral prioritization, and the evolving nature of governance in Pakistan. The following key takeaways distill these insights into concise, evidence-based observations.

A. Scale, Breadth, and Institutional Engagement

» Reform activity expanded significantly in 2025, with over 600 reforms documented, marking a substantial increase from the inaugural 120 reforms in the 2025 Report.

» 135+ federal institutions participated, including 24 ministries and more than 110 attached departments and authorities, indicating wide institutional buy-in.

» Reform activity is no longer confined to a few lead ministries; participation has broadened across economic, social, regulatory, and security-related sectors.

» The documentation of reforms itself has become more structured, signaling the institutionalization of reform reporting within government.

B. Ministries with the Highest Reform Activity

» The Ministry of Energy (Power Division) emerged as the single largest contributor, accounting for approximately 118 reforms (38–42%), reflecting the centrality of energy to fiscal and economic stability.

» The Ministry of Law and Justice ranked second, with 96 reforms, underscoring the priority placed on rule of law, digital justice, and legal modernization.

» The Ministry of Foreign Affairs ranked third, contributing 42 reforms, driven by digitization, compliance frameworks, and multilateral engagement.

» The Ministry of Science and Technology showed strong momentum, particularly in digital governance, innovation infrastructure, and regulatory modernization.

» Economic and financial institutions collectively accounted for a smaller but strategically significant share, reflecting reforms with high leverage rather than high volume.

Reforms by Ministry / Sector (2025)

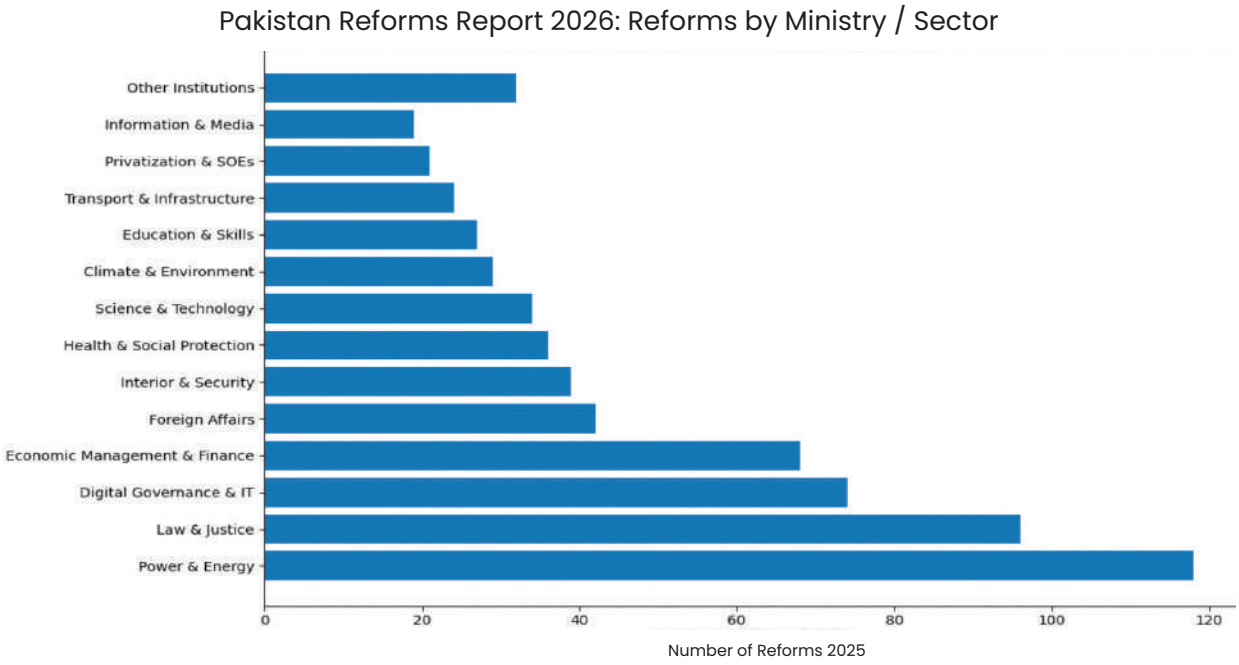
Ministry / Sector	Number of Reform
Power & Energy Sector	118
Law, Justice & Legal Affairs	96
Digital Governance & IT	74
Economic Management & Finance (incl. Finance, FBR, Planning)	68
Foreign Affairs & External Relations	42
Interior, Security & Border Management	39
Health & Social Protection	36
Science & Technology	34
Climate, Environment & Sustainability	29
Education & Skills Development	27
Transport, Infrastructure & Aviation	24
Privatization & State-Owned Enterprises (SOEs)	21
Information, Media & Communications	19
Other Federal Institutions & Regulators	33
Total Reforms Documented (2025)	**≈ 660**

C. Nature and Maturity of Reforms

- A defining shift in 2026 is the movement from policy intent to implementation, with a greater number of reforms operationalized through systems and platforms.
- Digitalization is now the dominant reform modality, representing roughly 180–210 reforms (30–35%).
- Governance and institutional reforms, new authorities, restructured mandates, and coordination mechanisms, form the second-largest category.
- Legal and regulatory reforms increasingly complement system-level changes rather than operating in isolation.
- Capacity building is embedded within reform design, rather than treated as a parallel or afterthought activity.

D. People-Centric Governance and Public Access

- Approximately 160–190 reforms directly created or improved public-facing access, including portals, complaint systems, mobile applications, and digital certificates.
- The power sector leads in citizen interface reforms, particularly in billing transparency, grievance redress, and consumer empowerment.



- The justice sector significantly expanded public access through digital law repositories, case tracking, and alternative dispute resolution mechanisms.
- Foreign affairs reforms improved predictability and transparency for visas, diplomatic protocol, and consular services.
- These reforms collectively signal a shift from internal administrative reform to user-experience-driven governance.

E. Economic and Fiscal Implications

- Energy sector reforms carry the largest quantified economic impact, including:

  PKR 1.225 trillion in circular debt restructuring,

  PKR 4.2 trillion in projected lifecycle savings from IPP renegotiations.
- Fiscal stabilization remains a central driver of reform design across sectors.
- Privatization and SOE reforms remain structurally important but operationally constrained, highlighting a persistent reform bottleneck.
- Regulatory predictability and dispute resolution reforms directly support investor confidence, even where fiscal savings are not immediately quantifiable.

F. Human Capital and Institutional Capacity

- Reforms in 2025 involved 12,000–15,000 trained or upskilled officials, indicating a scale-up of implementation capacity.
- Specialized professional ecosystems are emerging in areas such as ADR, IT systems, energy markets, and regulatory compliance.
- Institutional reforms increasingly recognize that systems without skilled personnel cannot deliver sustained outcomes.

G. SDG Alignment and Development Priorities

» SDG 16 (Peace, Justice, and Strong Institutions) is the most strongly represented goal, aligned with 180–210 reforms.

» SDG 9 (Industry, Innovation, and Infrastructure) and SDG 7 (Affordable and Clean Energy) follow closely, reflecting infrastructure and energy priorities.

» SDG 8 (Decent Work and Economic Growth) is reinforced through reforms in trade facilitation, business environment, and employment-linked sectors.

» Climate-related reforms are present but remain underrepresented relative to Pakistan's vulnerability, indicating an area for future scaling.

H. Governance Under Stress

» The reform agenda unfolded under significant constraints, including fiscal pressure, political polarization, and institutional capacity gaps.

» External shocks, most notably the India–Pakistan military escalation in May 2025, temporarily diverted administrative and diplomatic focus.

» Insurgencies in Balochistan and Khyber Pakhtunkhwa border areas continued to constrain development delivery and investor confidence in affected regions.

» Despite these pressures, reform momentum was largely sustained, demonstrating institutional resilience.

I. Evolution from the 2025 Edition

» Compared to the 2025 Report, the 2026 edition reflects:

» greater reform volume, 120 in 2025 to 600+ in 2026

» deeper implementation maturity,

» stronger digital orientation,

» and wider institutional participation.

» Reforms are increasingly systemic rather than episodic, reducing reliance on ad hoc interventions.

» Documentation quality and SDG mapping have improved, enhancing analytical usability.

J. Strategic Implications

» Pakistan's reform trajectory is increasingly governance-centric rather than personality-centric.

» Digital platforms are becoming the backbone of reform sustainability.

» The greatest future risk lies not in reform intent, but in execution fatigue, coordination gaps, and uneven institutional capacity.

» The greatest opportunity lies in consolidating gains, scaling successful systems, and deepening people-centric delivery.

The Pakistan Reforms Report 2026 demonstrates that governance reform in Pakistan is no longer fragmented or purely declaratory. While challenges remain substantial, the breadth, depth, and system orientation of reforms undertaken in 2025 indicate a maturing reform ecosystem. The key task ahead is to convert this momentum into sustained institutional performance that measurably improves the lives of Pakistan's citizens.

The State of Reform: A 2025 Snapshot

The Volume

The Volume

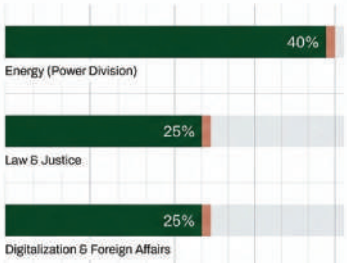
600+

Total Reforms Documented

Up from 120 in the 2025 Report

The Focus

Top 3 Reform Sectors



The Shift

The Shift



Key Insight: Reform momentum has graduated from crisis response to building the institutional backbone of the state.

Unlocking Resources & Liberalizing Energy Markets

Indigenous Resource Maximization

- **The Reko Diq Breakthrough:** Progress toward financial close on ~USD 6 Billion copper/gold project.
- **Exploration:** Tight Gas Policy 2024 & Offshore Bidding targeting USD 5 Billion investment.

Market Liberalization

- **Deregulation:** Third-Party Access (TPA) allowing private sector use of gas pipelines.
- **Transparency:** Track & Trace systems for oil tankers (15,000+ units monitored).



SDG 9: Industry | SDG 8: Economic Growth

Restoring Financial Discipline Through Transparency

Public Finance

- **Unified Debt Database:** Integration of Domestic Debt into DMFAS system for real-time visibility.
- **SOE Oversight:** Launch of 'SOEs Online Database' monitoring state enterprise health.

Capital Markets (SECP)

- **Green Sukuk:** Issuance of PKR 30 Billion via PSX.
- **Market Liquidity:** Roadmap for T+1 Settlement cycle.
- **Digital Entry:** Launch of Digital Corporate Registry.



Transparency & Digital Oversight

SDG 8: Economic Growth | SDG 16: Institutions

Taxation: The Digital Clampdown on Evasion

Reducing human interaction to curb corruption and expand the tax net.



Production
Track & Trace
(Cement, Tobacco, Sugar)

Transaction
POS Integration
(Real-time Retail Data)

Enforcement
AI Enforcement
(Data Analytics & Cross-matching)

Institutional Shift: Separation of Policy and Enforcement functions & Single Portal for filing.

SDG 16: Strong Institutions

Building the Digital State

USD 3.8 Billion

IT Exports (Tech Destination Pakistan)

Legislation

Digital Nation Pakistan Act 2025 (Digital Authority)

Artificial Intelligence Policy 2025

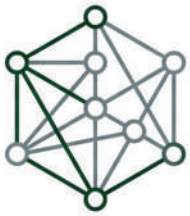
Governance

E-Office rollout across federal ministries (Paperless Gov)

Infrastructure

5G Spectrum Readiness

Connect Pakistan 2030



SDG 9: Innovation

Investing in Human Capital & Social Resilience



BISP & Social Safety: Transition to 'Dynamic Registry' for real-time poverty targeting.

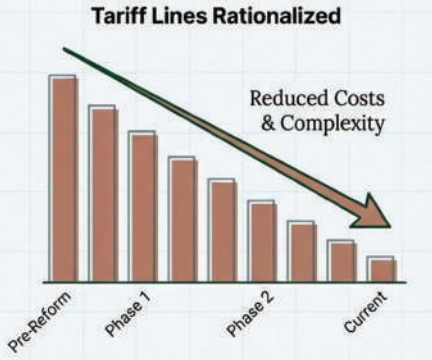
Overseas Pakistanis: National Emigration Policy treating migrants as strategic 'Human Capital Exports'.

Skills: Partnerships with Google (Career Certificates) and Huawei to make youth export-ready.

Competitiveness & Global Integration

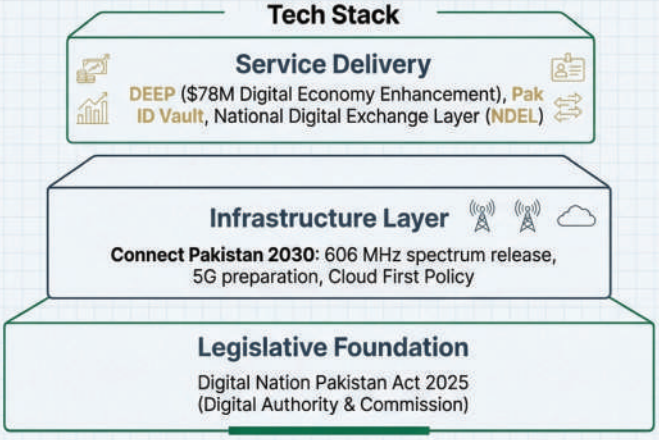
Shifting from import substitution to export competitiveness.

- **National Tariff Policy:** Rationalizing 7,000+ tariff lines to lower industrial costs (PKR 125B relief).
- **Special Technology Zones (STZA):** One-Window Portal and digital customs clearance.
- **Competition Commission:** Recovery of PKR 1.2B in penalties from cartels.
- **Diplomacy:** New transit agreements with Afghanistan and Azerbaijan.



SDG 8: Economic Growth | SDG 17: Partnerships

Pillar I: Building the Digital Backbone



100% Federal e-Office Adoption

$3.8 Billion IT Exports (All-time high)

22,374 Companies & Freelancers Registered

Universal E-Procurement (EPADS)

Pillar II: Energy Sector Transformation

From Crisis Management to Market Liberalization

Financial Triage

PKR 1.225 Trillion

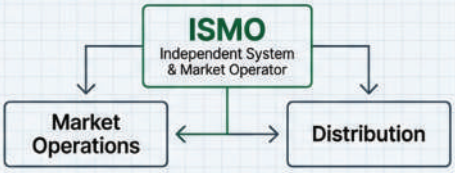
Financing arrangement to arrest circular debt.

PKR 1.4 Trillion

Lifecycle savings via IPP renegotiations.

- **Termination** of inefficient power plants.

Market Structure



- **Tariff Rationalization:** National average reduction (Rs 1.50/kWh).
- Shift from Net Metering to Net Billing.
- **Oil & Gas:** Third-Party Access to pipelines & Track & Trace on 15k+ tankers.

Pillar III: Fiscal & Economic Governance

Transparency, Tax, and Financial Integrity

Tax Modernization (FBR)

- Implementation of **Digital Invoicing** for B2B.
- **AI-driven** compliance nudges & POS expansion.
- **Track & Trace** on high-risk sectors (Tobacco, Cement).

Debt Transparency (Finance)

- Integration of Domestic Debt into DMFAs (**Single Unified Database**).
- Launch of Debt Management & Analytical Tool (**DMAT**).

Capital Markets (SECP)

- Digital Corporate Registry (**One-window**).
- Preparation for **T+1 Settlement Cycle** (Feb 2026).
- **Green Sukuk** auctions via PSX.

SOE Oversight: Real-time 'SOEs Online Database' for financial monitoring of state assets.

Pillar IV: Reorienting for Global Markets

Connecting Pakistan to global supply chains and competitive frameworks.

National Tariff Policy 2025-30

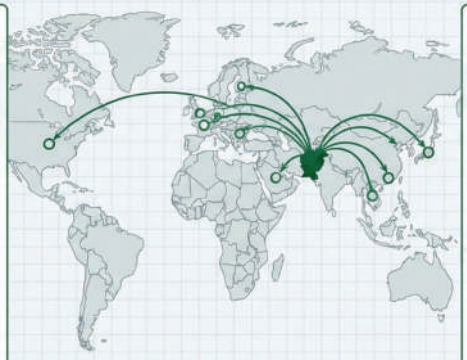
Rationalized duties on 7,455 tariff lines (98% of industrial inputs).

Trade Facilitation

National Compliance Centre (NCC) for global standards.

Integration

Pakistan Single Window (PSW) linked with STZA for seamless licensing.



Competition (CCP)

Record **PKR 1.2B penalty recovery**.

Shift to ex-ante enforcement via Market Intelligence Unit.

New Trade Missions

11 new missions opened.

Pillar V: Justice & Rule of Law (SDG 16)

Strengthening the Institutional Framework

Procurement

Mandatory e-Procurement (EPADS) processing 526k+ contracts.

Oversight

Chief of Defence Staff (CDS) framework & Field Marshal rank formalization.



Audit

Audit Management Information System (AMIS) & Risk-based analytics.

Enforcement

National AML/CFT Authority & Digital Organized Crime Portal.

Pillar VI: Investing in People

From Welfare to Resilience & Global Mobility

Global Workforce Strategy

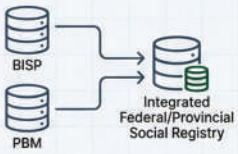
Shift to skilled labor export under National Emigration & Welfare Policy.



New Labor Corridors: Italy (10,500 quota), Germany, Belarus.

Mandatory 'Soft Skills' certification for emigrants.

Social Protection & Education



Integration of federal/provincial social registries (BISP/PBM).

Skill Tech Pakistan: **12,600** certifications.

Google Career Certificates for **7,000+** government officers.

Pillar VII: Defense & Aviation Modernization

Institutions driving corporate and civic modernization.

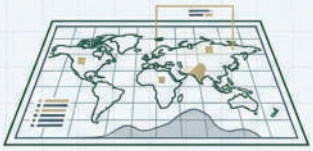
Aviation Reform



Separation of Regulator (PCAA) and Operator (PAA).

PIA Privatization (Majority share transfer Dec 2025).

Defense Governance



AIMS: Digitization of military finance/pensions.

Cantonments: Digitization of 616,000 property records.

Maritime: Vessel Monitoring Systems for sustainable fisheries.

Pillar VIII: Culture, Heritage & Media

Preserving Memory, Shaping Narrative

Media Tech

- **NIMAR**: AI-enabled National Information & Media Archival Repository.
- **Pakistan TV Digital:** Launch of English news channel.

Heritage Economy

- **Digitization** of Iqbal and Quaid archives.
- **World Heritage nominations:** Ranighat and Banbhore.

Creative Industry

- **Tax incentives** for film & National Music Policy.
- **AI-powered Central Monitoring Unit** for narrative intelligence.



Sustainable Development Goals (SDGs) Alignment of Pakistan's Reform Agenda

The reform agenda undertaken by the Government of Pakistan during 2025 reflects a deliberate and strategic alignment with selected Sustainable Development Goals (SDGs) rather than a diffuse or symbolic association with the entire SDG framework. This chapter maps and quantifies the reforms documented in the Pakistan Reforms Report 2026 against their primary SDG alignment, providing researchers and analysts with a structured understanding of which development priorities were substantively advanced through governance action.

It is important to clarify that this chapter does not assess SDG outcomes or performance. Instead, it documents how reforms in laws, institutions, systems, and policies align with the SDG framework, thereby indicating the direction and intent of governance change in Pakistan during 2025.

Methodology and Approach

Each reform documented in the Report has been mapped to its primary SDG, defined as the goal most directly advanced by the reform's core objective. While many reforms contribute to multiple SDGs, each reform is counted once only to avoid double counting and to preserve analytical clarity and international comparability. The resulting distribution highlights priority areas of state reform, rather than the breadth of aspirational alignment.

Overall SDG Reform Profile

In total, 660 reforms undertaken during 2025 were mapped across the SDG framework. The distribution reveals a strong concentration of reforms in governance, economic, and institutional capacity, indicating a sequencing logic in Pakistan's reform strategy. Rather than attempting simultaneous progress across all SDGs, the government focused on strengthening the institutional and economic foundations required for sustainable development.

Pakistan's reform agenda in 2025 shows a deliberate prioritization of institutional strengthening and economic enablement, with over 60% of reforms aligned with SDGs 16, 8, and 9—signaling a shift from sector-isolated interventions toward system-level governance reform.

More than 60 percent of all reforms align with SDG 16 (Peace, Justice & Strong Institutions), SDG 8 (Decent Work & Economic Growth), and SDG 9 (Industry, Innovation & Infrastructure). This pattern underscores a governance-first approach, recognizing that durable progress on social, environmental, and inclusion goals depends on credible institutions, functional markets, and modern infrastructure.

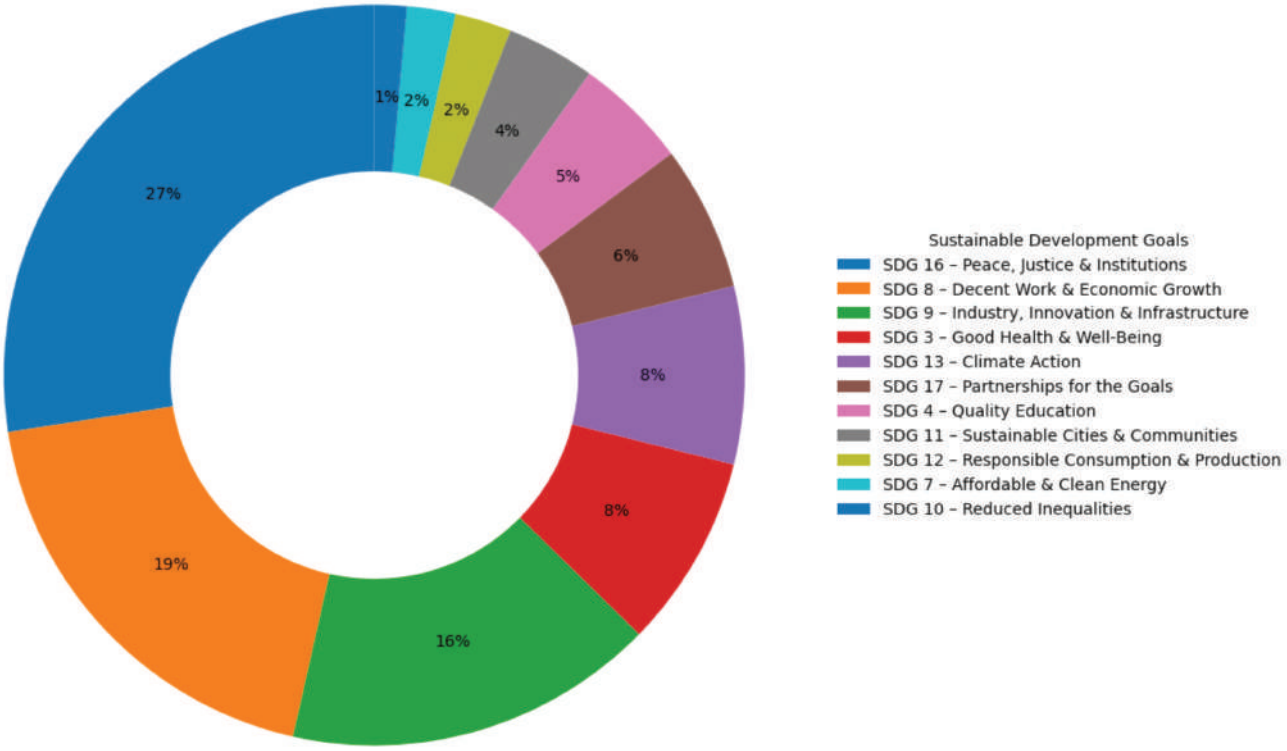


Figure 1: SDG-wise Distribution of Reforms Undertaken by the Government of Pakistan (2025)
The distribution highlights a strong reform concentration around institutional strength (SDG-16), economic growth (SDG-8), and innovation and infrastructure (SDG-9), reflecting a governance-first reform strategy

SDG	SDG Title	Number of Reforms (Primary Alignment)	Core Reform Areas Covered
SDG 16	Peace, Justice & Strong Institutions	78	Rule of law, judicial reform, digital justice, accountability systems, regulatory transparency, constitutional reforms
SDG 8	Decent Work & Economic Growth	54	Investment facilitation, power sector reforms, SOE restructuring, business regulation, trade and economic diplomacy
SDG 9	Industry, Innovation & Infrastructure	46	Science & technology reforms, digital government, quality infrastructure, energy and logistics systems
SDG 3	Good Health & Well-Being	24	Health governance, regulatory reform, workforce strengthening, digital health systems
SDG 13	Climate Action	22	Renewable energy, climate governance, green building codes, resilience and sustainability reforms
SDG 17	Partnerships for the Goals	18	International cooperation, multilateral engagement, science diplomacy, development finance coordination
SDG 4	Quality Education	14	Human capital development, professional certification, skills and training reforms

SDG 11	Sustainable Cities & Communities	11	Urban governance, housing reforms, green construction and municipal services
SDG 12	Responsible Consumption & Production	7	Standards, metrology, quality control, resource efficiency
SDG 7	Affordable & Clean Energy	6	Energy transition, solar standards, power market reforms
SDG 10	Reduced Inequalities	4	Targeted access, inclusion-oriented governance reforms

**of 660 reform actions, 284 are directly linked to the SDGs*

Interpretation: What the SDG Distribution Reveals

The SDG mapping highlights a sequenced reform strategy rather than an even distribution across goals. The dominance of SDG 16 reflects a recognition that institutional weakness is a binding constraint on Pakistan's development trajectory. By prioritizing justice systems, regulatory credibility, digital governance, and accountability, the reform agenda aims to improve predictability, reduce discretion, and strengthen trust between citizens, markets, and the state.

Similarly, the strong alignment with SDG 8 and SDG 9 signals a focus on economic recovery and competitiveness through structural reforms, particularly in energy, trade facilitation, investment governance, science and technology, and infrastructure modernization. These reforms are designed to improve productivity, enable private sector activity, and position Pakistan within regional and global value chains.

Social and environmental SDGs, such as health, climate action, education, and sustainable cities, are present but secondary in reform volume. This does not indicate neglect; rather, it reflects a strategic choice to build institutional and economic capacity first, thereby creating the conditions necessary for sustained progress in social and environmental outcomes over the medium term.

Strategic Takeaway

The SDG alignment of reforms undertaken in 2025 demonstrates that Pakistan's reform agenda is governance-led, capacity-focused, and economically sequenced. By concentrating reforms around strong institutions, functional markets, and innovation infrastructure, the government has laid the groundwork for broader SDG advancement in subsequent years. For researchers and analysts, this chapter provides a structured lens to assess how governance change, not just policy intent, can shape Pakistan's long-term development trajectory and its impact on the lives of citizens.



Introduction:
Pakistan's Governance, Reforms, and a People-Centric Approach

Governance reform in Pakistan has entered a defining phase. Confronted by economic pressures, demographic transformation, climate vulnerability, and evolving global expectations, the state is increasingly required to move beyond episodic policy responses toward sustained, system-level change. The Pakistan Reforms Report 2026 captures this transition by documenting reforms undertaken across the federal government during 2025, with a particular emphasis on how governance structures, institutions, and service delivery mechanisms are being reoriented toward citizens and users.

At its core, governance reform in Pakistan is no longer solely about administrative efficiency or regulatory adjustment. It is increasingly about restoring trust, improving access, and ensuring fairness in how the state interacts with its people. Citizens experience governance not through policy documents, but through electricity bills, court delays, visa processing times, digital portals, grievance redress mechanisms, and the predictability of rules that affect their livelihoods. The reforms documented in this Report reflect a growing recognition that meaningful governance change must be felt at the point of service delivery.

Governance in Transition

Pakistan's governance architecture has historically been characterized by fragmented institutional mandates, manual processes, and limited coordination across ministries and tiers of government. While reform efforts have existed for decades, they often lacked continuity, documentation, and cross-institutional alignment. The reforms undertaken in 2025 mark a shift toward addressing these structural challenges through digitalization, institutional restructuring, regulatory modernization, and capacity building.

Across multiple sectors, energy, justice, foreign affairs, science and technology, trade facilitation, and public administration, reforms increasingly focus on creating systems rather than stand-alone interventions. Examples include nationwide digital platforms for electricity consumers, integrated case management systems for courts and litigation, centralized visa and protocol management systems, and interoperable data infrastructures. These reforms are not isolated improvements; they represent a broader effort to modernize the machinery of the state.

Reforms as a Tool for Citizen Impact

A defining feature of the 2026 reform cycle is the growing emphasis on people-centric governance. This approach places citizens, businesses, and service users at the center of reform design and implementation. Rather than treating the public as passive recipients of policy,

reforms increasingly recognize them as stakeholders whose time, costs, and trust matter.

More than a quarter of the reforms documented in this Report directly involve public-facing interfaces, including complaint management systems, mobile applications, online portals, digital certificates, and transparent service tracking mechanisms. In the power sector, consumers can now monitor billing, submit meter readings, and register complaints digitally. In the justice sector, litigants benefit from online access to laws, case status tracking, and alternative dispute resolution mechanisms. In foreign affairs, visa applicants, diplomats, and international organizations experience more predictable and transparent processes through digitized systems.

These reforms signal an important governance shift: access, transparency, and responsiveness are becoming core performance criteria for public institutions.

Institutional Reform and State Capacity

People-centric governance cannot be achieved without capable institutions. Accordingly, many reforms documented in this Report focus on strengthening institutional capacity through new mandates, clearer role definitions, upgraded infrastructure, and targeted human capital development. Thousands of public officials were trained during 2025 in areas ranging from digital service delivery and regulatory compliance to legal reform, energy planning, and grid operations.

At the same time, institutional reforms increasingly aim to reduce overlaps and improve coordination. The creation of new governance interfaces, such as independent market operators, integrated planning bodies, and inter-ministerial coordination mechanisms, reflects an effort to align policy, implementation, and oversight functions. These changes are critical for improving decision quality, reducing delays, and ensuring that reforms translate into tangible outcomes.

Reforms, Equity, and Inclusion

A people-centric reform agenda also requires attention to equity and inclusion. While many reforms are technical in nature, their ultimate significance lies in how they affect vulnerable populations, small businesses, women, youth, and marginalized communities. Digitalization, for example, can reduce discretion and corruption, but it also requires investment in accessibility, user literacy, and inclusive design.

Several reforms documented in this Report align explicitly with social inclusion and equity objectives, including targeted subsidies, energy efficiency measures, improved access to justice, labor protections, and gender-responsive legislation. By mapping reforms to the Sustainable Development Goals (SDGs), the Report highlights how governance change intersects with broader development priorities such as poverty reduction, decent work, climate action, and strong institutions.

Purpose of This Report

The Pakistan Reforms Report is not an evaluation of government performance nor a political commentary. It is a structured documentation exercise intended to support researchers, analysts, development partners, investors, and citizens in understanding the direction and depth of governance change underway in Pakistan. By consolidating reforms across institutions and sectors, the Report creates a baseline for longitudinal analysis and informed dialogue.

The 2026 edition builds on the foundation laid in 2025, demonstrating how reforms have expanded in scale, matured in implementation, and increasingly focused on service delivery and institutional sustainability. Together, these reforms provide insight into how Pakistan's governance systems are evolving, and how these changes may shape the everyday lives of its people.

As Pakistan continues its reform journey, the central question is no longer whether reforms are being undertaken, but how effectively they are improving outcomes for citizens. This Report seeks to contribute to that conversation by making reforms visible, comparable, and accessible, placing people, not processes, at the heart of governance reform.



Challenges Faced by the Shehbaz Sharif Administration in 2025

The reform trajectory documented in the Pakistan Reforms Report 2026 unfolded against an exceptionally complex governance environment. During 2025, the Shehbaz Sharif Administration faced a convergence of economic, institutional, political, security, and external pressures that significantly constrained policy space while simultaneously increasing public expectations for delivery. Understanding these challenges is essential for contextualizing the reforms undertaken during the year and for assessing both their pace and design.

1. Macroeconomic Fragility and Limited Fiscal Space

One of the most persistent challenges confronting the government in 2025 was macroeconomic fragility. High public debt, constrained foreign exchange reserves, inflationary pressures, and energy sector liabilities sharply limited fiscal maneuverability. The need to stabilize the economy under an IMF-supported program required difficult trade-offs between short-term stabilization and long-term development spending.

This fiscal constraint affected reform implementation across sectors. While ambitious structural reforms, particularly in energy, taxation, and state-owned enterprises, were initiated, the availability of resources for rapid scaling, technology upgrades, and human capital expansion remained limited. As a result, many reforms had to be sequenced carefully, emphasizing system redesign and governance restructuring before large-scale expenditure.

2. Energy Sector Legacy Issues

The energy sector represented both the largest reform opportunity and one of the government's most entrenched challenges. Decades of accumulated circular debt, inefficient contracts, transmission losses, and governance fragmentation placed immense pressure on public finances and citizen welfare.

While the administration pursued major interventions, such as IPP renegotiations, circular debt restructuring, and institutional realignment, the challenge lay in balancing reform with social stability. Tariff rationalization, loss reduction, and subsidy reform are politically sensitive and directly affect households and industry. The government had to navigate public resistance, industrial concerns, and provincial coordination challenges while advancing reforms essential for long-term sustainability.

3. Slow and Complex Privatization Process

A critical structural challenge during 2025 was the slow pace of privatization and state-owned enterprise (SOE) reform. Despite broad consensus on the fiscal and efficiency costs of loss-making SOEs, translating policy intent into execution remained difficult. Legal complexities, valuation disputes, labor sensitivities, market conditions, and political risk perception all contributed to delays.

Several entities earmarked for privatization or strategic partnership remained stuck in preparatory phases, including asset valuation, restructuring, and stakeholder consultations. The privatization process was further slowed by litigation risks, legacy liabilities, and the need for parliamentary and inter-ministerial approvals. In some cases, global market uncertainty and investor risk aversion limited transaction appetite, reducing the feasibility of timely divestment.

As a result, the fiscal burden of SOEs continued to weigh on public finances, diverting resources away from development priorities. While governance reforms, professional boards, and financial restructuring were pursued as interim measures, the absence of decisive privatization outcomes highlighted the structural and political complexity of reforming large public-sector entities in Pakistan.

4. Institutional Capacity and Coordination Constraints

A recurring constraint across reform areas was uneven institutional capacity. While some ministries demonstrated strong technical depth and reform readiness, others faced shortages of skilled personnel, legacy systems, and limited experience with large-scale digital or regulatory transformation.

Inter-ministerial coordination also posed challenges, particularly for reforms requiring whole-of-government alignment, such as digital interoperability, trade facilitation, climate governance, and international compliance. The absence of standardized data systems slowed integration and stretched administrative capacity.

5. Digital Transition and the Governance Divide

The government made notable progress in digitization during 2025, yet the digital transition itself introduced new challenges. Adoption of e-Office systems, portals, and centralized databases was uneven across institutions and regions.

This created a governance divide between digitally enabled entities and those still operating in manual or hybrid modes. Interoperability gaps, cybersecurity risks, resistance to change, and digital literacy limitations constrained the full productivity gains of reform, particularly for citizen-facing services.

6. Political Polarization and Governance Continuity

The political environment in 2025 was marked by polarization and contestation, affecting legislative timelines, stakeholder confidence, and reform continuity. While administrative reform momentum was sustained, politically sensitive reforms, particularly those involving accountability, pricing, privatization, and legal restructuring, required cautious sequencing and extended consultation.

7. Public Trust Deficit and Rising Expectations

Citizens, businesses, and investors expected rapid improvements in service delivery, affordability, and transparency, particularly in energy pricing, justice delivery, taxation, and privatization outcomes. However, long-standing trust deficits meant that even substantive reforms were often met with skepticism.

Bridging this gap required not only policy change but visible improvements at the user level, shorter processing times, clearer rules, and effective grievance redress, placing additional pressure on institutions already operating under constraints.

8. External Shocks and Geopolitical Pressures

Pakistan faced a volatile external environment in 2025, including global financial tightening, supply-chain disruptions, and heightened geopolitical uncertainty. Compliance with evolving international standards in trade, sanctions, and financial integrity added regulatory complexity and required sustained coordination across institutions.

These pressures raised the cost of policy misalignment and increased the reputational stakes of governance reform, particularly in trade, finance, and foreign relations.

9. India–Pakistan Military Escalation

A major external shock during the year was the military escalation between Pakistan and India in May 2025, which imposed immediate governance, fiscal, and diplomatic stress. While the episode was limited in duration, it had significant secondary effects on reform implementation and national priorities.

Heightened security readiness required the diversion of administrative attention and fiscal resources, delaying decision-making in civilian sectors and affecting investor sentiment. Diplomatic bandwidth was reoriented toward crisis management, regional stability, and international engagement, temporarily slowing progress in economic diplomacy and reform coordination.

The escalation also underscored the vulnerability of reform momentum to geopolitical shocks. For a government already operating under fiscal constraints, the episode reinforced the importance of institutional resilience, policy continuity mechanisms, and contingency planning to sustain reforms during periods of heightened security tension.

10. Insurgencies in Balochistan and KP Border Areas

In parallel with external security pressures, persistent insurgent activity in Balochistan and the border areas of Khyber Pakhtunkhwa posed a sustained internal security challenge throughout 2025. These security conditions had direct and indirect implications for governance and reform delivery.

First, recurring security incidents required continuous deployment of administrative, financial, and security resources, limiting the ability of civilian institutions to fully focus on development and service delivery. Second, infrastructure development, energy projects, and connectivity initiatives in affected regions faced delays, cost overruns, and implementation risks. Third, investor confidence, particularly in extractive industries, energy corridors, and regional trade routes, remained sensitive to security perceptions.

The insurgency challenge also highlighted the limits of purely administrative reform in conflict-affected regions. Governance reform in such contexts requires a combination of security stabilization, political engagement, socio-economic inclusion, and institutional presence. While reforms aimed at service delivery, employment generation, and local development were initiated, their impact was constrained by the prevailing security environment.

11. Climate Vulnerability and Disaster Management Pressures

Climate change continued to exert pressure through extreme weather events, energy demand volatility, and infrastructure stress. While climate-related reforms were initiated, particularly in energy efficiency and planning, the scale of vulnerability far exceeded available institutional and financial capacity.

Mainstreaming climate resilience into governance, budgeting, and infrastructure planning remains a long-term challenge that had to be addressed alongside immediate economic and security pressures.

12. Reform Fatigue and Implementation Risk

Finally, the sheer breadth and volume of reforms undertaken during 2025 introduced the risk of reform fatigue within institutions and among stakeholders. Sustaining momentum required

prioritization, sequencing, and strong performance monitoring to ensure reforms moved beyond notification into execution.

The challenges faced by the Shehbaz Sharif Administration in 2025 were systemic rather than episodic. They included deep-seated structural constraints, limited fiscal space, slow privatization processes, political polarization, climate vulnerability, internal security challenges in two provinces, and significant external shocks, including the May 2025 India–Pakistan military escalation.

The reforms documented in this Report must therefore be understood as responses designed and implemented under exceptional pressure. Seen in this context, the 2025 reform agenda reflects an effort to stabilize, modernize, and gradually reorient governance systems toward sustainability and people-centric delivery. The scale and nature of these challenges underscore why reform depth, sequencing, institutional resilience, and continuity, rather than speed alone, remain central to Pakistan's governance trajectory.



Transforming the Power Sector: Institutional, Financial, and Digital Reforms

The power sector remains one of Pakistan's most strategically important yet structurally complex sectors, directly influencing household welfare, industrial competitiveness, fiscal stability, and investor confidence. For over a decade, persistent inefficiencies, ranging from circular debt accumulation and legacy power purchase contracts to weak governance, planning distortions, and high system losses, have inflated electricity costs and constrained economic growth. During the reporting period of January 2025 to December 2025, the Ministry of Energy (Power Division), together with its attached departments and institutions, undertook a wide-ranging and coordinated reform agenda aimed at shifting the sector from ad-hoc crisis management to a rules-based, data-driven, and market-aligned framework.

A defining feature of the reform cycle has been the parallel pursuit of financial stabilization, institutional restructuring, digital transformation, and demand-side management. On the fiscal front, decisive action was taken to address circular debt, long considered the most destabilizing structural weakness of the power sector. Through coordinated efforts involving the Power Planning and Monitoring Company, Central Power Purchasing Agency (Guarantee) Limited, and Power Holding Company Limited, the government executed one of the largest structural financing and settlement exercises in the sector's history. A financing arrangement of approximately PKR 1.225 trillion was negotiated and executed to clear accumulated liabilities and restructure payment obligations, while legacy circular debt held by Power Holding Company Limited amounting to PKR 659.646 billion was fully retired through Sukuk redemptions and settlement of syndicated facilities. This transition marked a shift away from repeated short-term liquidity injections toward a fiscally sustainable, rules-based financing architecture aligned with IMF commitments and national energy policy objectives.

Simultaneously, the cost of electricity was addressed through extensive tariff rationalization and contract restructuring. The Private Power and Infrastructure Board and CPPA-G played a central role in renegotiating legacy Power Purchase Agreements with independent power producers. During the year, negotiated settlement agreements were concluded with more than a dozen IPPs, resulting in projected savings exceeding PKR 1.4 trillion over the remaining life of the projects, alongside substantial annual savings for consumers. These negotiations included rationalization of internal rates of return, capping of exchange rate exposure, conversion of dollar-indexed returns into rupee terms, recovery of excess fuel and O&M costs, and waiver of late payment interest claims. In parallel, six inefficient and low-utilization power plants were terminated, eliminating disproportionately high-capacity payment obligations and creating fiscal space for cheaper and cleaner energy sources.

Institutional restructuring formed another cornerstone of the reform agenda. The operationalization of the Independent System and Market Operator represented a critical step toward separating market operations from procurement and policy functions, thereby reducing conflicts of interest and strengthening transparency. Complementing this, the restructuring of the National Transmission and Dispatch Company into three distinct entities, the National Grid Company of Pakistan, Energy Infrastructure Development and Management Company, and ISMO, clarified mandates across planning, infrastructure execution, and market operations. This realignment has improved accountability, reduced project delays, and laid the foundation for a more competitive electricity market.

Planning discipline was further strengthened through the work of the Power Planning and Monitoring Company. During the year, amendments to the National Electricity Plan 2023–27 were developed to better align planning assumptions with evolving sector realities. PPMC also supported the development of the Integrated System Plan, including the Indicative Generation Capacity Expansion Plan and Transmission System Expansion Plan, aimed at ensuring least-cost, coordinated expansion of generation and transmission infrastructure. These planning instruments are expected to improve investment discipline, enhance grid reliability, and support long-term energy security, with projected savings running into billions of dollars. In addition, DISCO performance evaluations covering nearly a decade were completed, providing an objective benchmarking framework to support accountability, reform sequencing, and privatization readiness.

Digital transformation emerged as one of the most visible and high-impact reform pillars. The Power Information Technology Company Limited led sector-wide digitization efforts that fundamentally altered how electricity services are delivered and monitored. Centralized e-services platforms, consumer-facing mobile applications, automated complaint redressal systems, and paperless approval workflows were rolled out across distribution companies. Billing integrity was strengthened through OCR-enabled mobile meter reading, consumer self-reading initiatives under the “Apna Meter Apni Reading” program, and AI-based fraud, theft, and anomaly detection models. These interventions directly addressed public trust deficits associated with overbilling and losses while enabling real-time monitoring dashboards for the Ministry and Prime Minister’s Office. In parallel, sectoral data governance was enhanced through the development of the Power Cloud and Power Information System, creating a centralized data warehouse to support evidence-based policymaking, planning, and performance analysis.

Demand-side reforms were advanced through the National Energy Efficiency and Conservation Authority, which focused on reducing electricity consumption and aligning Pakistan’s energy use with climate and sustainability commitments. Mandatory Minimum Energy Performance Standards and energy labeling regimes for appliances such as fans, air conditioners, refrigerators, LEDs, and electric motors continued to be implemented, resulting in significant reported energy, financial, and emissions savings. Regulatory capacity was strengthened through the enlistment of accredited testing laboratories, while policy measures were initiated to phase out inefficient gas-based appliances in favor of electric and renewable alternatives. In the buildings sector, progress was made toward provincial integration of the Energy Conservation Building Code, accompanied by capacity-building initiatives for professionals and citizens to support compliance and adoption.

Electrification and future mobility were addressed through a comprehensive regulatory and facilitation framework for electric vehicle charging infrastructure. During the year, EV charging and battery swapping regulations became fully operational, supported by a one-window digital registration portal and a concessional electricity tariff designed to improve commercial viability. The launch of the New Energy Vehicle Policy 2025–2030 provided long-term policy certainty, setting ambitious targets for EV adoption and nationwide charging infrastructure deployment. Strategic partnerships with public and private stakeholders, alongside symbolic installations at key public-sector locations, signaled the government’s commitment to accelerating the transition toward cleaner transport.

On the supply and grid side, reforms focused on improving reliability, enabling renewable integration, and reducing dependence on imported fuels. The National Grid Company

advanced clean energy evacuation corridors, particularly strengthening north-to-load-center transmission links, while initiating reactive power compensation projects to enhance voltage stability and system security. Conceptual planning for transmission-level energy storage was also launched to introduce flexibility and frequency support in a grid increasingly dominated by variable renewable energy. Parallel investments in training, testing, and certification infrastructure aimed to build domestic technical capacity, reduce reliance on foreign laboratories, and support industrial localization.

Asset rationalization within generation companies complemented these efforts. Both GENCO Holding Company and Northern Power Generation Company continued the disposal of old and defunct power plants, generating tens of billions of rupees for the national exchequer while reducing capacity payments and O&M burdens. Human resource rationalization, including the adjustment of GENCO employees into DISCOs and transfer of pension liabilities, improved administrative clarity and long-term financial sustainability.

Despite the breadth and depth of reforms undertaken during 2025, Pakistan's power sector continues to exhibit deep structural fragilities that cannot be resolved through isolated technical or financial interventions alone. While recent actions by the Ministry of Energy and its attached entities reflect a clear recognition of long-standing failures, the sector remains caught between short-term stabilization imperatives and the absence of a fully coherent political–economic settlement that aligns incentives across the entire electricity value chain.

At the core of the sector's dysfunction lies the circular debt problem, which, despite significant progress in stock reduction, remains structurally unresolved at the flow level. The retirement of legacy liabilities and large-scale financing arrangements have improved liquidity and temporarily eased fiscal pressure, but they do not by themselves eliminate the underlying causes of debt accumulation. These causes persist in the form of high system losses, weak recoveries, politically constrained tariff adjustments, inefficient subsidy targeting, and mismatches between capacity contracted and actual demand. Without sustained discipline on loss reduction and revenue recovery at the DISCO level, circular debt risks re-emerging, shifting once again from a fiscal accounting problem into a macroeconomic vulnerability.

Another fundamental weakness lies in the historical over-contracting of generation capacity under rigid, dollar-indexed Power Purchase Agreements. While renegotiations and terminations of inefficient plants have reduced the immediate cost burden, the sector continues to carry the legacy of decisions made in a policy environment where capacity security was prioritized over affordability, flexibility, and demand realism. The persistence of capacity payments, now increasingly misaligned with consumption patterns shaped by energy efficiency, rooftop solar, and industrial self-generation, means that consumers continue to pay for power that is not always required or dispatched. This structural imbalance undermines public trust and weakens political support for necessary tariff reforms.

Institutional fragmentation has long been a defining feature of Pakistan's power sector, and although the creation of independent market and grid entities marks an important corrective step, coordination challenges remain acute. Planning, procurement, regulation, transmission execution, and distribution operations still operate in semi-siloed institutional cultures, often with misaligned timelines and accountability frameworks. The effectiveness of newly established governance interfaces will depend less on formal structures and more on whether decision-making authority, data ownership, and performance accountability are genuinely enforced rather than negotiated through informal channels.

Distribution companies remain the sector's most critical bottleneck. While planning reforms, contract rationalization, and grid investments can lower system costs, these gains cannot be fully realized unless DISCOs deliver sustained improvements in governance, loss reduction, billing integrity, and customer service. Digital tools introduced by PITC have significantly improved visibility and transparency, but technology alone cannot substitute for managerial autonomy, performance-based incentives, and credible enforcement mechanisms. In several cases, political interference in postings, procurement, and enforcement continues to dilute the impact of otherwise sound reform designs.

The rapid expansion of rooftop solar and captive generation has introduced a new layer of complexity that the sector has yet to fully internalize. While distributed energy improves resilience and reduces consumer exposure to outages, it also erodes the revenue base of DISCOs under existing tariff structures, shifting fixed system costs onto non-solar consumers. The transition from net-metering to net-billing is a necessary correction, but its success will depend on transparent communication, regulatory consistency, and the development of a tariff architecture that fairly allocates grid costs without discouraging clean energy adoption.

Energy efficiency reforms represent one of the most underappreciated yet structurally transformative components of the sector. Appliance standards, building codes, and demand-side management directly reduce the need for expensive new capacity and fuel imports. However, efficiency gains also expose a paradox: as demand growth moderates, the financial stress created by overcapacity becomes more visible. Without a deliberate strategy to reconcile efficiency-led demand moderation with legacy capacity obligations, the sector risks treating efficiency as a technical add-on rather than a central planning variable.

Grid modernization efforts highlight another structural tension. Pakistan's transmission system is being asked to perform functions for which it was not originally designed: evacuating variable renewable energy, maintaining stability with declining inertia, and serving increasingly decentralized loads. While investments in corridors, reactive power compensation, and storage planning are directionally correct, the pace of grid reform remains slower than the pace of change in generation and consumption patterns. Delays in transmission expansion or flexibility solutions can quickly negate gains made elsewhere in the system.

From a political economy perspective, the power sector continues to reflect unresolved distributional conflicts. Electricity tariffs remain one of the most politically sensitive policy instruments in Pakistan, often resulting in delayed adjustments and opaque subsidy mechanisms. While targeted subsidies and CNIC-linked databases represent progress, the broader issue of who pays for inefficiency, taxpayers, consumers, or future budgets, has not been decisively settled. As long as this ambiguity persists, reform momentum will remain vulnerable to electoral cycles and macroeconomic shocks.

In conclusion, Pakistan's power sector reforms in 2025 represent a meaningful shift from crisis containment toward structural correction, but they remain incomplete and fragile. Financial restructuring, institutional realignment, and digital modernization have created an enabling framework; however, the sector's long-term viability depends on resolving deeper incentive misalignments at the distribution level, integrating demand-side realities into planning, and depoliticizing tariff and subsidy decisions. Without these second-generation reforms, the sector risks repeating a familiar cycle, temporary stabilization followed by renewed fiscal stress, rather than achieving durable affordability, reliability, and sustainability.

Power (Electricity) Sector Reforms (2025)

Reform Area	Key Reforms / Actions (2025)	Impact / Outcome	Economic Impact	Human Capital Impact	SDG Alignment
Circular Debt & Fiscal Stability	Retirement of legacy PHL liabilities; PKR 1.2+ trillion financing and settlement arrangements	Improved sector liquidity and fiscal stability	Reduced sovereign fiscal risk; lower borrowing and interest costs	Improved institutional credibility and financial management capacity	SDG 7, SDG 8, SDG 16
Tariff & Contract Rationalization	Renegotiation of PPAs; IRR rationalization; FX exposure caps; termination of inefficient plants	Lower long-term electricity cost	PKR 1.4 trillion projected lifecycle savings; reduced tariff pressure on industry	Strengthened commercial negotiation and regulatory capacity	SDG 7, SDG 8

Market Structure Reform	Operationalization of Independent System & Market Operator (ISMO)	Transparent and competitive market operations	Improved price discovery and investor confidence	Creation of specialized market and system operation expertise	SDG 7, SDG 16
Institutional Restructuring	Unbundling of NTDC into NGC, EIDMC and ISMO	Clear mandates and accountability	Reduced project delays and cost overruns	Organizational clarity; professional specialization	SDG 9, SDG 16
Integrated Power Planning	IGCEP, TSEP, ISP updates; amendments to National Electricity Plan	Least-cost and coordinated expansion planning	Avoidance of stranded assets and overcapacity	Enhanced analytical and planning skills in public sector	SDG 7, SDG 9, SDG 13
DISCO Performance & Governance	DISCO performance evaluations; strategic roadmaps; privatization support	Stronger accountability and benchmarking	Improved efficiency and revenue recovery potential	Performance-oriented management culture	SDG 8, SDG 16
Digital Consumer Services	E-services platforms; mobile apps; paperless approvals	Improved service delivery and transparency	Reduced transaction costs and service inefficiencies	Digital skills development across utilities	SDG 9, SDG 16
Billing Integrity & Loss Reduction	OCR-based meter reading; self-meter reading; AI theft detection	Improved billing accuracy and loss visibility	Reduction in commercial losses and revenue leakage	Upskilling in data analytics and enforcement	SDG 7, SDG 9
Sector Data Governance	Power Cloud and centralized sectoral data systems	Evidence- based policymaking	Better investment decisions and policy targeting	Strengthened data governance and IT capacity	SDG 9, SDG 16
Energy Efficiency (Appliances)	Enforcement of MEPS and energy labeling	Reduced electricity demand and emissions	Lower fuel import bill; consumer cost savings	Growth in testing, certification, and compliance services	SDG 7, SDG 12, SDG 13
Energy-Efficient Buildings	Provincial integration of ECBC	Long-term demand reduction	Reduced energy intensity of urban growth	Capacity building of architects, engineers, planners	SDG 11, SDG 13
Electric Vehicle Charging Infrastructure	EVCS regulations; concessional tariff; one-window portal; NEV Policy	Accelerated clean mobility ecosystem	New investment and service-sector growth	Green jobs in EV charging, O&M, and services	SDG 9, SDG 11, SDG 13
Net-Metering Reform	Transition from net-metering to net-billing	Fairer cost-sharing and grid sustainability	Reduced cross-subsidy burden on non-solar consumers	Improved regulatory and tariff design expertise	SDG 7, SDG 12
Advanced Metering Infrastructure (AMI)	PPP-based smart meter rollout in 5 DISCOs	Modernized distribution network	Improved billing, recovery, and financial sustainability	Technical and ICT employment in metering systems	SDG 9, SDG 8

Grid Modernization & Reliability	Transmission corridors; STATCOM planning; storage frameworks	Improved grid stability and renewable integration	Reduced outage-related economic losses	High-skill engineering and grid operations roles	SDG 7, SDG 9, SDG 13
Indigenous Energy Utilization	Thar coal supply and conversion of imported coal plants	Reduced reliance on imported fuels	Forex savings and energy security	Employment generation in mining and logistics	SDG 7, SDG 8
Asset & HR Rationalization	Disposal of defunct GENCO plants; HR adjustment to DISCOs	Leaner and more efficient sector	Recovery of idle asset value; reduced fixed costs	Better workforce deployment and pension clarity	SDG 8, SDG 16



Modernizing Pakistan's Narrative and Strengthening the National Information Ecosystem

In 2025, the Ministry of Information and Broadcasting spearheaded one of the most comprehensive modernisations of Pakistan's narrative and media governance framework in recent history. Across all affiliated departments—PTV, PBC, APPC, PID, DEMP, EP Wing, PEMRA, and the Digital Communication Department—the year signified a pivotal shift towards digitisation, transparency, international collaboration, and strategic storytelling. These reforms collectively signify the advent of a modern information state, equipped to meet domestic requirements while establishing Pakistan as a reputable voice on the international stage.

One of the most significant milestones was achieved by Pakistan Television, which launched the nation's inaugural English-language digital news channel, Pakistan TV Digital. For the first time, Pakistan launched a digitally advanced platform specifically tailored to engage international audiences. Its swift growth, reaching over 62,000 followers in four months with nearly 90 percent of viewers from outside Pakistan, exemplifies the pressing international need for reliable news from a Pakistani perspective. The platform not only addresses misinformation and adversarial narratives but also indicates a cultural and technological transition in PTV's development into a digital-first broadcaster. Complementing this achievement was the introduction of Pakistan TV Satellite, an English-language global broadcasting channel that markedly enhanced Pakistan's credibility among international media observers. PTV's newsroom, traditionally regarded as a domestic broadcaster, has now been repositioned as an active participant in global media diplomacy.

Simultaneously, PTV launched a nationwide dialogue series intended to redefine public perception of key strategic issues. The opening session, centred on Indian assertiveness and Pakistan's strategic reaction, convened specialists from the military, academia, civil services, and think tanks. Through this dialogic engagement, PTV established the groundwork for a more informed citizenry and reinforced national cohesion regarding sensitive geopolitical narratives.

The Pakistan Broadcasting Corporation (PBC) also achieved significant advancements in infrastructure, service provision, and the preservation of cultural heritage. The reconstruction of the historic PBC Peshawar building, which was damaged during the events of May 9th, 2023, represented resilience and institutional revitalisation. The renovated facility, outfitted with state-of-the-art broadcasting technology, not only restored its operational capabilities but also enhanced signal quality and opened new avenues for revenue generation through the public utilisation of its auditorium and studios.

PBC further broadened its outreach by implementing the Phase-III expansion of the Saut-ul-Quran FM Network, delivering authentic Quranic recitation and Urdu translation to 29 additional

cities. This initiative aims to foster interfaith harmony, address misinformation regarding Islamic teachings, and guide younger audiences towards ethical and moral comprehension.

Concurrently, the transformation of the Murree Repeater Station into a comprehensive FM complex significantly extended broadcast coverage from 10 kilometres to 100 kilometres, thereby bolstering regional connectivity and augmenting commercial prospects. In governance reforms, PBC implemented a Digital Pension Management System, eradicated ghost pensioners, and saved millions of rupees each month, exemplifying how technology-driven initiatives can enhance transparency within the information sector. The creation of Pakistan's inaugural Radio Museum introduced a cultural facet to PBC's endeavours, safeguarding the heritage of national broadcasting while promoting tourism, education, and the preservation of cultural heritage.

The most significant digital governance initiative of the year was launched by the Digital Communication Department (DCD) through the establishment of the National Information and Media Archival Repository (NIMAR). This AI-enabled national repository aggregates all information and media archives within a centralised Tier III data centre. NIMAR represents Pakistan's initial step towards establishing a cohesive media governance framework, enabling the integration of planning, asset management, archiving, and campaign supervision to be conducted efficiently and without paper. It aligns with the government's Cloud First Policy, decreases operational expenses, expedites information retrieval, and enhances institutional memory. Through NIMAR, the Ministry of Information is evolving from disparate data silos to a sophisticated, knowledge-centric ecosystem.

The Directorate of Electronic Media and Publications (DEMP) likewise adopted digital innovation. The implementation of an AI-powered Central Monitoring Unit enhanced Pakistan's ability to monitor 125 domestic and international channels in real time. By identifying misinformation, monitoring narratives, and producing analytics, the system offers the state a continuous framework for crisis management and strategic communication. The innovation additionally facilitates the development of commercial services utilising AI-driven media analytics, such as speech-to-text transcription, advertisement monitoring, and facial recognition technologies, thereby generating new business opportunities within the information industry.

DEMP's contribution to revitalising Pakistan's film industry contributed a cultural and economic dimension to the nation's reform efforts. Through streamlined single-window facilitation, financial incentives, and welfare support for artists, the government is establishing the foundation for a more resilient film ecosystem. This resurgence corresponds with Pakistan's overarching objective of fortifying its creative economy and expanding its cultural exports. Complementing these initiatives, the Global Cinema Diplomacy Initiative facilitated the inclusion of Pakistani films in prominent international festivals, many of which were subtitled or dubbed into foreign languages, thereby substantially enhancing cross-border accessibility and establishing Pakistan as an emerging presence in global cinema. Co-production agreements with Turkey, China, Uzbekistan, and others underscore the resurgence of film as an instrument of cultural diplomacy.

Another significant intellectual achievement this year was the compilation and publication of 810 speeches by Quaid-e-Azam Muhammad Ali Jinnah, representing the first comprehensive and research-verified volume of its kind. This initiative enhances Pakistan's intellectual legacy and offers scholars, policymakers, and international audiences reliable sources that reflect the foundational vision of the nation.

DEMP also launched a sophisticated, real-time system for monitoring and authenticating government advertisements, utilising global biometric technology. The system resolved billing discrepancies and achieved savings of Rs. 70–75 million, establishing a new standard for transparency in advertisement governance.

The Associated Press of Pakistan Corporation (APPC) extended Pakistan's international presence through the ratification of eight agreements for news, digital media, and video exchange with foreign news agencies. This modernisation of APPC's news ecosystem has generated unparalleled visibility, with over 667 stories annually disseminated by partner agencies globally. For the first time, Pakistan's narrative is being systemically disseminated on international

platforms in real time, enhancing the country's communication capabilities.

The Press Information Department (PID) deployed Pakistan's most advanced AI-powered narrative intelligence system as part of its Counter Violent Extremism initiative. The continuous, 24/7 monitoring system identifies extremist language, misinformation, and emergent threats across print, electronic, and digital media, providing prompt alerts to the appropriate authorities. Nationwide digital literacy seminars, research publications, policy briefs, and academic partnerships have further integrated CVE frameworks into public awareness. PID also implemented predictive analytics, representing a significant transition from reactive to proactive policymaking, enabling the early detection of potential threats and enhanced collaboration with law enforcement agencies.

The External Publicity Wing (EP Wing) enhanced Pakistan's international media diplomacy by securing 24 international media cooperation agreements, with an additional 40 agreements currently under negotiation. These collaborations facilitate content sharing, journalist development, joint productions, and transnational dialogue. By streamlining visas, NOCs, and accreditation procedures for foreign media, EP Wing has substantially enhanced Pakistan's international media facilitation framework, sending encouraging signals to investors, creative collaborators, and global media organisations.

Finally, PEMRA introduced a regulatory reform by integrating with the SECP's e-services portal, facilitating expedited application processing and enhanced support for broadcasters and investors, representing another stride towards simplifying the business environment within Pakistan's media sector.

Collectively, these reforms exemplify a sector in transition—from conventional broadcasting frameworks to contemporary, data-centric, globally integrated institutions. The Ministry of Information and Broadcasting is establishing itself as a key pillar of Pakistan's governance reform agenda by enhancing digital governance, fostering transparency, revitalising cultural initiatives, facilitating international media collaboration, and safeguarding the national narrative with increased sophistication and technological expertise.

By establishing the groundwork for more robust institutions and a more influential global presence, the information reforms of 2025–2026 constitute a substantial advancement towards a more resilient, informed, and internationally engaged Pakistan.

Summary of Major Reforms Under The Ministry of Information & Broadcasting

Institution / Wing	Key Reform / Initiative	Core Objective	Main Impact	Economic Impact	Human Capital Impact	SDG Alignment
PTV	Pakistan TV Digital (English, Digital-Only)	Project Pakistan's narrative globally through a modern digital news channel	Surpassed competitor in followers; 90% viewership from abroad; strengthened public diplomacy	Improved global perception > supports tourism, investment, and foreign engagement	New digital newsroom roles; opportunities for young content creators	SDG 8, 16
PTV	Pakistan TV English Satellite Channel	Enhance global relevance and credibility of state broadcaster	Recognized by major international outlets; strengthened Pakistan's soft power	Increases international investor confidence and global media partnerships	Direct technical and editorial staffing growth	SDG 9, 17
PBC	Rehabilitation of PBC Peshawar & Murree FM Complex	Restore damaged heritage and expand FM reach	Fully modernized facilities; stronger regional broadcast coverage; increased revenue potential	Higher rental income from auditorium, studios; tourism and cultural value	Jobs in engineering, facility operations, and content production	SDG 9, 11

PBC	Saut-ul-Quran FM Network (Phase III)	Promote peace, tolerance, and ethical guidance	Expanded to 29 new cities; youth engagement; strengthened interfaith harmony	Increased listenership > advertising value; cultural and educational uplift	100+ technical/administrative jobs; long-term religious content staffing	SDG 9
PBC	Digital Pension Management System	Eliminate ghost pensioners and strengthen financial governance	Monthly savings worth millions; transparency restored	Direct fiscal savings > reduced government liabilities	IT and administrative jobs to manage digital system	SDG 16
DCD	NIMAR – National Information & Media Archival Repository	Centralize and digitize media data for AI-driven governance	Tier III data center; paperless workflows; integrated planning and monitoring	Significant operational cost savings; digital asset monetization potential	Creation of AI, data, and digital governance roles	SDG 8, 9, 13, 16, 17
DEMP	AI-Enabled Central Monitoring Unit	Real-time monitoring of 125 channels to counter misinformation	Data-driven media oversight; rapid narrative response	Strengthens information stability > investors gain confidence in Pakistan's media climate	Specialized technical, analytical, and AI support jobs	SDG 9, 16
DEMP	Film Revival & Global Cinema Diplomacy	Revive film industry and boost soft power	Facilitated production; festival participation; co-productions initiated	Stimulates cinema revenues, cultural exports, and international co-investments	Large-scale creative industry employment: actors, producers, editors, crew	SDG 3, 8, 9
DEMP	Jinnah Speeches (1906–1948) Compilation	Preserve and disseminate Quaid's authentic vision	First comprehensive publication of 810 speeches	Strengthens academic and publishing sectors; enhances research activity	Research, editorial, translation, and archival roles	SDG 4, 16
DEMP	Real-Time Ad Tracking & Verification	Ensure transparency in government ad spending	Rs 70–75 million saved through automated verification	Reduces financial leakages; increases efficiency of media expenditure	IT, monitoring, and data audit positions	SDG 9, 16
APP	International News & Digital Exchange MoUs	Modernize news agency and expand global reach	600+ stories picked annually by partner agencies; improved narrative placement	Enhances Pakistan's reputation > boosts trade, tourism, diplomacy	Expands editorial teams, international desks, multimedia units	SDG 16
PID	24/7 CVE Monitoring & Predictive Analytics	Detect extremist narratives and anticipate escalation	Real-time alerts; improved policy decisions; early warning capability	Reduced economic instability by preventing misinformation-driven unrest	Data analysts, researchers, communication specialists	SDG 9, 16

EP Wing	24 Media MoUs & Streamlined Foreign Media Facilitation	Strengthen media diplomacy and ease of doing business	Better branding, smoother foreign media operations, increased co-productions	Enhanced foreign investor confidence; expanded creative economy	Jobs in translation, production, coordination, logistics	SDG 8, 16, 17
PEMRA	Integration with SECP e-Services Portal	Speed up licensing and improve investor facilitation	Faster case processing; reduced regulatory delays	Lowers entry barriers; accelerates media sector investment	Indirect job growth through industry expansion	SDG 9



Telecommunications & Digitalization:
Building a Connected, Secure, and Future-Ready Pakistan

The Ministry of Information Technology & Telecommunication (MoITT) led one of the most ambitious reform agendas of 2025, reshaping Pakistan's digital future through legislative modernization, infrastructure expansion, cybersecurity strengthening, skills development, and rapid adoption of digital public services. The year marked a decisive pivot from fragmented digital efforts to a unified national vision grounded in legislation, innovation, and citizen-centric digital governance.

At the heart of this transformation was the passage of the Digital Nation Pakistan Act, 2025, which established the country's first comprehensive governance framework for the digital economy. The Act created the Pakistan Digital Authority and the National Digital Commission, finally laying the institutional foundations for coordinated, whole-of-government digitalization. With the Act's enforcement, Pakistan now has a centralized body to guide digital policy, harmonize standards, and ensure seamless execution of national digital initiatives. The reform brings regulatory certainty, investor confidence, and a new era of digital governance anchored in transparency and service delivery.

Strengthening cyber resilience became another defining priority. The Prevention of Electronic Crimes (Amendment) Act, 2025 introduced long-awaited reforms to enhance online safety and accountability. Through the establishment of the Social Media Platforms Regulatory Authority (SMPRA), a specialized tribunal, and a complaints council, Pakistan elevated its capacity to manage cybercrime, safeguard citizen data, and respond effectively to emerging digital threats. Together with the launch of the National Cybersecurity Framework and the operationalization of National CERT (NCERT), the year produced a more trusted and secure digital ecosystem for businesses, government, and citizens alike.

Parallel to cybersecurity reforms, Pakistan approved the Artificial Intelligence Policy 2025, a milestone that positions the country for the next wave of technological transformation. The policy provides a national roadmap for ethical and inclusive AI adoption, emphasizing training programs, regulatory sandboxes, and cross-sector innovation. As implementation begins, Pakistan is pivoting toward a knowledge-based, AI-powered economy with high-skilled workforce opportunities.

In telecommunications, 2025 was a landmark year with the launch of Telecom Sector Reforms & Connect Pakistan 2030, a unified effort to expand broadband access, enable satellite connectivity, implement spectrum reforms, and prepare the groundwork for 5G. The introduction of a comprehensive MVNO framework, satellite broadband regulations, and a roadmap for next-generation connectivity has strengthened competition, improved service quality, and advanced

Pakistan's ambition for nationwide digital inclusion. These reforms are complemented by the Right of Way Fee Harmonization Policy, which reduced operational bottlenecks for telecom operators, accelerated network expansion, and ensured more affordable and accessible broadband, especially in underserved areas.

Digital inclusion remained central to the year's agenda. The Universal Service Fund (USF) accelerated rural connectivity with extensive 4G expansion projects, optical fiber deployment across remote districts, and digital access initiatives in mountainous and underserved regions. By bridging the connectivity divide, USF's interventions not only supported socioeconomic inclusion but also expanded rural market access and stimulated local economic activity.

The year also marked unprecedented progress in the growth of Pakistan's IT exports. Through a consolidated strategy under Tech Destination Pakistan, IT and IT-enabled services reached an all-time high of USD 3.8 billion, supported by global branding campaigns, improved regulatory facilitation, and expanded market access. The formalization of the IT sector through the registration of 22,374 companies, call centers, and freelancers further strengthened Pakistan's export reporting structure, broadened its investor base, and expanded eligibility for government incentives.

MoITT also accelerated Pakistan's shift toward cloud-based governance. The operationalization of the Cloud First Policy and activation of the Cloud Board established clear procurement guidelines and accreditation standards for cloud service providers. This reform reduces government IT fragmentation, strengthens digital resilience, and establishes a modern digital infrastructure compatible with global best practices.

Digital public services advanced significantly under the Digital Economy Enhancement Project (DEEP), a USD 78 million World Bank–funded initiative. DEEP operationalized digital public infrastructure (DPI) foundations, enabling one-stop public service delivery for citizens and businesses. The launch of the Pak App, National Digital Exchange Layer (NDEL), Single Sign-On, and pilots of Digital ID (Pak ID Vault) marked Pakistan's transition toward an integrated, paperless government where citizens access services seamlessly across departments.

The year also witnessed near-universal adoption of E-Office, replacing paper-based workflows across federal ministries. With up to 70 percent reduction in processing time, improved audit trails, and greater accountability, Pakistan's governance system is becoming more transparent, responsive, and efficient.

Human capital development emerged as a parallel priority. The Prime Minister's Skill Tech Pakistan Initiative launched six flagship programs that placed 2,700 interns and delivered 12,600 professional certifications, dramatically improving employability and export-readiness among Pakistani youth. Complementing this initiative, the National ICT Internship Program placed over 1,000 graduates in industry roles with a 30 percent conversion rate into permanent employment. The establishment of 20 E-Rozgar Centers enhanced opportunities for freelancing and self-employment, expanding Pakistan's footprint in the global gig economy.

International collaboration also strengthened digital governance. Through the Google Career Certificates for Officers, more than 7,000 government officials were enrolled in cutting-edge digital and AI skills programs, improving the state's internal capacity for policy implementation. Similarly, the Huawei ICT Skills Program trained over 100,000 youth, part of a national effort targeting 300,000 participants to build a future-ready ICT talent base.

Infrastructure development continued with the expansion of Software Technology Parks (STPs), now totaling 43 nationwide, and rapid progress on major IT Parks in Islamabad, Lahore, and Karachi, which will provide affordable, high-quality office space for IT firms and startups. At the industrial level, the launch of Pakistan's local Chromebook assembly line in Haripur, with a production capacity of 500,000 units annually, marked a major step toward electronics manufacturing, technology transfer, and import substitution.

Another breakthrough came with the establishment of the Center of Excellence in Gaming & Animation (CEGA), a PKR 2.52 billion initiative designed to position Pakistan as a major player in the global creative-tech economy. With training, incubation, and studio support under one roof,

CEGA diversifies Pakistan's digital exports and creates high-skilled jobs in animation, gaming, and digital content creation.

Across all these reforms, MoITT confronted challenges typical of large-scale digital transformation, legacy systems, uneven provincial readiness, and rapidly evolving technology. Yet the ministry's ability to coordinate across institutions, attract international partnerships, and mobilize investment demonstrates a sustained commitment to building a connected, secure, and innovation-driven digital Pakistan.

Together, these initiatives form the backbone of Pakistan's digital future: a country prepared for AI, empowered by broadband, protected by strong cybersecurity institutions, supported by modern infrastructure, and strengthened by a skilled, globally competitive workforce.

Summary of Major Reforms Under Telecommunications and Digitalization (2025–26)

Reform / Initiative	Core Objective	Main Impact	Economic Impact	Human Capital Impact	SDG Alignment
Digital Nation Pakistan Act, 2025	Establish unified national digital governance framework	Creation of Pakistan Digital Authority & National Digital Commission	Greater investor confidence; cohesive digital policy environment	Large-scale indirect digital economy jobs	SDG 9, 16, 17
PECA Amendment Act, 2025	Strengthen cybercrime prevention & data protection	SMPRA, Tribunal & Complaint Council operational	Reduced cyber risk for businesses; more secure digital trade	Cybersecurity, legal & digital compliance jobs	SDG 9, 16
Artificial Intelligence Policy, 2025	Enable ethical, inclusive adoption of AI	AI training, regulatory sandboxes, sectoral pilots	Boosts innovation, increases digital exports, attracts tech investment	High-skilled AI, ML & data science workforce	SDG 4, 8, 9
Telecom Sector Reforms & Connect Pakistan 2030	Expand broadband & prepare 5G ecosystem	Spectrum reforms, MVNO policy, satellite broadband regulations	Lower cost of connectivity; competitive telecom market	Telecom infrastructure, engineering & services jobs	SDG 9, 11
IT Export Growth – Tech Destination Pakistan	Boost IT & ITES exports	Exports reach USD 3.8B; stronger global branding	Higher foreign exchange inflows; expanded digital trade	Large-scale IT industry employment	SDG 8, 9, 17
USF Digital Inclusion Projects	Connect rural & underserved areas	4G rollout, national OFC deployment	Expands rural business activity; reduces economic disparity	Infrastructure deployment & rural tech support jobs	SDG 9, 10
Right of Way Fee Harmonization Policy	Reduce cost & time for network expansion	Faster broadband rollout nationwide	Lower capital costs > accelerated digital inclusion	Jobs in broadband deployment & maintenance	SDG 9, 10, 11
Cloud First Policy & Cloud Board	Shift government to secure cloud infrastructure	CSP accreditation, unified procurement	Reduced IT inefficiencies; improved resilience	Jobs in cloud services, data centers, cybersecurity	SDG 9, 16
Formalization of IT Sector (PSEB Registration)	Formalize IT, call centers & freelancers	22,374 entities registered	Stronger export reporting, increased tax net, improved credibility	Indirect job growth through documented IT sector	SDG 8, 9
National Cybersecurity Framework & CERTs	Strengthen national cyber resilience	NCERT operational; 6 govt & 3 sectoral CERTs	Secure environment for digital economy & investors	Cyber analysts, incident responders, security ops	SDG 9, 16

Digital Economy Enhancement Project (DEEP)	Modernize service delivery through DPI	DPI rollout; PMUs established	Streamlined citizen services; reduced transaction costs	Digital project management & technical roles	SDG 9, 16
Pak App, NDEL & Digital ID (Pak ID Vault)	Provide integrated public digital services	One-stop services; Digital ID pilots	Lower administrative costs; improved ease of doing business	Indirect jobs via fintech & govtech ecosystem	SDG 9, 16
Near-Universal Adoption of E-Office	Replace paper workflows with digital systems	Up to 70% faster file processing	Increased government productivity; reduced operational costs	Administrative & IT support roles	SDG 16
PM's Skill Tech Pakistan Initiative	Enhance employability & digital skills	Internships, certifications; 2,700 placements	Boosts IT export capacity; strengthens skills pipeline	Direct placement of thousands annually	SDG 4, 8
National ICT Internship Program	Align graduates with industry needs	Paid internships; 30% conversion to jobs	Supports industry workforce gaps; boosts exports	Direct job placements in IT sector	SDG 4, 8
E-Rozgar Centers	Promote freelancing & self-employment	20 centers established nationwide	Growth in freelance exports; rural income generation	Thousands of self-employment opportunities	SDG 4, 8
Google Career Certificates for Officers	Upskill public sector in digital governance	Over 7,000 officers enrolled	Better policy implementation; stronger digital state capacity	Strengthens professional government workforce	SDG 4, 16
Huawei ICT Skills Program	Develop large-scale ICT talent	100,000+ youth trained	Expands Pakistan's ICT export potential	Prepares workforce for ICT, cloud & networking jobs	SDG 4, 8, 9
IT Parks & Software Technology Parks Expansion	Provide affordable IT infrastructure	43 STPs; IT Parks in Islamabad, Lahore & Karachi	Attracts foreign investors; reduces operational costs for startups	Significant job creation across IT clusters	SDG 8, 9
Local Chromebook Assembly Line	Enable domestic tech manufacturing	500,000 unit annual capacity	Import substitution; strengthens local supply chain	Manufacturing, QA & technical assembly jobs	SDG 8, 9
Center of Excellence in Gaming & Animation (CEGA)	Develop creative-tech industries	PKR 2.52B training & incubation facility	Opens high-value export verticals (gaming, VFX, animation)	High-skilled creative & digital arts jobs	SDG 8, 9



Ministry of Defence:
Modernizing Governance, Safety, Infrastructure and Service Delivery

During 2024–25, the Ministry of Defence (MoD) emerged as one of Pakistan's most reform-driven federal institutions, advancing an agenda that extends far beyond its core national security mandate. Working across diverse domains, military accounts, civil aviation, airport security, cantonment governance, meteorology, maritime surveillance, veterans' welfare, and geospatial systems, the Ministry pursued a modern reform strategy aligned with four overarching objectives:

1. digital transformation and financial transparency,
2. stronger and globally compliant aviation and maritime systems,
3. improved human capital through education and welfare investments, and
4. enhanced climate and disaster resilience.

The outcome is a defence sector that is simultaneously strengthening national security and driving wider governance, economic modernization and SDG progress.

Legislative Transformations in Defence Leadership: CDS Framework & Field Marshal Elevation

Pakistan's defence governance architecture is undergoing a historic shift as legislative efforts move toward the creation of the Chief of Defence Staff (CDS), a structural reform long recognized as essential for modernizing higher defence management. The CDS office is to unify tri-services coordination, streamline procurement, harmonize planning cycles, and institutionalize a single military advisory channel to civilian leadership. With clear statutory powers, tenure, accountability lines and inter-service mandates, the CDS will reduce duplication, improve strategic coherence, and enhance Pakistan's ability to respond to multi-domain threats ranging from cyber and space to hybrid warfare.

Parallel to this institutional modernization, Pakistan has enacted the elevation of the Chief of Army Staff (COAS) to the rank of Field Marshal, a ceremonial but symbolically significant development. The legislative and constitutional clarifications accompanying this elevation formalize the title within Pakistan's legal framework, prevent ambiguity around authority or protocol, and reinforce national recognition for exceptional military leadership. The rank represents a new chapter in national honours and defence tradition.

Together, these reforms signal Pakistan's shift toward codified defence governance compatible with global democratic norms. They represent a move away from convention-based leadership

structures toward a modern, rule-based framework capable of supporting long-term national stability, strategic planning and institutional balance.

1. Defence Financial Governance and Digitization

Pakistan Military Accounts Department (PMAD)

PMAD has undertaken one of the federal government's most ambitious digital public finance reforms. The Accounting Information Management System (AIMS) is converting decades of manual accounting and fragmented workflows into a unified digital ecosystem. Payroll, pensions, budgeting, pre-audit, payments and reporting modules are being rolled out nationwide, beginning with successful payroll pilots in Rawalpindi. Once fully deployed, AIMS will strengthen financial discipline, reduce leakages, improve auditability, and expand the digital footprint of defence expenditures under SDG 16.

The Direct Credit System (DCS) for pensions has eliminated ghost records and dramatically improved payment timelines, with 100% Navy and Air Force pensioners and over 92% of Army pensioners shifted to direct bank transfers. More than 230,000 pension records have been digitized, and the implementation of RAAST, Pakistan's national micropayments platform, is further increasing transaction transparency and speed across defence accounts.

These reforms are transforming PMAD from a traditional audit bureaucracy into a modern, technology-enabled public finance management institution.

2. Safer Skies and Stronger Aviation Governance

Pakistan's aviation ecosystem witnessed major structural, regulatory and operational reforms targeting international compliance, digital transformation and passenger safety.

Pakistan Civil Aviation Authority (PCAA)

Following the 2023 Civil Aviation Act, PCAA has fully separated regulatory functions from service-provider roles. Independent HR, finance and IT systems are now operational, ending decades of structural conflict of interest. Safety oversight has been strengthened through digital licensing, mandatory reporting systems and enhanced training under the NGAP framework. Achieving the ICAO Council President Certificate in 2025 underscored Pakistan's progress toward global aviation standards.

To restore EU and UK flight permissions, a critical economic and diaspora priority, PCAA implemented targeted oversight improvements, digital audits, security enhancements and international cooperation under EU SA APP, SARI and IATA frameworks. Financial autonomy is now supported through segregated budgets, e-procurement (EPADS), streamlined fund management and transparent governance.

Airports Security Force (ASF)

ASF reforms have modernized aviation security through staff reallocation to critical checkpoints, improved rotation policies, enhanced emergency protocols and specialized training. Welfare reforms, upgraded accommodation, female facilities and psychological well-being initiatives have significantly improved staff morale and performance. A long-term modernization roadmap includes advanced scanning, surveillance and security technologies.

Pakistan Airports Authority (PAA)

PAA has introduced digitized aeronautical billing, advanced business intelligence dashboards, a modernized e-office environment and a user-centric web portal. Infrastructure upgrades at Lahore, Karachi, Skardu, Peshawar, Faisalabad and Multan airports are strengthening regional connectivity, tourism potential and passenger experience. The Civil Aviation Training Institute is being upgraded into a regional aviation training hub.

Bureau of Aircraft Safety Investigation Pakistan (BASIP)

Compliance with the Air Safety Rules, 2025 has established BASIP as Pakistan's independent air accident investigation authority. Planned staff recruitment, secure IT infrastructure and regional integration will enhance transparency, reduce risk and build international confidence in Pakistan's aviation safety ecosystem.

Privatization of PIA

The transfer of majority ownership of PIA to a private investor on 23 December 2025 marks the most significant aviation-sector reform in decades. The move aims to eliminate fiscal losses, improve operational efficiency and revive the national carrier's competitiveness. In the long run, the privatization is expected to create a healthier aviation market and support job creation under sustainable commercial conditions.

3. Education, Human Capital and Veterans' Welfare

Federal Government Educational Institutions (Cantonments & Garrisons) and National University of Pakistan

FGEIs are modernizing through IT integration, STEAM-focused curricula and emphasis on digital literacy and holistic learning. Establishing new institutions in Gwadar and Gilgit expands federal educational outreach into underserved strategic regions. The upcoming National University of Pakistan (NUP) will consolidate federal higher education institutions, enhance research capabilities, and strengthen links between education, national cohesion and socio-economic development.

Military Lands & Cantonments (ML&C)

ML&C has implemented one of Pakistan's most comprehensive digital transformation programmes. The ML&C MIS integrates HR, finance, land management, legal affairs and municipal services on a single digital platform. The CBCARE app offers online billing, complaint management and service requests, improving citizen convenience and transparency.

Digitization of more than 30,000 employee records, AI-enabled attendance, and HR rationalization have eliminated inefficiencies and saved nearly one billion rupees annually. GIS mapping of 616,000 properties has uncovered 150,000 previously unassessed units, expanding municipal revenues and ensuring fair assessments. Standardized building by-laws, underground cabling, health and education policies and improved public spaces are transforming cantonments into modern, well-governed urban centers.

Pakistan Armed Services Board (PASB)

The PASB has digitized pension, complaint and personnel management systems, improving service delivery for veterans. New infrastructure, solarization of offices and welfare facilities such as the Veterans Mess in Karachi strengthen support systems for ex-servicemen while reducing operational costs.

4. Maritime Surveillance, Meteorology and Geospatial Governance

Maritime Affairs Wing

Installation of Vessel Monitoring Systems has strengthened marine security, reduced illegal fishing and improved sustainability in Pakistan's coastal economy, supporting SDG 14.

Pakistan Meteorological Department (PMD)

Under the Modernization of Hydromet Services Project, PMD is upgrading radars, sensors and hydrological systems, improving flood forecasting and climate modeling. Digital dissemination tools and inter-agency coordination mechanisms allow timely warnings and support infrastructure planning, agriculture decisions and disaster preparedness.

Survey of Pakistan

The Survey of Pakistan is leading the national geospatial transformation. Through 50 thematic geospatial layers, NSDI development and standardized mapping, the department is enabling evidence-based planning for climate resilience, infrastructure, water management and urban development. These reforms will reduce duplication, lower public-sector costs and unlock private-sector innovation.

5. Frontline Aviation Operations, Safety and Service Delivery

ASF welfare and operational reforms, PAA's infrastructure upgrades, and BASIP's strengthened investigation capabilities together represent a holistic modernization of Pakistan's aviation operations. These reforms improve international confidence, enhance passenger safety, reduce operational risks and create a more investor-friendly environment for aviation stakeholders.

A Defence Ministry Driving National Transformation

The Ministry of Defence's 2024–25 reform programme demonstrates that defence institutions can be powerful drivers of national modernization. By digitizing financial governance, improving aviation safety, investing in human capital, strengthening climate preparedness, and building modern geospatial systems, the Ministry is contributing significantly to Pakistan's institutional resilience, economic growth and global credibility.

As forthcoming reforms, such as full AIMS implementation, expansion of RAAST, NSDI rollout, advanced aviation security technology, and stronger meteorological networks, come into effect, the Ministry of Defence will continue shaping Pakistan's transition toward a secure, transparent and future-ready governance ecosystem.

Summary of Major Reforms Under the Ministry of Defence.

Reform Area	Key Reform / Initiative	Outputs Delivered	Short-Term Impact	Long-Term Institutional / Economic Impact	Human Capital Impact	SDG Alignment
Defence Leadership Modernization	Creation of Chief of Defence Staff (CDS) Framework	Legislation prepared; statutory structure outlined	Clearer chain of command & streamlined advice to civilian leadership	Integrated tri-services planning, reduced duplication, modern joint warfare capability	Builds a skilled strategic planning cadre; enhances joint military leadership culture	SDG 16
	Elevation of COAS to Field Marshal	Rank formalized with legal clarity & framework	Strengthened national morale & institutional recognition	Modernized defence traditions; clearer institutional protocols	Enhances professional prestige within armed forces	SDG 16
Digital Public Finance Management	Accounting Information Management System (AIMS)	Digitized payroll, budgeting, pre-audit & payments; pilots completed	Faster payments, fewer errors, reduced administrative delays	Transparent, fully digital defence financial ecosystem; reduced leakages	Upskilling of defence finance personnel in IT-based systems	SDG 16, SDG 9

	Direct Credit System (DCS) for Pensions	230,000+ pensioners digitized; 92–100% conversion	Elimination of ghost pensioners; direct & timely payments	Strengthened fiduciary governance; reduced fiscal waste	Financial security for veterans; reduced harassment for families	SDG 1, SDG 16
Aviation Regulatory Reform	PCAA Institutional Restructuring (Civil Aviation Act 2023 Implementation)	Segregation of regulator & service provider; independent systems	Clearer regulatory authority, improved safety oversight	Restoration of EU/UK flights; global credibility of Pakistan's aviation sector	Professional training for inspectors & regulators	SDG 9, SDG 16
	Digital Aviation Systems (e-licensing, MOR/ SMS, e-office, EPADS)	Industry-wide digital compliance, reporting & procurement	Reduced processing time; transparent auditing	Predictable regulatory environment, lower business costs	Builds digital skills within aviation workforce	SDG 9, SDG 16
	ICAO Recognition (2025 Certificate)	International compliance benchmarks met	Boost to aviation reputation	Opens pathway for international routes, FDI & partnerships	Inspires high-performance culture	SDG 17
Aviation Security & Airports Operations	ASF Operational & Welfare Reforms	Staff redeployment, improved rotation, new training	Enhanced security efficiency; higher morale	Professionalized security force aligned with ICAO Annex 17	Better working conditions & gender-inclusive facilities	SDG 8, SDG 16
	PAA Digital & Infrastructure Upgrades	Dashboards, e-office, website, automated billing	Streamlined airport operations	Improved passenger experience; increased tourism & trade	Skill development via CATI internships	SDG 8, SDG 9
	PIA Privatization (Dec 2025)	Majority share transferred to private investor	Reduced fiscal burden; restructuring underway	Competitive national airline; increased tourism & export connectivity	Market-driven aviation jobs in long run	SDG 8, SDG 16
Independent Aircraft Safety Investigations	BASIP Establishment & Air Safety Rules 2025	Legal mandate, new staff positions, dedicated IT infra	Safer flight operations, transparent investigations	Strengthened investor confidence; global aviation credibility	New specialized jobs (investigators, analysts)	SDG 9, SDG 16
Education & Human Capital (MoD Institutions)	FGEIs Quality & Digital Upgradation	Enhanced STEAM curriculum, digital classrooms	Better learning outcomes; improved digital skills	Stronger national workforce readiness; improved literacy in remote regions	Educated youth in Gwadar, Gilgit & garrisons	SDG 4, SDG 8
	National University of Pakistan (NUP)	Framework for unified federal higher education	Improved governance, research planning	Stronger academic integration, national cohesion	High-skill graduates in defence-linked sectors	SDG 4
Urban Governance & Cantonment Reform	ML&C MIS & Digital Governance	Unified MIS for HR, finance, land, legal, municipal services	Reduced corruption; faster citizen services via CBCARE	Transparent land management; increased revenue	Digital training for 30,000+ employees	SDG 11, SDG 16

	GIS-Based Property Mapping	616,000 properties surveyed; 150,000 unassessed detected	Expanded municipal revenue	Sustainable urban planning & fair taxation	Skilled GIS workforce creation	SDG 11, SDG 9
Veterans' Welfare	PASB Digitization & Infrastructure	Digital pension systems, e-office, new facilities	Faster service delivery; reduced complaints	Long-term welfare system credibility	Better healthcare access & morale	SDG 3, SDG 16
Maritime & Fisheries Security	Vessel Monitoring Systems	VMS installed on fishing boats	Reduced illegal trawling; enhanced monitoring	Sustainable fisheries economy; protected marine life	Safer working conditions for fishermen	SDG 14
Meteorology & Climate Resilience	MHSP Modernization of Hydromet Services	New radars, AW stations, gauges, warning systems	Improved forecasts; better disaster preparation	Climate-resilient infrastructure planning; reduced flood losses	Skilled meteorology professionals	SDG 13, SDG 11
Geospatial Governance	Survey of Pakistan NSDI & Thematic Data Layers	50 standardized geospatial layers; NSDI task force	Better inter-agency coordination; accurate mapping	Backbone for digital economy, infrastructure planning	Emerging geospatial workforce	SDG 9, SDG 16



ENERGY SECTOR REFORMS (2025-2026)

The Ministry of Energy (Petroleum Division) undertook one of the most ambitious and multidimensional reform programs during January–December 2025, transforming governance structures, market competitiveness, transparency mechanisms, and long-term energy planning in Pakistan. The year's agenda focused on strengthening policy clarity, improving operational efficiency across the oil, gas, and minerals value chains, modernizing regulatory frameworks, and positioning Pakistan to attract large-scale domestic and foreign investment. Collectively, these initiatives mark a fundamental shift toward a more efficient, accountable, and resilient energy ecosystem capable of meeting national socio-economic needs.

A central component of the reform program was the advancement of Integrated Long-Term Energy Planning, developed through global consultancy support from Wood Mackenzie. This planning exercise enabled the government to accurately model future energy demand, optimize the balance between imported LNG and indigenous fuel supplies, and identify critical infrastructure needs. The study guided decisions to reduce LNG cargo procurement and increase the offtake of local resources, generating substantial foreign exchange savings and supporting a more sustainable energy mix.

Operational efficiency and service delivery were strengthened through targeted interventions in the gas distribution network. The reduction of Unaccounted-for Gas (UFG) was a key priority due to persistent system losses and methane emissions. Smart metering infrastructure was installed across various network segments, enabling more accurate monitoring, detection of leakages, and prevention of theft. These measures lowered financial losses of SNGPL and SSGC and laid the groundwork for a more transparent and efficient pricing mechanism, ultimately reducing pressure on consumer tariffs and minimizing future circular debt accumulation.

Industrial energy efficiency was improved through the introduction of a Captive Power Plant (CPP) levy, which encouraged industries to transition from gas-based captive generation to the national electricity grid. This policy increases grid utilization, lowers per-unit costs through improved economies of scale, and reduces the carbon footprint of the industrial sector. Parallel to this, the Ministry prioritized energy security by increasing indigenous gas supplies and reducing reliance on costly LNG imports. The reduced import footprint alone generated nearly USD 1 billion in savings during 2025, while simultaneously stimulating domestic exploration and production (E&P) activity.

The government also initiated the most significant liberalization of the gas market in Pakistan's history. The implementation of the Third-Party Access (TPA) regime and the commencement of business-to-business gas sales opened pipelines, terminals, and new gas production zones

to private sector participation. With over twenty companies progressing through licensing processes, the market has begun transitioning from a state-dominated structure toward a competitive and efficient gas trading environment. These reforms improve returns for E&P companies, expand private investment, and ensure better utilization of idle pipeline capacity.

Upstream exploration was further revitalized through the approval of the Tight Gas Policy 2024 and the conclusion of both onshore and offshore bidding rounds. These initiatives are expected to unlock nearly USD 5 billion in new E&P investments, strengthening Pakistan's long-term energy resilience. Complementing this was the adoption of the National Mineral Policy 2025 and efforts to harmonize mineral laws across the federation, which created a more predictable and investor-friendly mining framework. This harmonization enhances resource management, improves transparency, and offers global companies a conducive environment for participation in Pakistan's emerging critical minerals sector.

One of the most consequential achievements of the year was progress toward the financial close of the Reko Diq copper and gold project, representing approximately USD 6 billion in new investment. This single project is expected to place Pakistan on the global map as a reliable producer of critical minerals, generate substantial foreign exchange earnings, and support workforce development over the next three to four decades.

In the downstream oil sector, the Ministry implemented a series of reforms aimed at modernizing fuel logistics, increasing transparency, and curbing illicit activities. The shift from trucking to pipeline-based transportation increased the share of oil moved through pipelines from 50 percent to 60 percent, with a clear roadmap to reach 75 percent. This shift enhances road safety, reduces smuggling, strengthens monitoring of oil molecules in the system, and improves revenue collection. The approval of the new White Oil Pipeline (MTT) is expected to bring USD 400 million in infrastructure investment, supporting safer and more cost-effective fuel transportation.

Digitization and transparency became defining characteristics of the Ministry's 2025 agenda. The introduction of Track & Trace systems for both explosives and oil tankers has brought full visibility to previously opaque supply chains. Every explosive item in the country is now tagged from production to end-use, while GPS-enabled monitoring of more than 15,000 oil tankers ensures accountability, reduces pilferage, prevents adulteration, and increases tax revenues. Strong legal enforcement measures were also introduced, including amendments to the Petroleum Act that make pipeline theft a non-bailable offence, significantly enhancing deterrence and protecting national assets.

The Ministry further prioritized institutional strengthening by reconstituting boards of state-owned enterprises, introducing professional governance standards, and initiating privatization processes for SML and PMDC. These measures improve decision-making, enhance transparency, and facilitate performance-based management structures.

Energy access remained a key dimension of the reform program. The removal of the moratorium on new RLNG connections allowed nearly 600,000 new households to access affordable energy options, improving public perceptions of gas utilities as consumer-centric entities. At the same time, the Ministry developed a comprehensive Circular Debt Settlement Plan, projected to reduce the gas sector's circular debt burden by Rs. 1.7 trillion over the next five to six years. The plan, combined with structural reforms to prevent re-accumulation, aims to restore financial sustainability to the sector.

Overall, the Ministry of Energy's reform efforts in 2025–2026 reflect a transformational approach to policy clarity, market discipline, sustainability, and investment readiness. Through targeted interventions across policy, regulation, transparency, infrastructure, and institutional governance, Pakistan has taken significant strides toward building a modern, efficient, and secure energy ecosystem capable of supporting economic growth for decades to come.

ENERGY SECTOR REFORMS

"Energy Reforms at a Glance (2025–2026)

Reform Area	Key Reform / Initiative	Core Objective	Main Impact	Economic Impact	Human Capital Impact	SDG Alignment
Strategic Planning	Integrated Long-Term Energy Plan	Evidence-based planning for supply–demand balance	Optimized LNG usage, increased local fuel offtake	Major forex savings; improved planning	Strengthens long-term energy markets	SDG 7
Gas Loss Reduction	UFG Reduction via Smart Metering	Reduce leaks, theft & methane emissions	Lower losses for Sui companies	Lower circular debt; reduced consumer tariffs	Supports metering, engineering, data jobs	SDG 7, 13
Industrial Energy Efficiency	CPP Levy	Shift industry toward efficient grid electricity	Higher electricity offtake, reduced gas stress	Lower per-unit costs, better industrial competitiveness	Indirect manufacturing growth	SDG 7
Energy Security	Increased Indigenous Gas in System	Reduce reliance on LNG	USD 1Billion import savings	Encourages E&P activity, forex savings	High job creation in upstream sector	SDG 7, 12
Market Liberalization	TPA & B2B Gas Sales Framework	Open pipelines to private sector	Improved competition & utilization	Attracts private gas suppliers, improves investment	Expands gas trading and logistics sectors	SDG 7
Upstream Expansion	Tight Gas Policy 2024 & Offshore Bidding	Unlock tight gas & offshore reserves	Expected USD 5Billion investment	Long-term forex savings & supply reliability	High — exploration, engineering, services	SDG 9
Minerals Development	Harmonization of Mineral Laws	Unified legal framework	Predictable policy landscape	Increased mining investment & exports	High — mining, processing, logistics	SDG 12
Reko Diq	Copper & Gold Mega-Project	Global mineral positioning	USD 6Billion investment; decades- long revenue	Massive forex inflows; value addition	Very high — mining, refining, communities	SDG 8, 9
Oil Transport Reform	Increase Pipeline Share from 50% > 60% > 75%	Safer, cheaper logistics	Reduced smuggling & leakages	Higher FBR revenues	Expanded pipeline & logistics employment	SDG 9
Pipeline Expansion	New White Oil Pipeline (MTT)	Modern oil logistics	USD 400Million infra investment	Reduces trucking reliance	Jobs in construction & operations	SDG 9
Market Opening	Merchant Storage Policy	Diversify fuel storage & imports	Entry of global portfolio players	Enhances energy security & competition	Infra development jobs	SDG 7
Supply Chain Transparency	Track & Trace for Explosives & Oil	Curb smuggling & adulteration	Fully auditable supply chain	Higher revenues & safer operations	IT, surveillance, logistics jobs	SDG 12

Legal Enforcement	Non-Bailable Offence for Pipeline Theft	Protect pipelines & revenue	Major deterrence to theft	Reduced losses & leakage	Strengthens law & order sector	SDG 16
Refinery Modernization	Brownfield & Greenfield Refinery Policy	Cleaner fuels & greater capacity	USD 6Billion investment potential	Reduced import bill for refined fuels	High — construction, refining, engineering	SDG 13
SOE Governance	Reconstitution of Boards	Improve corporate performance	Transparent & professional oversight	Higher operational efficiency	Talent diversification	SDG 16
Energy Access	RLNG Connection Expansion	Domestic energy choice	600k new connections	Improves utility revenues	Gas workforce redeployment	SDG 7
Financial Sustainability	Circular Debt Settlement Plan	Reduce Rs 1.7 trillion in 5–6 years	Improved liquidity	Restored confidence of E&P companies	Supports broader energy sector jobs	SDG 8



PARLIAMENTARY AFFAIRS

The Ministry of Parliamentary Affairs undertook a series of strategic governance and public-service reforms during January–December 2025 aimed at improving institutional responsiveness, strengthening legislative coordination, enhancing public engagement, and modernizing internal administrative systems. As the key institutional bridge between the Federal Government and Parliament, the Ministry plays a pivotal role in ensuring the smooth functioning of parliamentary business while simultaneously serving as a central public interface through the Prime Minister's Public Affairs and Grievances Wing.

The reform agenda this year was guided by the government's broader priorities of digital transformation, transparency, accountability, and citizen-centric service delivery, and reflects a marked shift toward more accessible, efficient, and responsive governance.

1. Strengthening Public Engagement & Grievance Redressal

A major area of reform focused on improving the accessibility and effectiveness of the Prime Minister's Public Affairs and Grievances Wing, an institution designed specifically to address public complaints, particularly for citizens who are digitally excluded or do not use the Pakistan Citizen Portal (PCP). Over the past year, the Wing expanded its outreach, visibility, and operational capacity to ensure faster and more inclusive grievance handling.

One of the most impactful initiatives was the launch of the Universal Access Number (051-111-555-554) in February 2025. This simplified grievance reporting by providing a single nationwide contact point for citizens seeking assistance or redressal. The UAN system significantly increased complaint registration and demonstrated strong uptake among marginalized and digitally disabled populations. In the medium to long term, it is expected to strengthen institutional trust, reinforce accountability norms, and improve service delivery across federal and provincial bodies.

To complement this, the Ministry launched a nationwide SMS dissemination campaign in April 2025 through all major mobile networks. More than 123 million SMS messages were broadcast, Mobilink (50M), Telenor (37M), Zong (22M), and Ufone (14M), to inform citizens about grievance mechanisms and the newly launched UAN. This campaign ensured universal outreach, including populations with limited access to smartphones or internet connectivity, thereby significantly improving public awareness and engagement.

The Ministry also undertook a comprehensive trend analysis of grievances received at the Federal and Provincial levels. Complaints were disaggregated into detailed sub-categories to identify recurring issues, root causes, and institutional bottlenecks. This analytical framework

now guides evidence-based improvements in public service delivery and informs policy reforms where systemic issues are consistently identified.

In August 2025, the Ministry demonstrated a strong commitment to disaster-responsive governance by establishing Prime Minister's Grievance Desks in flood-affected districts of Punjab and Khyber Pakhtunkhwa. Dedicated teams were deployed on the ground to register complaints related to relief, rehabilitation, and essential services. This initiative ensured direct facilitation at citizens' doorsteps and strengthened coordination with local administrations to expedite redressal, thereby narrowing the gap between affected communities and state institutions during a national crisis.

2. Strengthening Parliamentary Coordination and Legislative Efficiency

As the principal coordinator of government business within Parliament, the Ministry executed several reforms to enhance efficiency, responsiveness, and institutional coherence between Ministries, Divisions, and the two Houses of Parliament.

One of the landmark improvements was the introduction of a Track & Trace Mechanism for Parliamentary Business to streamline coordination on parliamentary questions, resolutions, bills, and assurances. This system provided real-time tracking of government responses and significantly reduced delays in communication between Ministries and Parliament. As a result, government responsiveness improved, and parliamentary proceedings became more predictable, structured, and effective.

To accelerate the legislative process, a Ministerial Committee on Government Bills, chaired by the Minister for Defence, was constituted in May 2025. Through rigorous fortnightly reviews with all Ministries and Divisions, the Committee ensured timely follow-up on pending bills, resulting in the successful passage of 39 Government Bills during the year. This reform not only eliminated long-standing legislative delays but also strengthened inter-ministerial coordination, advanced policy implementation, and enhanced the government's overall performance in Parliament.

3. Digital Transformation, Transparency & Administrative Modernization

In alignment with national digital governance objectives, the Ministry successfully achieved 100% adoption of the e-Office system, transitioning fully from manual files to an integrated digital workflow. This shift has improved efficiency, reduced processing delays, strengthened audit trails, and institutionalized transparency in administrative procedures. Real-time file tracking and faster decision-making now characterize the Ministry's internal functioning, contributing to improved governance across the board.

To enhance transparency and public communication, the Ministry continued the regular publication of its Quarterly Newsletter and the Annual Yearbook for 2024–25. These publications document parliamentary activities, legislative achievements, committee work, and key initiatives, thereby strengthening institutional visibility and public access to parliamentary information.

Furthermore, the Ministry adopted 100% implementation of PPRA's E-Procurement and Disposal System (E-PADs), ensuring that all procurement activities adhered to digital, transparent, and rule-based processes. This reform minimizes manual intervention, reduces opportunities for malpractice, enhances competition among vendors, and ensures compliance with procurement regulations—all contributing to more efficient public financial management.

4. Challenges and the Path Forward

Despite significant progress, challenges remain. Council Sections across Ministries and Divisions require further strengthening to ensure seamless coordination between the Executive and Parliament. Enhanced capacity in these units is essential to support timely responses and more efficient management of parliamentary business.

Looking ahead, the Ministry has outlined several key reforms for the next 12–18 months:

» These include the drafting of a landmark Public Grievances Resolution and Accountability

Act, which will institutionalize grievance-handling mechanisms and establish a legal framework for government responsiveness.

» The Ministry also plans to launch public engagement sessions in major cities, led by the Federal Minister, to increase awareness about grievance redressal mechanisms.

» Additionally, comprehensive social media campaigns across platforms such as Facebook, Instagram, and TikTok will further enhance visibility, share success stories, and strengthen citizen engagement.

The Ministry of Parliamentary Affairs has demonstrated strong leadership in strengthening democratic governance, enhancing public trust, and modernizing institutional processes. Through reforms in public engagement, parliamentary coordination, administrative efficiency, and digital transformation, the Ministry has advanced a more transparent, responsive, and citizen-centric governance architecture. These achievements not only support the smooth functioning of Parliament but also reinforce the broader national commitment to participatory governance and accountable public service delivery.

Summary of Major Reforms Under the Ministry of Parliamentary Affairs (2025–2026)

Reform Area	Core Objective	Key Outputs	Main Impact	Economic & Governance Impact	Human Capital Impact	SDG Alignment
Universal Access Number (051-111-555-554)	Provide a single access point for citizens' grievances	UAN operational nationwide	Increased ease of access; higher complaint resolution	Strengthened accountability and public trust	Enhances citizens' civic participation; empowers digitally underserved groups	SDG 16
123 Million SMS Awareness Campaign	Ensure mass awareness of grievance services	SMS broadcast across all networks	Significant rise in public engagement	Broader outreach improves service equity	Builds nationwide awareness and inclusion; strengthens citizen–state interface	SDG 16, 17
Trend Analysis of Public Complaints	Identify recurring governance gaps through data	Structured federal/ provincial analysis	More targeted reforms and improved service delivery	Evidence-based governance and resource efficiency	Builds analytical capability within institutions; improves policymaking competence	SDG 16
Grievance Desks in Flood-Affected Areas (KP & Punjab)	Provide doorstep grievance redressal to disaster-hit citizens	On-site facilitation & coordination with district administration	Rapid support to vulnerable populations	Strengthens emergency governance and relief efficiency	Empowers frontline staff; builds crisis-response skills; enhances community trust	SDG 11, 16
Track & Trace System for Parliamentary Business	Improve Ministry–Parliament coordination	Real-time monitoring of questions, bills & resolutions	Faster government responses; reduced legislative delays	Supports smooth parliamentary functioning	Enhances administrative skill sets; strengthens procedural literacy	SDG 16

Ministerial Committee for Early Passage of Government Bills	Accelerate legislative throughput	Structured fortnightly reviews	Passage of 39 Government Bills	Improves legislative efficiency and policy implementation	Builds inter-ministerial coordination competence; strengthens legislative capacity	SDG 16
100% Adoption of e-Office	Achieve paperless, efficient governance	Complete shift to digital file management	Faster decision-making and improved transparency	Cost savings; efficient workflow; reduced bottlenecks	Builds digital skills across the Ministry; fosters a tech-enabled workforce	SDG 16
Quarterly Newsletter & Annual Year Book	Enhance transparency and institutional communication	Regular publications issued	Improved public awareness and institutional visibility	Promotes transparent governance and citizen engagement	Develops documentation, communication, and editorial competencies	SDG 16
100% Adoption of PPRA's E-PADS for Procurement	Ensure transparent and efficient public procurement	All procurement through e-system	Reduced delays; strengthened compliance	Enhances fair competition, reduces corruption risk	Upskills staff in digital procurement systems; builds modern financial governance skills	SDG 12, 16



Tax Reforms:
Federal Board of Revenue (FBR)

Towards a Digitized, Transparent, and High-Performance Revenue System

During 2025, the Federal Board of Revenue (FBR) accelerated one of the most ambitious restructuring and modernization drives in its institutional history. Faced with persistent tax gaps, a narrow revenue base, inefficiencies in service delivery, and vulnerabilities to evasion across multiple sectors, the Reforms & Modernization Wing spearheaded multi-dimensional reforms grounded in technology, legal strengthening, governance restructuring, and human capital development. The overarching goal remained clear: to broaden the tax base, reduce administrative discretion, strengthen compliance, and align Pakistan's revenue ecosystem with global best practices.

At the heart of these reforms lies a strong push toward digital transformation. The rollout of Digital Invoicing for B2B transactions and the expansion of Point-of-Sale (POS) integration for B2C businesses created a real-time documentation trail across critical value chains. Combined with digital production monitoring for high-risk sectors such as textiles, sugar, tobacco, cement, beverages, and tiles, the government moved closer to curbing systemic leakages and informal market distortions. Early evidence showed reductions in tax evasion, improved traceability of transactions, and substantial documentation gains, which are expected to cumulatively enhance long-term revenue mobilization and formal economic growth.

Complementing documentation reforms, FBR also launched an extensive suite of taxpayer facilitation and ease-of-compliance reforms, significantly improving the business environment. These included an AI-driven taxpayer identification model, a unified Single Portal for filing and payments, automated refund processing, a taxpayer-facing chatbot, and intelligent appraisement mechanisms powered by language models. These tools collectively reduced procedural friction, expedited refund clearances, enhanced informational transparency, and enabled more accurate taxpayer declarations. For compliant businesses, the benefits translated into reduced compliance burden, quicker service delivery, and fairer competition due to the shrinking space for unregistered or tax-evading competitors.

Recognizing that strong law enforcement requires both capability and integrity, the FBR introduced extensive legal and institutional strengthening measures. A new legal infrastructure was built around the creation of an Independent Panel of Experts, enabling professional assessments for audits and providing stronger legal representation in appellate forums. This reform increased the credibility of FBR's audit processes and ensured that assessments are based on sound sectoral understanding and standardized benchmarks. Strengthened

legal capabilities also improved taxpayer confidence by reinforcing fairness, objectivity, and predictability in assessments.

Digital workflows were also modernized through AI-driven compliance nudges, consolidated taxpayer profiles with real-time alerts, and extensive cross-matching of declarations and third-party data. These initiatives contributed to significant increases in the number of filers, reduced filing leakage, and improved overall compliance. Faster clearance at customs check posts and more accurate documentation further streamlined trade facilitation and reduced revenue loss, enhancing the competitiveness of businesses operating within the formal sector.

An equally transformative component of the reform agenda focused on human capital development within FBR, which is pivotal for institutional sustainability. A new Reward and Rating System (RRS) linked staff performance with integrity and quality of work, replacing outdated assessment models. Digital peer-review mechanisms, specialized training modules, and structured pre-service and in-service professional certifications underpinned this reform. These human capital investments are designed to cultivate a modern, skilled, and ethically grounded workforce capable of enforcing complex tax laws with high levels of competency.

While FBR has launched an ambitious modernization agenda focused on digital invoicing, AI-driven compliance, and improved audit capacity, its overall progress remains hindered by deep-rooted structural and operational challenges. Despite the rollout of digital solutions, tax evasion continues to thrive in several high-risk sectors due to weak enforcement, limited field capacity, and entrenched informal practices. The faceless assessment model and automated systems, though conceptually strong, have not yet translated into a significant expansion of the tax base or meaningful reduction in leakages. FBR's reliance on technology has outpaced its internal human resource preparedness, with persistent gaps in analytical skills, sectoral expertise, and change management. Legal reforms, including the hiring of external experts, remain underutilized due to bureaucratic inertia and slow adoption across regional offices. Furthermore, taxpayer trust remains fragile, as refund processes, despite automation, are still perceived as cumbersome and discretionary. Ultimately, while the reforms signal intent, FBR's transformation will require stronger enforcement, cultural change within the institution, and a more unified national tax strategy to move from incremental improvements to genuine revenue resilience.

Collectively, these reforms represent a significant leap toward a more transparent, technology-driven, and compliant revenue ecosystem. As data begins to feed into advanced analytics frameworks, and as human capital capabilities are strengthened, Pakistan's broader economic landscape stands to benefit from predictable policymaking, enhanced investor confidence, and a more equitable distribution of tax responsibility. FBR's modernization journey is not only foundational for fiscal stability but is central to Pakistan's long-term governance, economic resilience, and sustainable development trajectory.

Summary of Tax Reforms Under FBR 2025

Reform Area	Core Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Impact on Business Environment	Human Capital Impact	SDG Alignment
Digital Invoicing (B2B) & POS Expansion (B2C)	Broaden tax base and curb evasion	Real-time invoicing & production monitoring	Reduced evasion; better reporting	Sustained revenue growth; documentation	Larger formal economy; fairer competition	Upskilling in digital compliance systems	SDG 1
AI-Driven Taxpayer Facilitation & Single Portal	Improve ease of compliance	Unified filing/payment portal; automated refunds; chatbot	Faster processing; improved guidance	Higher compliance; reduced cost of doing business	Lower compliance barriers; greater transparency	Enhances digital literacy in tax administration	SDG 1

AI-Based Taxpayer Identification & PCA Audit Models	Increase regulatory compliance	AI nudging system; consolidated taxpayer profiles	More registered taxpayers; reduced leakages	Stronger compliance culture; higher revenues	Predictable and efficient customs and tax processes	Builds data analytics and AI capability within FBR	SDG 1
Enhanced Legal Infrastructure & Independent Expert Panels	Improve audit quality and legal outcomes	Sectoral benchmarks; outsourced expert capacity	More accurate audit assessments	Institutional credibility and taxpayer trust	Fairer audit ecosystem; consistency in tax enforcement	Legal and sectoral expertise strengthened	SDG 8, 16
Performance & Modernization of Workforce (RRS)	Strengthen integrity and productivity	Reward & Rating System; digital peer reviews; PGDs & certifications	Improved staff performance	Highly skilled, ethics-driven tax administration	Better service delivery; lower administrative friction	Professional competency & meritocracy enhanced	SDG 4



Public Financial Management, Fiscal Governance & Debt Transparency Reforms

Over the past year, the Ministry of Finance has advanced a broad suite of reforms aimed at modernizing Pakistan's fiscal architecture, strengthening debt transparency, improving SOE governance, and enabling more efficient, data-driven decision-making at the federal level. These reforms collectively represent one of the most significant transitions towards disciplined public financial management in recent years, aligning Pakistan's fiscal ecosystem with global standards for transparency, efficiency, and sustainability.

A central pillar of this reform agenda has been the shift toward real-time, technology-enabled governance. The creation of a fully operational SOEs Online Database, integrating financial and operational data across all major state-owned enterprises, is a milestone in promoting transparency and accountability. This platform not only accelerates decision-making but also aligns SOE monitoring with international practices, allowing early identification of fiscal risks and enabling more structured supervisory oversight. Complementing this effort, extensive training programs were delivered across ministries and SOEs to strengthen their understanding of the SOE Act 2023 and the SOE Policy 2023. This institutional capacity-building has begun translating into more credible Statements of Corporate Intent (SCIs), improved annual business plans, and more realistic performance forecasting.

The Ministry also undertook major initiatives to expand Pakistan's engagement with global sustainable finance markets. Through the establishment of a Selection Committee for Sustainable Financing, comprising the Ministry of Finance, Planning, Climate Change, and Economic Affairs Division, institutional coordination has been significantly strengthened. This mechanism supports structured evaluation of green financing opportunities and ensures alignment of Pakistan's infrastructure and climate-related projects with international funding standards. The issuance of Green Sukuk and Sustainable Investment Sukuk, including PKR 30 billion raised in early 2025, reflects Pakistan's growing capability to mobilize climate-resilient financing for dams, renewable energy, and hydropower projects—contributing to long-term environmental security and more diversified financing channels.

To strengthen fiscal sustainability, the Ministry introduced several forward-looking tools within public debt management. The Credit Risk Assessment Framework for SOEs now provides a systematic approach for assessing contingent liabilities arising from state-owned entities, directly supporting Pakistan's medium-term debt sustainability goals. Additionally, the establishment of the Debt Coordination Committee (DCC) improved inter-agency alignment between the Ministry of Finance, State Bank, Economic Affairs Division, and Debt Management Office, ensuring consistent and coordinated debt policy formulation. As part of liability

management operations, the Ministry successfully carried out debt retirement and buyback transactions, including the retirement of PKR 1.6 trillion of SBP debt, generating an estimated PKR 150 billion in savings. These measures significantly reduce refinancing risk and improve the government's ability to manage interest obligations.

A major leap in financial governance came with the rollout of the Sustainable Financing Framework, which expands the scope for raising climate-aligned and socially impactful funding through capital markets. This framework integrates Pakistan's National Green Taxonomy, aligns with global ESG standards, and prioritizes projects such as renewable energy, resilient infrastructure, sustainable agriculture, healthcare, and gender-inclusive development, thereby promoting both economic and social resilience.

Operational efficiency within the Ministry improved through the adoption of the E-Office system, which has fully digitized internal workflows, reducing processing delays, eliminating paper-based tracking, and strengthening transparency in administrative operations. This transition supports a more responsive and accountable public financial management environment.

The 2026 Debt Transparency Breakthrough

The most transformative reforms of the year emerged in the domain of public debt transparency and digital debt management, marking a significant modernization of Pakistan's fiscal architecture.

The Integration of Domestic Debt Data into DMFAS (Debt Management and Financial Analysis System) represents a historic reform. Previously, DMFAS, managed by the Economic Affairs Division, captured only external debt. By integrating domestic debt instruments, Pakistan will, for the first time, maintain a single, unified national debt database. This addresses long-standing data fragmentation across departments, enhances analytical accuracy, supports more credible debt sustainability assessments, and improves transparency for parliament, development partners, and credit rating agencies.

Complementing this integration is the development of the Debt Management & Analytical Tool (DMAT), a real-time digital dashboard that enables advanced scenario analysis, auction modeling, cash-flow forecasting, and automated reporting. This tool will fundamentally reshape debt strategy formulation by equipping policymakers with immediate insights into the cost-risk trade-offs of borrowing decisions. DMAT also supports optimization of domestic debt instruments, improved auction planning, and better coordination across the debt management ecosystem. In essence, DMAT and DMFAS integration position Pakistan to transition toward a modern, analytics-driven, and risk-sensitive debt management framework comparable to global best practice.

Together, these reforms introduce a new era of data integrity, transparency, and informed fiscal decision-making, critical elements for restoring investor confidence, improving creditworthiness, and strengthening long-term debt sustainability.

Despite the Ministry of Finance's notable progress in modernizing Pakistan's fiscal governance framework, several systemic weaknesses continue to undermine the impact of these reforms. The integration of domestic debt data into DMFAS and the creation of the DMAT dashboard are important structural advances, but Pakistan's debt management challenges run far deeper than technical fixes alone. The country's debt trajectory remains heavily influenced by persistent fiscal deficits, low tax-to-GDP ratio, and high reliance on short-term domestic borrowing, issues that are outside the direct scope of technological tools. Without meaningful improvements in revenue mobilization, expenditure discipline, and medium-term fiscal planning, these digital upgrades risk becoming sophisticated layers on top of an unsustainable structural base. Furthermore, data integration and analytical dashboards will only be as effective as the institutional capacity of teams using them, and Pakistan continues to face chronic shortages of debt analysts, statisticians, and risk managers across the Ministry and SOEs. This capacity gap remains a serious constraint.

Additionally, while the Ministry emphasizes transparency, much of the debt-related information

remains fragmented or not publicly disclosed in a timely manner, particularly regarding contingent liabilities, government guarantees, and SOE fiscal risks. The SOE database is a step forward, but unless it becomes publicly accessible with audited, reconciled, and regularly updated data, its contribution to external transparency will be limited. Likewise, the transition toward sustainable finance frameworks and green sukuk issuance risks being perceived as cosmetic unless Pakistan develops a credible pipeline of climate-resilient projects with documented financial and environmental performance. Issues such as weak coordination between federal and provincial authorities, slow pace of pension reform, and limited budget transparency continue to hinder credibility. Ultimately, while the Ministry's reforms reflect movement in the right direction, Pakistan still lacks a coherent, long-term fiscal reform agenda that confronts deep-rooted structural weaknesses, prioritizes debt sustainability, and institutionalizes transparency as a consistent governance standard rather than a project-based effort.

Taken together, the Ministry of Finance's reform agenda reflects a strong movement toward institutional modernization, digital transformation, and sustainable fiscal governance. By linking SOE reform with public debt transparency, integrating sustainability frameworks with capital markets, and enhancing administrative efficiency through digital processes, the Ministry has laid the foundations for a more resilient and credible public financial management system.

The integration of domestic debt into DMFAS and the deployment of DMAT stand out as landmark reforms that bring unprecedented transparency and analytical rigor to Pakistan's debt management operations. Combined with strengthened SOE oversight, improved inter-agency coordination, and expanded access to sustainable finance, these reforms contribute meaningfully to Pakistan's economic stability and long-term development trajectory.

Summary of Reforms Under The Ministry of Finance 2025

Reform Area	Core Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Impact on Business Environment	Human Capital Impact	SDG Alignment
SOEs Online Database	Enable real-time, data-driven oversight of all SOEs	Centralized SOE dashboard with analytics	Faster monitoring and quicker decision-making	Improved fiscal governance; reduced SOE losses; stronger financial transparency	Enhances investor confidence through transparency	Builds analytical and digital governance capacity	SDG 16, SDG 9
SOE Training on Act & Policy	Strengthen implementation of SOEs Act 2023 and Policy 2023	Capacity-building workshops for SOEs	Better compliance with corporate governance rules	Improved SOE productivity and financial performance	Professionalized SOEs attract more private investment	Enhances managerial and governance competencies	SDG 16, SDG 9
Sustainable Financing Committee	Coordinate screening for sustainable and climate financing	Multi-agency committee on financing	Better pipeline preparation for green projects	Increased climate-resilient investment; stronger access to global sustainability markets	Supports green infrastructure financing	Improves expertise in ESG financing	SDG 13, SDG 17
Green Sukuk & SI Sukuk Framework	Mobilize Shariah-compliant green financing	PKR 30B Green Sukuk issued	Immediate financing for water, dams & renewable energy	Expands long-term climate finance; reduces fiscal burden	Improves investor diversity and capital market depth	Builds capacity in Islamic finance and green project structuring	SDG 7, SDG 13

Credit Risk Assessment Framework for SOEs	Assess risk of government guarantees	Methodology for credit risk scoring	Informs guarantee decisions; reduces fiscal exposure	Supports long-term debt sustainability	Strengthens credit discipline and investor trust	Builds risk-assessment skills	SDG 16
Debt Coordination Committee (DCC)	Improve whole-of-government debt strategy	Multi-agency coordination platform	Better alignment of MoF, SBP, EAD & DMO functions	Reduces refinancing risk; strengthens fiscal planning	Predictable debt policy improves investor confidence	Enhances macro-fiscal expertise	SDG 16
Debt Retirement & Buybacks	Optimize liability management	PKR 1.6T debt retired; buybacks completed	PKR 150B savings in interest payments	Reduced refinancing risk; improved debt sustainability	Increases market liquidity and confidence	Strengthens debt management teams	SDG 8, SDG 16
Sustainable Financing Framework (2025)	Expand Pakistan's role in global sustainable finance	National sustainable finance roadmap	Access to global ESG-linked funds	Supports renewable energy, health, education & social protection	Encourages climate-resilient private investment	Builds ESG regulatory and analytical skills	SDG 8, 9, 13
Implementation of e-Office	Improve efficiency, reduce administrative cost	Full digital workflow	Faster processing; reduced costs	Institutionalized paperless governance	Better service delivery; reduced delays	Enhances ICT proficiency across MoF	SDG 16
Integration of Domestic Debt with DMFAS (NEW)	Create a single unified debt database	Inclusion of domestic debt into DMFAS	Real-time, comprehensive debt visibility	Stronger transparency and better medium-term debt strategy	Predictable debt reporting improves investor confidence	Builds advanced financial data management skills	SDG 16
Debt Management & Analytical Tool (DMAT) (NEW)	Provide real-time dynamic dashboard for domestic debt	Live dashboard for auctions & analytics	Supports real-time auction decisions & risk modeling	Better debt strategy, improved cash-flow planning & reduction in borrowing costs	More efficient domestic debt markets	Enhances analytical, forecasting & modeling capacity	SDG 9, SDG 16

Transparency & Accountability Reforms in Public Financial Management

Modernizing Audit, Strengthening Oversight, and Advancing Digital Financial Governance

In 2025, Pakistan's public financial management architecture underwent significant modernization through reforms led by the Auditor General of Pakistan (AGP) and the Controller General of Accounts (CGA). These reforms reflect a decisive move toward digitization, transparency, and improved fiscal governance, critical foundations for restoring public confidence, strengthening accountability, and ensuring responsible management of public resources. By integrating global best practices, deploying digital systems, and transitioning to data-driven approaches, both institutions made measurable progress in enhancing oversight, reducing leakages, and improving service delivery to citizens and the public sector.

Transforming Public Audit Through Digitization and Data Analytics

At the heart of AGP's reform agenda is the Audit Management Information System (AMIS), an ambitious end-to-end digitization initiative that modernizes the audit lifecycle. AMIS enables real-time supervision of audit activities, integrates automated quality checks, and digitizes audit working papers, replacing decades-old manual processes. This transformation not only improves audit quality and efficiency but also significantly enhances transparency in government oversight. Once fully rolled out, AMIS is expected to shift Pakistan's audit ecosystem from retrospective, manual inspections to proactive, technology-enabled assurance.

Complementing this digital thrust, the AGP operationalized the Center for Government Data Analytics (CGDA) in December 2025. The Center marks a historic shift from traditional audit sampling toward risk-based and continuous auditing supported by SAP-integrated datasets and advanced analytics. By systematically identifying red flags and potential irregularities, CGDA enables auditors to scale coverage without proportionally increasing resources. Importantly, this initiative has enhanced the professional competence of audit staff in data analytics, an essential capability for modern public oversight institutions.

Strengthening procurement oversight, AGP also signed an MoU with the Public Procurement Regulatory Authority (PPRA) to audit procurement transactions through e-PADS. This partnership facilitates data sharing, capacity building, and system-based audits that reinforce compliance with PPRA rules and help address longstanding weaknesses in procurement transparency, internal controls, and auditability across public entities.

Improving Reporting Standards and Ethical Governance

A major institutional enhancement came with the introduction of new audit reporting templates for autonomous bodies, corporations, and public projects. These templates move away from traditional para-based reporting and adopt a more structured, comprehensive framework that improves the clarity, utility, and impact of audit findings. This reform deepens the role of audit reports in supporting decision-makers, strengthening accountability, and improving communication with Parliament and the public.

Looking ahead, AGP has initiated work on revising the New Accounting Model 2000, transitioning Pakistan from cash-based accounting to IPSAS-aligned accrual accounting by 2027. This shift will provide a complete, accurate picture of the government's financial position, improving fiscal transparency, asset management, liability tracking, and overall financial reporting standards.

To further strengthen institutional integrity, a new Code of Ethics for AGP staff, aligned with international standards, has been introduced. Reinforcing values such as objectivity, transparency, and professional behavior, this initiative aims to position AGP as a model of accountability in the public sector.

Modernizing Public Financial Management Through CGA Reforms

Parallel to AGP reforms, the Controller General of Accounts (CGA) advanced several digital public financial management initiatives aimed at improving service delivery, strengthening internal controls, and accelerating Pakistan's transition toward a digitally integrated fiscal system.

One of the most transformative achievements has been the nationwide expansion of Online Bill Submission, shifting thousands of Drawing and Disbursing Officers (DDOs) from paper-based submissions to an efficient online system. With 5,706 DDOs already onboarded, this reform enhances transparency, reduces processing time, strengthens expenditure discipline, and improves audit readiness. The initiative also promotes digital financial literacy across federal, provincial, and territorial governments.

The CGA fully adopted e-Office, enabling paperless workflows and significantly improving administrative efficiency. Together with the Anticipatory Pension Program, which ensures

retirees receive timely pension payments without delay, CGA reforms directly enhance citizen-facing service delivery and increase public trust in the government's financial systems.

To modernize payments infrastructure, the CGA operationalized the Micro Payment Gateway (MPG) across 30 banks, enabling direct transfers of salaries, pensions, and vendor payments without cheques. This shift reduces transaction delays, strengthens the digital financial ecosystem, and lowers compliance costs for vendors and contractors.

Additional structural reforms include biometric life certificate verification to eliminate pension fraud, and a nationwide rollout of the Security Deposit Solution, improving vendor confidence through transparent, centrally maintained security deposit records.

Together, these reforms significantly elevate the quality of public financial management, promote transparency, and strengthen accountability across federal and provincial financial systems.

Despite notable digital advancements, both the Auditor General's Office and the Controller General of Accounts continue to confront deep-seated systemic constraints that limit the full transformative potential of their transparency reforms. While AMIS, CGDA, and online financial workflows mark important steps toward modernization, their implementation remains uneven across departments, often slowed by legacy mindsets, inadequate digital capacity, and resistance to change within field audit and accounting formations. The transition to data-driven auditing is still in its early stages, with many directorates yet to adopt analytics-based risk assessment as a core practice. Similarly, procurement audits through e-PADS have not fully resolved long-standing weaknesses in compliance, transparency, and internal controls, particularly at the sub-national level. CGA's digital reforms, such as online bill submission, biometric verification, and the Micro Payment Gateway, have improved efficiency, but the absence of universal onboarding and inconsistent provincial adoption limit their system-wide impact. Moreover, the broader shift to IPSAS-based accrual accounting faces capacity gaps, resource constraints, and limited technical expertise, raising concerns about Pakistan's readiness for a full transition by 2027. Without stronger enforcement mechanisms, targeted capacity building, and deeper institutional coordination, these reforms risk becoming procedural enhancements rather than substantive shifts in accountability, fiscal discipline, and financial transparency.

Summary of Reforms Under Transparency & Accountability, and Financial Governance Reforms 2024-2025

Institution	Reform Area	Core Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Impact on Business Environment	Human Capital Impact	SDG Alignment
AGP	Audit Management Information System (AMIS)	End-to-end digitization of audits	Digital workflow & automated QC system	Improved audit quality & reduced manual errors	Tech-enabled continuous auditing	Reduced audit costs; higher audit efficiency; minimized leakages	Enhances digital audit & IT skills	SDG 16, 9
AGP	Center for Government Data Analytics (CGDA)	Identify risks through advanced analytics	Risk-based audit analytics platform	Faster detection of irregularities	Institutionalized data-driven auditing	Significant financial savings through early detection of fraud & inefficiencies	Builds data analytics & forensic audit capacity	SDG 16
AGP	MoU with PPRA for e-PADS Audit	Strengthen procurement oversight	System-based procurement audit	Improved compliance with procurement rules	Stronger procurement governance & reduced corruption	Reduced procurement waste; improved vendor competition	Digital procurement expertise strengthened	SDG 16

AGP	New Audit Reporting Templates	Improve clarity and impact of audit communication	Modernized, comprehensive reporting templates	Better communication of findings	Increased fiscal accountability	Stronger response to audit findings improves financial discipline across institutions	Enhances analytical, writing & diagnostic capabilities	SDG 16
AGP	Accrual Accounting Shift (IPSAS Alignment)	Improve accuracy of national financial reporting	Revised accounting framework	Clearer view of assets & liabilities	Stronger fiscal transparency & global credibility	Better fiscal planning; improved sovereign creditworthiness	Advanced accounting skill development	SDG 16, 9
AGP	New Code of Ethics	Strengthen integrity and professionalism	Ethics standards adopted	Reinforced ethical culture within AGP	Improved public trust & audit credibility	Higher investor confidence; reduced corruption-related costs	Cultivates ethics, compliance & accountability mindset	SDG 16
CGA	Online Bill Submission	Replace manual billing with digital processes	5,706+ DDOs onboarded	Faster service delivery, lower processing delays	Strong expenditure control & transparency	Lower administrative costs; reduced fraud; faster vendor payments	Enhances digital literacy in public finance	SDG 1, 4, 8, 10
CGA	e-Office Adoption	Establish paperless governance	Digital workflow implemented	Increased efficiency, faster decision-making	Fully institutionalized digital governance	Substantial cost savings from paper, courier & time efficiencies	Builds ICT competencies across finance cadres	SDG 16
CGA	Anticipatory Pension Program	Ensure timely retiree payments	Automated pension authorization	Immediate payments upon retirement	Higher retiree welfare, smoother financial continuity	Reduced fiscal pressure from pension backlogs; improved public trust	Strengthens financial management skills	SDG 1
CGA	Micro Payment Gateway	Direct digital payments for salaries & pensions	Integrated with 30 banks	Faster & secure digital transfers	Strong national digital financial ecosystem	Reduced payment float; faster economic circulation of funds	Builds fintech capabilities	SDG 8, 10
CGA	Biometric Life Certificates	Remove pension fraud & streamline verification	Pilot successfully completed	Fraud reduction, improved verification	Predictable pension management & long-term savings	Saves millions annually by eliminating ghost pensioners	Capacity building in biometric & digital ID systems	SDG 16
CGA	Security Deposit Solution	Improve vendor transparency & financial control	Nationwide rollout completed	Better tracking of vendor deposits	Higher vendor trust & improved auditability	Reduced fiscal leakages; higher procurement confidence	Strengthens record-keeping & governance skills	SDG 16



Driving Market Transparency, Digitalization, Financial Inclusion & Sustainable Market Development Reforms

The Securities and Exchange Commission of Pakistan (SECP) stands at the center of Pakistan's financial and corporate reform landscape, steering an ambitious multi-year modernization agenda to strengthen market integrity, broaden access to finance, and promote investor confidence. Between 2023 and 2025, SECP implemented sweeping reforms across corporate regulation, capital markets, insurance, pension systems, financial inclusion, and sustainable finance. These reforms were designed not merely as incremental improvements but as structural transformations to align Pakistan with global regulatory, technological, and transparency standards.

At the core of SECP's modernization efforts is the Digital Corporate Registry, which has fundamentally reshaped the incorporation and compliance environment. Through fully digitized workflows, multilingual guides, digital certificates, and seamless integration with federal and provincial authorities, Pakistan now offers a one-window digital experience that significantly lowers entry barriers for businesses. Tools such as the Financial Institution Portal, Electronic Mortgage Register, and Secured Transactions Registry have strengthened secured lending, improved governance, and facilitated access to credit, especially for SMEs. The mandatory issuance of dematerialized shares for all new companies has further advanced transparency and reduced risks associated with paper-based securities.

In parallel, the Companies Regulations 2024 introduced sweeping documentation simplification, reducing statutory forms from 75 to 28 and consolidating obligations across sectors. The establishment of a Beneficial Ownership (BO) Registry significantly improves AML/CFT compliance and corporate transparency. Pakistan's accession to the Hague Apostille Convention has streamlined document authentication for global investors, while the introduction of robust cybersecurity protocols ensures the integrity of digital filings and corporate data.

SECP also accelerated the modernization of capital markets through market-based government debt issuances, raising Rs. 2.82 trillion through sukuk and government securities between 2023 and 2025. The first-ever sovereign Green Sukuk auction via PSX marks a milestone in sustainable finance. Reforms have streamlined IPO processes, reduced onboarding timelines, and enabled Non-Resident Pakistanis to open brokerage accounts digitally from anywhere in the world. The transition to a T+1 settlement cycle by February 2026 will substantially improve liquidity, reduce counterparty risk, and align Pakistan with leading global markets.

Broader financial access has been strengthened through the launch of Asaan Connect – Centralized Gateway Portal, which integrates onboarding across stocks, mutual funds, insurance, and pensions. The SECP's leadership in pension reforms, particularly promoting

Defined Contribution frameworks, supports long-term fiscal sustainability and strengthens household financial security. At the same time, policies enabling non-bank microfinance companies to participate in affordable housing finance expand financial inclusion for low and middle-income segments.

Within the insurance sector, a multi-year roadmap aims to double penetration, enhance digital adoption, strengthen takaful, and introduce climate-risk insurance products. Digital infrastructure solutions such as the Motor Insurance Repository and Life Insurance Policy Finder advance consumer protection and fraud prevention. Deep regulatory reforms, including Risk-Based Capital requirements and full implementation of IFRS-17 by 2027, align Pakistan's insurance sector with global best practices and strengthen market resilience.

Sustainable finance has also emerged as a central focus. SECP is implementing a phased adoption of ISSB global sustainability standards (IFRS S1 & S2) and expanding corporate ESG reporting through the ESG Sustain Portal, now hosting sustainability and gender-disaggregated metrics from dozens of listed companies and NBMFCs. At the same time, SECP has established a regulatory framework for ESG Mutual Funds and introduced an Infrastructure Development Fund category to deepen long-term capital formation.

Gender inclusion is woven into the reforms agenda. Under the Prime Minister's Women Empowerment Package, listed companies must now disclose gender pay gaps, while awards recognize companies with family-friendly policies. The forthcoming Women EquiSmart Policy and Women Inclusive Finance (WIF) program aim to institutionalize gender-smart regulatory practices, expand access to financial products for women, and strengthen supervisory capabilities for inclusive economic growth.

Finally, SECP is driving an extensive legal reform agenda to modernize Pakistan's financial regulatory architecture. Amendments to the Securities Act, Futures Act, Modaraba law, Insurance Ordinance, Motor Vehicle Act, and the SECP Act are underway to reduce regulatory overlaps, introduce no-fault insurance provisions, strengthen supervisory frameworks, and enhance market discipline.

Future Plans of SECP (2026–2029)

SECP's forward-looking reform agenda focuses on deepening market development, strengthening institutional capacity, and accelerating digital transformation. Major future initiatives include:

1. T+1 Capital Market Settlement & Market Infrastructure Modernization (2026)

- Full implementation of the T+1 settlement cycle by February 2026.
- Development of a future-ready trading system to support derivatives, commodities, bond trading, and structured products.
- Expansion of agricultural deliverable futures markets for wheat, maize, sugar, and rice, in partnership with PMEX and provincial governments.

2. Digital Asset Management Companies (Digital AMCs)

- Introduction of a dedicated regulatory framework to support low-cost, fully digital asset managers.
- Strengthening consumer protection through digital onboarding standards and risk mitigation tools.
- Enabling retail penetration into capital markets through simplified digital products.

3. Pension System Reform Expansion

- Nationwide transition towards Defined Contribution pension schemes.
- Standardization of employer pension structures for public and private sectors.

» Expansion of voluntary pension participation through digital integration.

4. Legal & Regulatory Architecture Redesign

» Consolidation of the Securities Act and Futures Act into a unified capital markets law.

» Overhaul of the Insurance Ordinance 2000 to promote competition, digital adoption, climate-risk products, and supervisory strengthening.

» Introduction of the Modaraba Bill to expand Islamic finance participation.

» Amendments to the Motor Vehicle Act introducing mandatory insurance, no-fault compensation, and increased financial protection.

5. Strengthening Inclusive & Gender-Smart Finance

» Implementation of the Women EquiSmart Policy (2025–2028).

» Mandatory female independent directors in NBMFCs.

» National rollout of gender-centric consumer protection principles, including fair treatment, access, and financial literacy.

» Launch of a Challenge Fund for NBMFCs to create inclusive financial products.

6. Sustainable Finance & ESG Integration

» Full implementation of ISSB standards across listed companies by 2028.

» Expansion of the ESG Sustain portal for sector-wide disclosures.

» Development of ESG scoring frameworks and sustainability ratings in collaboration with the rating agencies.

» Launch of infrastructure investment schemes to finance national development projects.

7. Insurance Sector Transformation (2025–2028)

» Implementation of mandatory motor third-party insurance nationwide.

» Rollout of the Risk-Based Capital (RBC) regime.

» Full implementation of IFRS-17 by January 2027.

» Expansion of digital insurance, takaful services, and microinsurance coverage.

8. Digital Corporate Registry Expansion

» One-click corporate account opening through real-time integration with major banks.

» Full-scale digital onboarding of all corporate beneficial ownership data.

» End-to-end automation of post-incorporation filings, mergers, and compliance workflows.

9. Strengthening Startup & Venture Capital Ecosystem

» Introduction of regulations for venture capital funds, accelerators, and digital alternative investment platforms.

» Expansion of the Pakistan Startup Summit into a recurring annual platform.

» Policy support for ESOPs, secondary markets, and innovation-driven entrepreneurship.

The reform trajectory of the SECP over 2023–2025 is ambitious and structurally important, but its impact is still constrained by deep, unresolved weaknesses in Pakistan's broader financial ecosystem and in the Commission's own capacity and enforcement culture. On paper, SECP has delivered an impressive list of initiatives, fully digital incorporation, BO registry, dematerialization of shares, sovereign sukuk via PSX, ESG disclosure frameworks, pension and insurance roadmaps, startup and MSME support, but the depth and breadth of actual market transformation remain limited. Capital markets are still shallow, highly concentrated,

and vulnerable to speculative cycles; the retail investor base is thin; and SMEs continue to rely heavily on banks and informal finance rather than accessing capital markets, despite the Secured Transactions Registry, Asaan Connect, and digital onboarding reforms. Many of the flagship reforms (ISSB/ESG adoption, DC pension transition, T+1 settlement, DC pension reforms, insurance RBC/IFRS-17, Motor TPL enforcement, Digital AMCs, PRMI integrations) are multi-year processes that risk being delayed or diluted without strong political backing, technical staffing, and consistent supervision.

There is also a persistent implementation gap between regulation issued and behavior changed. Mandatory gender pay gap disclosure and family-friendly policy incentives, for instance, may remain box-ticking exercises unless SECP couples them with real enforcement, public naming and shaming, and integration into listing, rating, and governance criteria. Likewise, the BO registry and anti–Ponzi scheme work will only be credible if SECP visibly clamps down on abusive schemes and high-profile offenders, rather than relying on circulars and advisories. Coordination with SBP, FBR, and provincial authorities is still uneven, particularly around tax treatment of capital gains, sales tax anomalies, and FX restrictions that undermine investor confidence and cross-border flows. Insurance penetration, pension coverage, and mutual fund assets remain low by regional standards, suggesting that SECP's reforms have not yet translated into mass-market trust or uptake. Finally, while digitalization and PRMI-style integration reduce bureaucratic friction, they also heighten cyber, data-privacy, and digital-exclusion risks that SECP has only partially addressed through guidelines rather than binding, tested regimes. In short, SECP has set an advanced reform blueprint; the real test now is less about designing frameworks and more about execution, enforcement, and visible market outcomes, deeper capitalization, broader inclusion, credible deterrence against misconduct, and sustained investor confidence.

SECP Reforms Summary (2023–2025)

Reform Area / Wing	Reform / Initiative	Core Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	SDG Alignment
Corporate Registry & Digitization	Digital Corporate Registry (2020–2025)	Fully digitize incorporation & compliance	e-File, digital certificates, FI Portal, multilingual guides	Faster incorporation & reduced paperwork	Transparent, automated company lifecycle	Reduced transaction costs; improved formalization; SME growth	Workforce upskilling in digital compliance	SDG 8, 9, 16
Corporate Governance	Beneficial Ownership Registry (2025)	Strengthen AML/CFT & transparency	Central BO Register	Improved disclosure compliance	Enhanced investor trust & governance integrity	Increased FDI confidence; reduced illicit flows risk	Strengthens audit, legal & compliance skills	SDG 16, 17
Ease of Doing Business	Companies Regulations 2024	Simplify regulatory framework	Forms reduced 75 > 28, clearer compliance	Lower compliance burden	Predictable corporate environment	Faster business setup, lower costs	Builds regulatory literacy among firms	SDG 8, 16
Digital Security	Cybersecurity Guidelines 2024	Protect digital filings & corporate data	Mandatory cyber protocols	Reduced cyber risk exposure	Safer digital corporate ecosystem	Prevents financial losses & data breaches	Upskills IT & governance professionals	SDG 9, 16
Capital Markets Deepening	Market-based Government Debt Issuance	Raise funds through PSX	PKR 2.82 trillion raised; Green Sukuk	Liquidity boost in debt markets	Strengthened domestic capital markets	Lower borrowing costs; better price discovery	Capital market literacy & analytics growth	SDG 8, 9, 13

Capital Markets Efficiency	T+1 Settlement Cycle (2026)	Improve efficiency & reduce risk	Market roadmap issued	Faster settlement, reduced risk	Alignment with global markets	Greater trading activity & market depth	Skills in risk management & clearing systems	SDG 9
Investor Access	NRPs Digital Onboarding	Enable global investor participation	Digital KYC & account opening	Increased diaspora inflows	Broader investor base & liquidity	Higher portfolio investment inflows	Enhances digital onboarding & KYC skills	SDG 8, 17
Access to Finance	Asaan Connect – Centralized Gateway	Simplify investor onboarding	160 brokers, 18 AMCs, 19 insurers integrated	One-window access to investment products	Higher retail investor participation	Increased savings mobilization & market participation	Financial literacy & fintech skills strengthened	SDG 1, 8, 10
Startup & Entrepreneurship	Startup Ecosystem Support	Promote innovation & entrepreneurship	National startup position paper, 2024 Summit	Improved investor–startup linkages	Stronger venture ecosystem	New business creation & job generation	Skills in innovation, governance, finance	SDG 8, 9
Pension Reforms	DC Pension Schemes (KP, Punjab)	Ensure fiscal sustainability	Dedicated Pension Department	Immediate expansion of pension coverage	Sustainable retirement savings framework	Reduced fiscal burden; increased long-term savings	Pension administration & actuarial capacity	SDG 1, 8
Insurance Sector Reform	Insurance Roadmap 2025–2030	Double insurance penetration	MIR, Policy Finder, IFRS-17, RBC	Fraud reduction; transparency	Stronger, resilient insurance industry	Increased protection; reduced economic vulnerability	Growth in actuarial, underwriting & risk skills	SDG 1, 8, 13
Sustainable Finance	ISSB (IFRS S1/S2) Adoption	Align with global ESG standards	Phased adoption 2025–2028	Increased ESG awareness	Access to global sustainable finance	Attraction of ESG investments; green finance growth	ESG reporting, analytics & assurance skills	SDG 12, 13, 16
ESG Disclosure	ESG Sustain Portal	Centralized sustainability reporting	50+ companies onboarded	Improved transparency	Long-term ESG integration in markets	Better capital allocation; lower risk premiums	Builds sustainability & reporting expertise	SDG 12, 13
Inclusive Finance	Peer-to-Peer Lending Reform	Expand SME financing	Updated framework for digital lending	Improved access to alternative finance	Deepened financial inclusion	Increased SME productivity & job creation	Digital credit risk skills	SDG 10, 8
Credit Guarantee Mechanism	Strengthen SME & Infrastructure Finance	Expand guarantees	Recognized as distinct NBFC category	Enhanced risk-sharing	Increased lending capacity	Supports infrastructure & SME growth	Strengthens credit analysis & risk management	SDG 9, 8
Gender Inclusion	Gender Pay Gap Disclosure (2025)	Promote workplace equity	Listed companies reporting gaps	Transparency in corporate gender practices	Cultural shift towards equitable workplace	Higher female labor participation; productivity gains	Increases HR & governance gender expertise	SDG 5, 10
Women Equi-Smart Policy (2025–28)	Institutionalize gender inclusion	Policy framework prepared	Pilot reforms started	Long-term gender mainstreaming	Leadership opportunities for women	SDG 5, 8	Expands women's workforce participation	

Financial Inclusion	Housing Finance Enablement	Expand low-income housing credit	MFIs enabled for housing finance	Wider access for underbanked households	Long-term mortgage market growth	Boosts construction & allied industries	Strengthens lending & risk evaluation skills	SDG 1, 11

Creating an Even-Playing Field

A competitive economy is not built merely on production and investment, it relies fundamentally on fairness, transparency, and a level playing field. Over the past twelve months, the Competition Commission of Pakistan (CCP) has undergone a powerful institutional transformation, shifting from a reactive, complaint-driven regulator into a proactive market guardian founded on intelligence, deterrence, and systemic reform. The Commission's agenda during this period reflects a clear strategic pivot: strengthening enforcement credibility, mainstreaming data-driven oversight, advancing sectoral reform, and ensuring that competition policy contributes directly to economic stability, consumer welfare, and investment growth.

At the heart of this transformation is CCP's move toward ex-ante enforcement, where distortions are detected early, analysed rigorously, and addressed decisively. The creation of the Market Intelligence Unit (MIU) marked a structural leap forward. Rather than waiting for complaints, CCP now actively scans the economy, identifying more than 200 potential anti-competitive cases across sectors as diverse as FMCG, real estate, telecom, pharmaceuticals, oil and gas, insurance, power, transport, and digital markets. This represents the most comprehensive surveillance of Pakistan's market dynamics since the Competition Act, 2010 came into force. For the first time, enforcement is informed by real-time data, sectoral diagnostics, and predictive insights, making market manipulation riskier, costlier, and easier to detect.

CCP's transformation is also evident in its record-breaking penalty recoveries. Historically, the Commission struggled to translate its orders into actual financial deterrence, recovering only around PKR 200 million from its inception to 2023. In stark contrast, reformed recovery systems, legal follow-up, and structured oversight have helped CCP recover an unprecedented PKR 1.2 billion in just two years. This shift has significantly strengthened the credibility of the competition regime: penalties are no longer symbolic, they are enforceable, unavoidable, and financially consequential.

Parallel reforms in litigation management have radically improved regulatory certainty. Through systematic restructuring, enhanced in-house legal capacity, and proactive case-tracking, CCP achieved the highest disposal of cases in its history, with courts deciding 428 cases across the Supreme Court, High Courts, and CAT. This extraordinary clearance not only reduces legal backlogs but also ensures the enforceability of CCP's orders, supporting stronger deterrence and improved market discipline.

Perhaps the most far-reaching reform is the establishment of the Center of Excellence in Competition Law (CECL), a dedicated research and policy platform enabling CCP to pair enforcement with rigorous economic analysis. CECL's fifteen sectoral studies have diagnosed structural bottlenecks across energy, cement, automobiles, telecom, digital markets, aviation, agriculture inputs, and construction. Their findings are reshaping debates on regulatory fragmentation, concessions, public procurement, SOE privileges, and price distortions. By grounding reform in evidence, CECL strengthens policy coherence, improves the investment climate, and aligns competition enforcement with Pakistan's broader economic priorities.

Other strategic reforms underscore CCP's evolving institutional maturity. The initiation of CCP's purpose-built headquarters marks an important milestone toward long-term autonomy and financial sustainability, saving approximately PKR 110–120 million annually in rental outflows. Internal restructuring of adjudication procedures has also accelerated enforcement outcomes. Hearing times have been shortened, adjournments minimized, and orders issued far more efficiently. Over the past year alone, CCP issued sixteen enforcement orders, imposing PKR 2.7 billion in penalties for cartelization, abuse of dominance, and deceptive marketing practices. These actions span major sectors, reaffirming CCP's commitment to fair markets and consumer

protection.

Complementing this is a renewed focus on foreign investment facilitation. Through efficient Phase-I merger clearances, CCP has supported PKR 29.65 billion in FDI across LNG, oil marketing, IT, food, and microfinance. This represents a critical alignment between competition policy and economic growth, ensuring that investment flows strengthen, rather than distort, market competitiveness.

Finally, CCP's nationwide advocacy campaign has democratized awareness of competition law. Through multimedia outreach, public education, and sector-specific messaging, CCP has broadened understanding of how cartels, mafias, deceptive practices, and market manipulation impose hidden taxes on citizens and businesses. This has strengthened whistleblowing, encouraged compliance, and increased industry engagement.

Taken together, these reforms represent one of the most significant institutional strengthening phases in CCP's history. The Commission today is more agile, more informed, more independent, and more capable than ever before. It plays a critical role in safeguarding consumers, promoting investment, enhancing productivity, and ensuring that Pakistan's economy grows not through privilege or protectionism, but through fair competition, innovation, and market integrity.

While the Competition Commission of Pakistan has demonstrated remarkable institutional revival over the past year, several systemic constraints continue to limit the full realization of its mandate. CCP's shift from passive enforcement to a proactive, intelligence-driven regulator is commendable, yet the Commission still operates within a broader economic and regulatory landscape that remains fragmented, inconsistent, and often resistant to competition-based reforms. Despite significant penalty recoveries, many industries remain highly concentrated, with entrenched cartels and sectoral "mafias" capable of influencing pricing, output decisions, and regulatory outcomes. These structural characteristics reduce the long-term deterrence impact of enforcement actions and indicate that competition issues in Pakistan remain deeply embedded in market design, rather than being merely behavioral violations.

Another persistent challenge is CCP's limited statutory independence and budgetary constraints. Although the Commission's enforcement performance has improved, its reliance on government budget approvals restricts long-term planning and impedes investments in advanced digital tools, economic modeling systems, and global best-practice compliance technologies. The construction of CCP's own headquarters is a step toward institutional autonomy, yet sustainable operational independence will require legislative amendments ensuring predictable financing and protection from political influence. Furthermore, despite the establishment of MIU and CECL, capacity gaps remain in econometric analysis, digital market forensics, and investigative technologies, areas essential for contemporary competition enforcement, particularly in rapidly evolving sectors such as fintech, e-commerce, and digital platforms.

Legal uncertainties also impede CCP's full effectiveness. Although case disposals have increased, several long-standing judicial interpretations continue to dilute the Competition Act's deterrence value. Frequent injunctions, lengthy appellate processes, and inconsistent treatment of fines hinder CCP's ability to enforce compliance uniformly. The absence of specialized competition benches in High Courts results in variable jurisprudence, contributing to regulatory unpredictability and enabling sophisticated undertakings to prolong litigation strategically. Additionally, the Act still lacks robust leniency incentives and whistleblower protections, which are critical globally for uncovering cartels and bid-rigging, two of Pakistan's most damaging competition violations.

The Commission's advocacy and awareness initiatives have improved public understanding, yet consumer and business engagement remain limited. Many SMEs still view competition law as punitive rather than developmental, and large sectors, particularly in commodities, agriculture, supply chains, and public procurement, remain dominated by informal collusion mechanisms that require coordinated multi-agency reform, not just CCP enforcement. Without integration with tax authorities, sector regulators, procurement bodies, and provincial governments, CCP's findings may highlight distortions but cannot fully rectify them.

Finally, while CCP's merger review reforms have facilitated foreign investment, the absence of comprehensive post-merger market monitoring remains a significant oversight. Ensuring that approved mergers do not later evolve into dominance abuse or exclusionary conduct is essential for sustainable competition. Pakistan lacks a robust post-merger audit framework, a gap that must be addressed urgently as FDI inflows grow and market structures evolve.

In summary, CCP has entered a phase of strategic strengthening, yet its long-term impact depends on legislative upgrades, enhanced digital and economic capabilities, deeper inter-agency coordination, and more predictable legal frameworks. Without these systemic reforms, the Commission risks being reactive once again, unable to match the scale of market manipulation, cartelization, and concentration that continue to burden Pakistan's economy.

Summary of Competition Commission of Pakistan (CCP) Reforms 2025

Reform / Initiative	Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	Transparency & Governance Impact	SDG Alignment
Establishment of Market Intelligence Unit (MIU)	Proactive detection of anti-competitive practices through data-driven surveillance	200+ potential cartel, dominance & deceptive marketing cases detected	Faster detection & early corrective action	Reduced cartelization; competitive neutrality	Lower consumer prices; reduced collusion losses; improved efficiency	Builds capacity in data analytics, digital forensics, market analysis	Evidence-based enforcement; predictable regulation	SDG 8, 9, 10, 16
Record Penalty Recoveries (PKR 1.2 Billion)	Strengthen deterrence by ensuring financial penalties are recovered	Highest-ever recovery in CCP history	Stronger compliance & regulatory credibility	Sustainable deterrence; improved market discipline	Reinforces rule of law; reduces anti-competitive losses	Strengthens enforcement and legal follow-up skills	Transparent penalties; improved accountability	SDG 8, 16
Disposal of 428 Court Cases (SC, HC, CAT)	Clear backlog & enhance legal certainty	428 cases resolved across courts	Faster enforcement & case closures	Predictable legal environment	Reduced litigation costs; faster market correction	Builds internal legal capacity	Strengthens rule of law & judicial efficiency	SDG 16
Center of Excellence in Competition Law (CECL)	Evidence-based competition research & policy guidance	15 sectoral studies completed	Data-backed policy recommendations	Better regulatory frameworks & sectoral reforms	Reduces structural inefficiencies; supports competitive markets	Enhances research, policy analysis & economic expertise	Improves quality of decision-making; supports long-term reforms	SDG 8, 9, 16, 17
Construction of CCP Head Office Building	Strengthen institutional independence & eliminate rental expenditures	All approvals completed; groundbreaking in 2025	Removes PKR 110M annual rental burden	Long-term financial sustainability	Substantial recurring savings; operational efficiency	Improves workplace capacity & resource utilization	Better oversight & operational governance	SDG 9, 16

Restructuring of Legal Department	Expedite litigation, strengthen enforcement & reduce external legal costs	Streamlined case management; enhanced in-house legal capacity	Faster responses; fewer delays	Consistent & unified legal strategy	Faster resolution of anti-competitive cases; reduced cost	Builds litigation & legal drafting skills	Strengthens enforceability & regulatory efficiency	SDG 16
Reduced Hearing Time & Fast-Track Adjudication	Reduce hearing durations & accelerate issuance of orders	16+ enforcement orders issued; majority in 2–3 hearings	Faster dispute resolution	Stronger deterrence & compliance	Minimizes economic harm from delayed enforcement	Develops adjudication & case management capability	Timely regulatory action; stronger rule of law	SDG 8, 16
Comprehensive Competition Advocacy Campaign	Increase public awareness & encourage compliance	Multi-media campaign; increased public reporting	Higher public engagement; more whistle-blowing	Cultural shift toward fair competition	Reduces informal cartels; encourages SME entry	Builds communication & public engagement skills	Promotes transparency & consumer rights	SDG 10, 12, 16
Strengthened Merger Review to Facilitate FDI	Promote investment while preventing harmful concentration	150+ mergers cleared; PKR 29.65B FDI facilitated	Faster investment processing	Competitive markets with transparent consolidation	FDI inflows; increased sectoral productivity & jobs	Builds expertise in M&A analysis & competition economics	Enhances regulatory predictability; improves investor confidence	SDG 8, 9, 17
Enforcement Orders Against Cartels, Dominance Abuse & Deceptive Marketing	Penalize anti-competitive practices & protect consumers	16 enforcement orders; PKR 2.7B penalties	Immediate deterrence; visible enforcement	Long-term decline in cartelization; better service quality	Reduces inflationary pressures caused by collusion	Strengthens investigative & economic assessment capacities	Reinforces rule of law & fair market behavior	SDG 8, 12, 16



Preserving the Heritage:
Culture, Memory and the Creative Futures of Pakistan

Pakistan's cultural and historical landscape is one of its greatest strategic assets. From the mausoleum of the Quaid and the poetry of Iqbal to Gandhara sites, folk traditions and Urdu scholarship, the country's heritage institutions are not only custodians of memory; they are also anchors of identity, soft power and a growing creative economy. In 2025, a wide constellation of institutions under the National Heritage and Culture Division, together with dedicated entities like Aiwan-e-Iqbal and the Quaid-i-Azam Mazar Management Board, undertook a set of reforms that reposition heritage preservation as a modern, digitized, economically relevant public good aligned with SDG 11.4 and related goals.

1. Reimagining Iqbal's Legacy: Aiwan-e-Iqbal and the Iqbal Ecosystem

The Aiwan-e-Iqbal Complex in Lahore has moved decisively from being a static memorial space to a dynamic cultural and academic hub on "Iqbaliyat." In FY 2024–25, the Complex initiated up-gradation of its art galleries, including specialized LED lighting for painting preservation, renovation of frames and flooring in the Red Floor Gallery, and the gradual digitization of archives. These upgrades have already resulted in increased footfall from students and tourists, enabled the successful hosting of high-profile events like the Marka-e-Haq photo exhibition (August 2025), and improved the Complex's readiness to host international cultural delegations.

In the long term, this investment positions Aiwan-e-Iqbal as a global reference point for research on Iqbal, with curated galleries, restored portraits and calligraphy, and a more professional visitor experience. The reforms are creating new jobs for curators, digital archivists, tour guides and technical maintenance staff, while enhancing the venue's rental and commercial potential for exhibitions, literary festivals and corporate cultural events. Planned reforms, such as energy-efficient HVAC replacement to cut operational costs by an estimated 30%, further link heritage preservation with sustainability and fiscal prudence.

Complementing the physical reforms, the Iqbal Academy Pakistan (IAP) has focused on connecting Iqbal's thought to the digital age. New MoUs with aligned institutions have expanded partnerships and co-hosted activities, while the digitalization of rare material (2,000 books, 2,000 journals and 300 letters of Iqbal in searchable format) is making Iqbaliyat accessible to a global research community. Outdoor activities, international conferences, and an AI-compatible Iqbal Cyber Library have expanded the Academy's reach from roughly one million to over five million users per month, with EPADS-based procurement reinforcing transparency. Collectively, this "Iqbal ecosystem" links physical heritage, digital access and global scholarship.

2. Safeguarding Archaeological Sites and Expanding World Heritage Status

The Department of Archaeology and Museums (DOAM) has adopted a more strategic, globally connected approach to heritage protection. In 2025, Pakistan progressed towards new World Heritage nominations, with the preliminary request for the Ranighat Buddhist site approved and a draft nomination dossier for Banbhore Port submitted to the World Heritage Centre. These efforts not only elevate Pakistan's standing on the global heritage map but also lay the foundation for increased cultural tourism and international collaboration.

At the national level, DOAM has undertaken conservation and upgradation of key Islamic-era sites in the Islamabad territory, including Rewat Fort, Pharwala Fort, Mai Qamro Mosque and the Muqarab Khan Tomb. These interventions revive "hidden heritage" in and around the capital, generating jobs for conservation professionals and engaging local communities. In parallel, the establishment of a digital immersive gallery in the Islamabad Museum marks a significant shift toward experiential cultural tourism. By transforming static displays into immersive experiences, DOAM is encouraging provincial heritage departments to explore similar galleries, creating new opportunities for IT professionals, designers and cultural technologists.

Despite constant challenges in land demarcation, removal of encroachments and community resistance, the direction of reforms is clear: heritage is being reframed not only as a legacy to be guarded but as an economic and soft-power asset that can generate employment, attract tourism and strengthen Pakistan's international image.

3. Living Culture and Folk Traditions: Lok Virsa and the Creative Economy

The National Institute of Folk and Traditional Heritage (Lok Virsa) has continued to evolve as the main national platform for celebrating Pakistan's folk cultures and intangible heritage. In 2025, Lok Virsa prioritized museum upgradation for public facilitation, introducing new and upgraded dioramas, installing air-conditioning systems, and enhancing cultural linkages within its galleries. These measures directly improve visitor comfort and interpretive quality, increasing footfall and making the museum more attractive for tourists, schools and cultural partners.

Security arrangements were strengthened to protect visitors and assets, while procurement and financial management were aligned with PPRA rules, including adoption of E-PADS to ensure transparent, competitive tenders. Lok Virsa has also embraced sustainability through the solarization of museum buildings, reducing energy costs and moving towards greener operations.

On the digital front, the digitization of archives, planned e-ticketing, and the conceptualization of an e-commerce platform for handicrafts and cultural products tie heritage directly to the livelihoods of artisans and creative entrepreneurs. Coupled with festivals like Lok Mela and other cultural events, these reforms strengthen the cultural economy, create direct and indirect jobs, and improve the ease of doing business for cultural stakeholders, particularly artisans and performers from rural and marginalized communities.

4. Languages, Literature and the Knowledge Heritage

Language and literature sit at the heart of Pakistan's heritage architecture. A cluster of institutions – the National Language Promotion Department (NLPD), Pakistan Academy of Letters (PAL) and the National Library of Pakistan (NLP) – have modernized their operations to preserve and project the country's linguistic and literary capital.

The NLPD has focused on the modernization of Urdu for the digital era. Key reforms in 2025 include the publication and digital upload of Urdu books and dictionaries, the transition of the Ilm-o-Fun research journal to an OJS (Open Journal System) for indexed, searchable scholarly communication, and regular seminars for promoting the use of Urdu in governance and law. Training programs, including "Urdu for Digital Platforms," have upgraded the skills of government officials and graduates, preparing them for paperless Urdu governance and digital communication. Calligraphy-related activities preserve Nastaliq aesthetics while translating federal laws and technical terminology into Urdu deepens accessibility and reduces language

barriers in public service delivery and business processes.

The Pakistan Academy of Letters has reinforced its role as a national literary anchor. Through key MoUs with universities and literary bodies, PAL has promoted research collaboration and climate awareness through creative writing. A robust calendar of seminars, conferences, workshops, and youth-focused festivals has expanded literary engagement across all provinces, Gilgit-Baltistan and AJK. PAL has also undertaken digitization capacity building, established an Online Public Access Catalogue (OPAC), and continued to publish books, magazines and newsletters. Its literary awards, stipends for indigent writers, and youth literature festivals strengthen the economic and social safety net for writers, while the new Literary Museum of Pakistani Languages positions literature as both cultural memory and a tourism attraction.

The National Library of Pakistan has aligned its reforms with global trends in digital libraries and knowledge access. In 2025, the Library implemented large-scale digitization of newspaper archives, extended opening hours (8 am–9 pm) to facilitate students and researchers, and enhanced internet bandwidth to support access to e-resources. The Library also introduced internship programs for students, organized book exhibitions and launching events, established cultural corners (such as Indonesian and Ukrainian bookshelves), and signed MoUs with HEC and universities to strengthen a national knowledge network. These measures expand the reading culture, improve research infrastructure, and create new professional opportunities in library sciences, IT and archival work.

5. Performing Arts, Creative Talent and Cultural Industries

The National Academy of Performing Arts (NAPA) plays a critical role in nurturing talent in theatre and music. In 2025, NAPA focused on securing degree-awarding status for its three-year diplomas and lobbying for permanent premises. Although these reforms are still in process, their successful implementation would significantly enhance NAPA's ability to attract students, expand course offerings, and build a purpose-built theatre space. This will directly feed the film, television, theatre and music industries with professional talent, generate new employment, and expand the domestic creative economy.

The Pakistan National Council of the Arts (PNCA) has aligned its reforms around digitization, transparency and capacity building. In 2025, PNCA initiated the digitization of art archives and records, developed online systems for artist registration and grants, and expanded skill development programs for artists. Public–private partnerships for cultural events have improved the investment climate for the cultural sector, created event-based jobs, and helped arts enter mainstream economic and policy conversations. Together, NAPA and PNCA are positioning cultural production not as an optional luxury but as a strategic industry with employment, export, tourism and soft power potential.

6. Foundational Narratives: Quaid-i-Azam's Legacy and National Memory

Preservation of the legacy of Quaid-i-Azam Muhammad Ali Jinnah remains central to national identity building. Two institutions – the Quaid-i-Azam Academy and the Quaid-i-Azam Mazar Management Board (QMMB) – are at the core of this effort.

The Quaid-i-Azam Academy has continued a strong program of research publications, seminars, conferences and book exhibitions focused on the Quaid's life, ideas and the Pakistan Movement. New books have been published, reprints issued and book fairs organized, ensuring that the founding narrative remains accessible to students, scholars and the public. Events on Independence Day, Defence Day, Quaid Day, and Marka-e-Haq have brought together schools, colleges and universities, reinforcing civic education and national cohesion. Planned reforms include expanding outreach through competitions, mushairas, and additional publications.

The QMMB, responsible for the Mazar-e-Quaid complex in Karachi, has undertaken critical governance and infrastructure reforms despite funding constraints. Key projects include the renovation and revamping of Aiwan-e-Nawadrat-e-Quaid-i-Azam (Quaid's Museum), the restoration of the mausoleum dome ceiling, and the construction of boundary walls to secure peripheral land for future projects like "Pakistan Park." These projects have completed design

and approval stages, but their execution is contingent on adequate funding.

At the same time, QMMB has fully implemented e-Office for internal efficiency, e-PADS for transparent procurement, PMDU for citizen grievance redressal, and planned the installation of a solar system to reduce electricity costs. Filling vacant posts is expected to improve operational capacity in the coming period. These reforms directly link the maintenance of a national monument with modern public-sector management practices and sustainability.

7. Heritage as Partnership, Public Diplomacy and Human Capital

Across the heritage ecosystem, partnerships and people-to-people exchanges are emerging as a core strategy. MoUs by Iqbal Academy, PAL, Aiwan-e-Iqbal, Lok Virsa, PNCA, the National Library and others have created multi-stakeholder networks involving universities, international cultural institutions, writers' associations and foreign missions. Cultural troupes and official visits, such as those facilitated by PAL's collaboration with the China Writers' Association, strengthen Pakistan's literary diplomacy and project a more nuanced cultural image abroad.

Heritage reforms are also building human capital. New roles are emerging in:

- Conservation science, museum management and gallery operations;
- Digital archiving, cultural IT, AI-based library systems and immersive galleries;
- Literary editing, translation, Urdu digital content creation and calligraphy design;
- Performing arts, festival management, creative entrepreneurship and cultural tourism.

These skills not only support preservation but also connect to broader employment, innovation and competitiveness in creative industries, tourism, publishing and education.

8. Challenges, Gaps and the Road Ahead

Despite the breadth of reforms, heritage preservation still faces structural challenges. Many institutions report limited and unpredictable financial resources, delaying critical works such as the renovation of Quaid's Museum, boundary walls at Mazar-e-Quaid, solar installations and large-scale digitization projects. Several entities, including QMMB and the National Library, are operating at less than optimal staffing levels, which constrains service delivery and slows reform.

Physical heritage sites continue to grapple with encroachments, land demarcation disputes and weak local enforcement, particularly for archaeological and heritage sites. On the digital side, the pace of transformation is often constrained by technical capacity gaps, high costs of specialized equipment and the need for sustained training in archival standards, metadata, and AI-compatible platforms.

Looking ahead, planned reforms include:

- Expansion of World Heritage nominations and construction of the National Museum of Pakistan in Islamabad;
- Completion of solarization, e-ticketing and e-commerce platforms at museums;
- Full operationalization of digital inventories, OPACs, immersive galleries and AI-based knowledge portals;
- Securing degree-awarding status and permanent premises for NAPA;
- New youth residencies, storytelling programs, international conferences and writers' exchanges at PAL and other literary bodies;
- Completion of critical restoration projects at the Mazar-e-Quaid complex.

To fully realize the potential of these reforms, Pakistan will need a more predictable funding envelope for heritage, stronger inter-agency coordination, and deliberate integration of heritage into tourism, education, foreign policy and economic planning.

9. From Preservation to Shared Prosperity

The reforms undertaken across Aiwan-e-Iqbal, DOAM, Lok Virsa, Iqbal Academy, NLPD, PAL, National Library, NAPA, PNCA, the Quaid-i-Azam Academy and QMMB demonstrate a clear policy shift: heritage is no longer being treated as a static, nostalgic space, but as a living, digitized, economically active ecosystem.

By preserving monuments and manuscripts, modernizing museums and archives, digitizing knowledge, professionalizing artists and writers, and embedding transparency and digital governance in operations, Pakistan is laying the groundwork for a heritage-driven creative economy that supports SDGs on education, sustainable cities, decent work, innovation and strong institutions.

Reforms for the "Preserving the Heritage and Creative Economy"

Institution	Reform / Initiative	Reform Category	Core Objective	Key Output / Progress	Short-Term Impact	Long-Term Impact	Economic / Creative Economy Impact	Human Capital Impact	SDG Alignment
Aiwan-e-Iqbal Complex	Up-gradation of Art Galleries & Archives	Infrastructure, Digitization	Modernize display and preservation of Iqbal's legacy and support research on Iqbaliyat	LED conservation lighting, renovated Red Floor Gallery, restoration of portraits & panels, student exposure programmes	Enhanced visitor experience; higher student and tourist footfall; readiness for international events (e.g. "Marka-e-Haq" exhibition)	Establishes Aiwan-e-Iqbal as a premier global hub for Iqbaliyat research and cultural diplomacy	Raises rental and event value; supports creative economy via exhibitions, festivals and corporate cultural events	New roles for curators, digital archivists, tour guides and technical staff	SDG 11, SDG 9, SDG 4
Aiwan-e-Iqbal Complex	Planned HVAC Up-gradation	Green Infrastructure, Efficiency	Reduce operating cost and improve climate control for galleries & conference centre	Concept prepared for energy-efficient, inverter-based central AC replacement	Improved visitor comfort and equipment protection	30% reduction in energy cost improves financial sustainability of the complex	Frees resources for programming and events; better hosting environment for conferences	Up-skilling of facility and energy management staff	SDG 7, SDG 12, SDG 11
DOAM	World Heritage Nomination Dossiers (Ranighat, Banbhore Port)	Governance, International Heritage	Increase Pakistan's recognised World Heritage sites and global visibility	Preliminary approval of Ranighat request; draft dossier of Banbhore submitted	Raises archaeological profile of candidate sites	Higher global recognition, stronger heritage tourism flows and international cooperation	Boosts cultural tourism, local hospitality, and related SMEs in heritage corridors	New demand for heritage managers, site guides, conservators	SDG 11.4, SDG 17, SDG 8

DOAM	Conservation of Rewat & Pharwala Forts, Mai Qamro Mosque, Muqarab Khan Tomb	Conservation, Urban Heritage	Conserve Islamic-era heritage in Islamabad Capital Territory	Upgradation and conservation works initiated at multiple sites	Recovery and visibility of "hidden heritage" in and around Islamabad	Long-term protection of key monuments and integration into urban tourism routes	Creates heritage-based tourism circuits; opportunities for local businesses (guides, crafts, food)	Jobs for conservation professionals, local artisans and labour	SDG 11.4, SDG 8
DOAM	Digital Immersive Gallery – Islamabad Museum	Digitalization, Visitor Experience	Promote Pakistan's cultural heritage through immersive technologies	First immersive gallery of its kind established in Islamabad Museum	New, engaging experience for visitors; stronger museum appeal	Catalyses similar immersive initiatives in provinces; anchors digital cultural tourism	Positions heritage sector as a client for IT & creative-tech firms; new products & services	New roles for 3D artists, creative coders, AV technicians	SDG 9, SDG 11
Iqbal Academy Pakistan (IAP)	Digitalization of Rare Iqbal Material	Digitization, Knowledge Access	Preserve and globally disseminate rare Iqbaliyat material	2,000 books, 2,000 journals, 300 letters digitized in searchable format	Immediate access for scholars and students; reduced handling of fragile originals	Long-term preservation and global research visibility of Iqbal's works	Supports academic publishing, online platforms and citation of Pakistani scholarship	Strengthens skills in digital archiving, metadata and text processing	SDG 9, SDG 11, SDG 4
Iqbal Academy Pakistan (IAP)	AI-Compatible Iqbal Cyber Library & Outdoor Activities	Digital Service Delivery, Outreach	Make authentic Iqbal resources accessible worldwide and engage youth	Cyber Library shifted to AI mode; international conferences & youth outreach events held	Massive increase in traffic (from ~1m to ~5m users/ month); broader global reach	Institutionalizes AI-based knowledge access on Iqbaliyat; sustained youth engagement	Expands global educational demand for Iqbal's works; raises Pakistan's soft power	Builds capacity in AI content curation and digital user support	SDG 9, SDG 4, SDG 17
Lok Virsa	Museum Upgradation for Public Facilitation	Service Delivery, Infrastructure	Improve visitor experience and presentation of folk & traditional heritage	AC systems installed; dioramas upgraded; better narrative linkages across galleries	Enhanced comfort and visitor satisfaction; better interpretation	Sustained cultural tourism and stronger cultural literacy among citizens	Increases attractiveness of museum for tour operators, events and cultural partners	Jobs for designers, technicians, curators and guides	SDG 9, SDG 11
Lok Virsa	Solarization, E-PADS, E-Ticketing & E-Commerce	Green Infrastructure, Digital Governance	Cut energy costs, improve procurement transparency, and enable digital cultural commerce	Solarization underway; E-PADS adopted; e-ticketing and cultural e-commerce platform conceptualised	Reduced power bills; faster, more transparent procurement; better visitor management	Sustainable operations and integrated digital revenue streams for artisans and institutions	Opens national and overseas markets for artisans; predictable tendering for vendors	Builds IT, fintech and e-commerce skills within heritage institutions and artisan networks	SDG 7, SDG 8, SDG 9, SDG 16

NLPD	OJS-based Urdu Research Journals & Digital Publications	Digitalization, Research	Modernize Urdu research dissemination and indexing globally	Ilm-o-Fun moved to OJS; 25+ books uploaded to NLPD portal	Higher visibility and discoverability of Urdu scholarship	Establishes Urdu as a digitally indexed academic language	Supports academic publishing industry and Urdu-language think pieces	Strengthens skills in academic editing, OJS management, digital typesetting	SDG 4, SDG 9, SDG 17
NLPD	Training, Translation & Calligraphy Initiatives	Capacity Building, Compliance	Enable Urdu usage in governance, law and digital platforms	1,000+ officials trained; 1000+ documents translated; national calligraphy workshops held	Better quality Urdu files; improved public understanding of laws	Progressive shift toward paperless Urdu governance and legal accessibility	Reduces language barriers in business processes, contracts and citizen services	Upskilling civil servants, translators, designers, calligraphers	SDG 4, SDG 10, SDG 16
PAL	OPAC, Digitization Training & Digital Access	Digitalization, Institutional Strengthening	Preserve literary heritage and expand digital access	Digitization training with HMML-USA; OPAC for PAL library created	Improved access to catalogues and archival material	Stronger institutional capacity for long-term digital preservation and access	Supports research, publishing, and content industries with accessible literary data	New skills in digital archiving, library automation and metadata	SDG 4, SDG 9, SDG 11, SDG 17
PAL	Youth Literature Festivals, Residencies & Literary Museum	Service Delivery, Cultural Infrastructure	Engage youth, promote intercultural dialogue and preserve literary heritage	Youth Literature Festival, Interprovincial Writers Residency, Literary Museum operational	Immediate youth engagement and national literary visibility	Creation of recurring literary platforms and a permanent literary heritage space	Stimulates cultural tourism, book sales and associated creative industries	New opportunities for writers, curators, event managers and researchers	SDG 4, SDG 8, SDG 11, SDG 17
National Library of Pakistan	Digitization of Newspaper Archives & Extended Hours	Digital Preservation, Service Delivery	Preserve media heritage and widen access to knowledge	Digitization unit active; library timings extended to 8am–9pm; 150,000 readers served	Easier research access; stronger reading culture	Long-term preservation of national press record and sustained research support	Strengthens research ecosystem and media/legal/policy analysis industries	Digital skills for staff; internships for students; stronger professional pipeline	SDG 4, SDG 9, SDG 11
National Library of Pakistan	International Corners, MoUs & ISBN / Copyright Services	Collaboration, Publishing Support	Strengthen global cultural links and national publishing infrastructure	Indonesian & Ukraine corners; MoUs with HEC/universities; 4,700 ISBNs and 2,500 copyright deposits	Immediate boost in academic cooperation and publishing standards	Consolidates National Library as a central node in knowledge and publishing networks	Provides backbone services for publishing industry and knowledge economy	Roles in cataloguing, rights management, collaboration management	SDG 4, SDG 9, SDG 16, SDG 17

NAPA	Degree-Awarding Status & Permanent Premises (in Process)	Governance, Institutional Growth	Upgrade 3-year diploma to degree and secure dedicated campus	Engagement with universities; requests submitted to Sindh & Federal Govt for land	Raises attractiveness of programmes; increases student intake potential	Positions NAPA as a full-fledged performing arts university with long-term stability	Supplies professional talent to film, TV, theatre and music industries; boosts entertainment sector	Expanded faculty, technical and administrative roles in theatre and music	SDG 4, SDG 8, SDG 11
PNCA	Digitization of Art Archives & Online Artist Services	Digitalization, Transparency	Preserve national art and provide fair, transparent access to support	Digital art archive; online artist registration and grant portal launched	Faster, more transparent artist facilitation; better records	Long-term sustainable cultural preservation and robust artist registry	Improves investment climate in arts; easier engagement for sponsors and partners	IT and archival jobs; better access channels for artists nationwide	SDG 9, SDG 16, SDG 8
Quaid-i-Azam Academy	Publications, Seminars & Book Exhibitions on Quaid	Research, Civic Education	Preserve and disseminate Quaid's ideas and the Pakistan Movement	New books published; national events, seminars and exhibitions held	Increased awareness of Quaid's message among youth and scholars	Deepened civic identity and historical literacy	Supports niche publishing, educational programmes and heritage tourism linked to Quaid	Roles for researchers, editors, speakers and event coordinators	SDG 4, SDG 16
QMMB – Mazar-e-Quaid	Renovation of Museum, Restoration of Dome & Boundary Wall (Approved)	Governance, Conservation	Preserve Quaid's relics, conserve mausoleum and secure peripheral land	PC-I prepared and approved; technical recommendations endorsed by Board	Technical groundwork laid; immediate readiness for execution once funds arrive	Long-term structural stability of national monument and creation of "Pakistan Park"	Strengthens Karachi's heritage tourism potential and associated local businesses	Jobs for engineers, conservation experts and skilled technicians	SDG 9, SDG 11, SDG 8
QMMB – Mazar-e-Quaid	E-Office, E-PADS, PMDU & Solar System	Digital Governance, Efficiency	Improve organisational efficiency, transparency and sustainability	100% e-Office and e-PADS implemented; PMDU fully operational; 20kW solar project designed	Faster internal processes; transparent procurement; responsive grievance redressal	Stronger governance, reduced stationery & power costs, and better citizen trust	Aligns heritage management with modern business and governance practices; cost savings	Builds digital governance and IT skills within QMMB	SDG 7, SDG 8, SDG 9, SDG 16



System-Level Governance, Digitalization, and Regulatory Reforms

The Cabinet Division anchors some of the most system-defining reforms in Pakistan's federal governance architecture. Under its umbrella sit institutions that shape how the state spends money (PPRA), procures goods and services, manages housing and infrastructure (NAPHDA, NESPAK), allocates and safeguards spectrum (FAB), and protects the integrity of the financial system (National AML/CFT Authority). Taken together, their recent reforms signal a shift toward a more digital, rules-based, and risk-aware state—aligned with SDG 16 (Peace, Justice and Strong Institutions), SDG 9 (Industry, Innovation and Infrastructure), and a cluster of related goals on decent work, sustainable cities, and responsible consumption.

1. PPRA – From Paper Procurement to a Digital, Rules-Based Ecosystem

Under the Cabinet Division, the Public Procurement Regulatory Authority (PPRA) has become a flagship of governance reform, particularly through the mandatory roll-out of the e-Pak Acquisition and Disposal System (EPADS).

Between FY 2024–25 and 2025–26, EPADS processed 526,726+ contracts worth around Rs. 1,408.58 billion, creating a complete, digitally accessible trail of federal procurements. Time-stamped electronic records now capture bid submission, evaluation, award, and grievances, enabling real-time visibility into delays, violations, and non-compliance. Competition indicators are strong: a median of three bidders per procurement, and nearly 30% of tenders receiving five or more bids, with 97.87% procurements grievance-free, a powerful signal of both process credibility and market confidence.

EPADS has also massively widened access. By FY 2024–25, 9,846 procuring agencies and 42,940 suppliers (including ~600 foreign firms) were registered, while SME-friendly procedures capture high-volume, low-value transactions that were previously off-radar. System integrations with FBR, NADRA, SECP, PEC and DRAP allow real-time verification of supplier credentials and beneficial ownership, significantly reducing misrepresentation and shell-company participation. Oversight dashboards for AGP, NAB and CCP give audit and enforcement bodies direct, live access to procurement data, moving Pakistan closer to global transparency norms and SDG 16.

PPRA's reform is not only digital; it is institutional. A comprehensive organizational restructuring has upgraded PPRA's capacity to manage this new ecosystem. A revised HR plan has brought in 15 procurement specialists and 13 IT professionals, created an independent PMU–EPADS and a dedicated training lab, and digitized internal office operations. This puts the authority on a more self-reliant footing for developing and maintaining EPADS (including Version 2.0), performing sophisticated data analytics, and supporting procuring agencies nationwide.

In parallel, PPRA has undertaken a deep regulatory overhaul to align Pakistan's public procurement framework with international good practice. Draft amendments to the PPRA Ordinance, 2002, the new Public Procurement Rules, 2025, updated regulations, and fully revised Standard Bidding Documents (SBDs) have been prepared after extensive stakeholder consultations and multiple PPRA Board sittings. The new framework introduces structured third-party evaluation and inspection mechanisms, independent grievance redressal and blacklisting procedures, mandatory procurement cells in procuring agencies, and universal e-procurement and e-disposal at the federal level. The end-state is a more predictable, less ambiguous regime that makes corruption and collusion more costly and easier to detect.

Critically, PPRA has invested heavily in capacity building, recognizing that sophisticated rules and platforms are only as effective as the people using them. Over 2,300 officials have been trained on procurement rules and EPADS usage; a competency framework has been developed; and certificate and diploma programmes in public procurement and contract management launched with institutions such as LUMS, IBA, NUST and Air University. This is gradually professionalizing procurement as a recognized discipline rather than an ad-hoc administrative function.

Looking ahead, EPADS Version 2.0, planned for federal roll-out in early 2026, will extend coverage beyond tendering to full contract management, e-invoicing, digital payments, asset disposal, enhanced reporting, and bilingual (English/Urdu) user guidance. Supported by World Bank technical assistance, PPRA also plans an Open Contracting Data Standards–compliant donor module and an online learning campus, alongside efforts to harmonize procurement frameworks with provincial PPRAs. The challenges are real, resistance from traditional agencies, uneven capacity and connectivity, data integration risks, and the potential for grievance backlogs, but the direction of travel is clear: a digital, data-driven, and more competitive procurement state.

2. NESPAK – Digitalizing a Strategic Public Engineering Enterprise

National Engineering Services Pakistan (NESPAK), one of Pakistan's most strategic technical consultancies, has also embarked on governance modernization under the Cabinet Division's reform umbrella.

The digitalization of NESPAK payments (August 2025) has strengthened financial transparency and operational efficiency. Faster, more accurate payments to staff and vendors, real-time financial records, and reduced manual workload contribute to better project delivery and improved internal controls. This is complemented by the implementation of e-Office (April 2025), which has moved NESPAK towards paper-free record-keeping, quick retrieval of documents, and sustained productivity gains.

For a company that manages complex, high-value engineering projects domestically and internationally, these reforms directly enhance Pakistan's credibility with investors, development partners, and private-sector clients by improving reliability, traceability, and ease of doing business.

3. Frequency Allocation Board – Spectrum, Digital Connectivity and National Security

The Frequency Allocation Board (FAB) plays a critical, though often invisible, role in enabling Digital Pakistan, ensuring that spectrum, a scarce national resource, is allocated and managed for maximum public and economic value.

On the governance side, FAB's digitization of public procurement via EPADS and the digitization of official records and file management mirrors the Cabinet Division's broader digital state agenda. E-procurement has reduced opportunities for malpractice, introduced equal access and competition among vendors, and created auditable electronic trails. Digital file management has improved retrieval times, reduced physical storage needs, and enhanced institutional memory and accountability.

Substantively, FAB has undertaken a series of high-impact spectrum management reforms:

- Release of 606 MHz of spectrum across key IMT bands (700, 1800, 2100, 2300, 2600, 3500 MHz) for 5G services, cleared through complex re-farming and cross-border coordination, enabling PTA's upcoming auction and future 5G deployment.
- Approval of 500 MHz in the 6 GHz band (5925–6425 MHz) for Wi-Fi 6E/7, making Pakistan an early mover in the Asia–Pacific region in next-generation Wi-Fi, and strengthening high-capacity fixed and enterprise connectivity.
- Availability of 7 GHz of millimetre-wave spectrum (24 GHz and 39 GHz) for future 5G/6G ultra-high-speed networks, positioning Pakistan in line with leading digital economies.
- Re-farming of the 3500 MHz band by vacating legacy WLL licensees, ensuring efficient use of spectrum for modern broadband instead of obsolete technologies.
- Procurement of an Automated Spectrum Management System (ASMS), covering 9 kHz–300 GHz, to modernize planning, assignment, coordination and interference management for 5G, satellite comms, IoT, broadcast and public safety networks.
- Support to SUPARCO's LEO satellite missions by coordinating and securing ITU registration of frequency filings, strengthening Pakistan's presence in global space governance.
- Launch of an online spectrum portal and Interference Complaint Module, which digitizes frequency assignments, site clearances and RF interference complaints, improving service delivery to operators and regulators alike.

At the same time, FAB has taken on sensitive safety and security challenges, such as GNSS/GPS interference affecting aviation. By investigating jammer-related interference, engaging the ITU and international partners, coordinating policy amendments on jammer use, and leading a new SOP framework, FAB is linking national security requirements with aviation safety and international obligations.

FAB's actions directly contribute to SDG 9 (infrastructure and innovation), SDG 11 (sustainable cities and communities, through digital access), and SDG 13 (climate and efficiency gains from better networks) by enabling better mobile broadband, Wi-Fi, satellite services and future-ready digital infrastructure.

4. National AML/CFT Authority – Safeguarding Financial Integrity

Finally, under the Cabinet Division architecture, the National Anti-Money Laundering & Counter Financing of Terrorism Authority is a keystone of Pakistan's commitment to global financial integrity and FATF compliance.

In 2025, the Authority has focused on four interconnected pillars of reform:

- **Strengthening the Legal and Institutional AML/CFT Framework:** Draft amendments to key laws, AMLA, ATA, MLA, ICT Trust Act, their extension to AJ&K, Schedule-I amendments, National Coordination Platforms and MIT Rules, have been prepared and forwarded to the Ministry of Interior, with NEC approvals where needed. These reforms aim to close gaps identified by FATF, improve legal clarity, and hard-wire AML/CFT requirements across sectors and jurisdictions.
- **Creation of Digital Data on Money Laundering and Organized Crime:** A comprehensive digital data portal on ML and organized crime has been initiated, with a first pilot phase already underway. This will allow integrated reporting, data sharing and analytics across agencies, enabling risk-based supervision, better typology development, and faster detection of suspicious patterns.
- **Development of a National Capacity Development Framework:** Recognizing that AML/CFT is as much about people as it is about laws, a national capacity-building framework has been designed to improve institutional understanding of ML/TF risks and to structure training and skills enhancement across agencies. Over time, this will standardize competencies and embed a more analytical, risk-sensitive culture.
- **National AML Performance Monitoring Framework:** A new performance monitoring

framework is being built to track the effectiveness of AML/CFT policies and operational actions across agencies. By defining indicators and feedback loops, this framework aims to strengthen enforcement quality, reduce fragmentation, and support sustained FATF-aligned compliance.

These reforms contribute directly to SDG 16 by reinforcing rule of law, reducing illicit financial flows, and building trust in Pakistan's financial system among investors, correspondent banks, and international partners.

5. A Coherent, State-Wide Reform Narrative

The updated reform landscape under the Cabinet Division reveals a clear pattern:

- **Digitalization as Default:** EPADS, e-Office, spectrum portals, AML/CFT data platforms, and digital payments are shifting the machinery of state from paper to platforms.
- **Rules, Data and Risk:** PPRA's new legal framework, FAB's ASMS and policy mandates, and the National AML/CFT Authority's legal and performance reforms all move Pakistan towards a more rules-based, data-driven, and risk-aware governance model.
- **Institutional Capacity and Professionalization:** From PPRA's procurement academies to AML/CFT capacity frameworks and FAB's technical upgrades, the emphasis is on building enduring skills, not just systems.
- **Business and Investment Climate:** Transparent procurement, reliable spectrum policy, and credible AML/CFT frameworks directly improve the ease of doing business, reduce transaction risks, and support domestic and foreign investment.
- **SDG-Aligned Modernization:** Across these reforms, there is clear alignment with SDG 16 (institutions and justice), SDG 9 (innovation and infrastructure), SDG 8 (decent work and growth), SDG 12 (responsible public spending/consumption), and SDG 17 (partnerships and data).

The remaining challenges, resistance to change, uneven capacity across agencies, digital divides, legal transition uncertainties, and analytical bottlenecks, are significant. But if the planned next steps (EPADS 2.0, harmonized procurement rules, expanded e-services, stronger oversight analytics, and fully implemented AML/CFT and spectrum frameworks) are executed with consistency, the Cabinet Division's reform portfolio can become one of the most powerful levers for transforming Pakistan's state capacity and global credibility.

Reforms Under the Cabinet Division 2025

Institution	Reform / Initiative	Reform Category	Objective	Key Output	Short-Term Impact	Long-Term Impact	Economic & Human Capital Impact	SDG Alignment
PPRA	Implementation of EPADS (incl. EPADS 2.0 roll-out)	Digitalization / Governance / Transparency / Service Delivery	Digitize and standardize public procurement to improve visibility, competition, and integrity	526,000+ contracts worth ~Rs 1.4 trillion processed with full electronic audit trails; 9,800+ agencies & 42,000+ suppliers onboarded; dashboards for AGP, NAB, CCP	Real-time tracking of bids and awards; sharp reduction in manual discretion; 97%+ grievance-free procurements; healthier bidder participation	Institutionalized e-procurement across the federal government, enabling lifecycle contract management, e-invoicing, digital payments and asset disposal	Lower transaction costs; reduced leakage and fraud; improved vendor confidence; new demand for e-procurement, data and IT skills in public and private sectors	Primary: SDG 16; Supporting: SDG 9, SDG 12, SDG 8

PPRA	Institutional Restructuring & PMU–EPADS	Structural / Administrative / Governance	Align PPRA's structure and skills with a modern, digital procurement oversight mandate	Revised HR plan; hiring of 15 procurement specialists & 13 IT professionals; independent PMU–EPADS and training lab	Faster product development, troubleshooting and support for EPADS and rules	Sustainable in-house capability for platform development, analytics and regulatory oversight	Creation of high-skilled public sector jobs; stronger domestic market for procurement expertise and training	SDG 16, SDG 9, SDG 17
PPRA	Regulatory Overhaul: PPRA Ordinance Amendments, Public Procurement Rules 2025, Revised SBDs	Legislative / Structural / Compliance	Bring procurement law and rules in line with international standards and risk-based oversight	Draft ordinance amendments, new Rules 2025, Regulations and SBDs finalized after extensive consultations	Clearer procedures, structured grievance & blacklisting mechanisms, more predictable tenders	More professional, rules-based procurement regime; higher value-for-money and reduced corruption risk	Lower compliance uncertainty for firms; enhanced SME participation; better conditions for investors and development partners	Primary: SDG 16; Supporting: SDG 8, SDG 9, SDG 12, SDG 17
PPRA	Capacity Building in Public Procurement	Capacity Development / Service Delivery	Professionalize procurement functions across the public sector	2,300+ officials trained; competency framework; certificate & diploma programmes with LUMS, IBA, NUST, Air University	Improved understanding of rules and EPADS; fewer procedural errors	Emergence of procurement as a recognized profession with standardized skills	New training, consulting and academic markets; upskilling of serving officers, better career pathways	SDG 16, SDG 9, SDG 8, SDG 4
NESPAK	Digitalization of Payments	Digitalization / Financial Governance	Improve transparency and efficiency in payments to staff and vendors	Timely, electronic salary, vendor and bill payments; real-time records	Faster cash flows, lower errors and disputes	Stronger financial controls and credibility with clients and partners	Better project execution; lower transaction risk for contractors; reduced admin overhead	SDG 9, SDG 16, SDG 8
NESPAK	Implementation of e-Office	Digital Governance	Move towards a paper-free, efficient internal management system	Electronic records and workflow management	Quicker retrieval and processing of project documentation	Sustained productivity gains and better institutional memory	Stronger back-office supports higher engineering export potential and investor confidence	SDG 9, SDG 16, SDG 12
FAB	Use of EPADS & Digital File Management	Digitalization / Governance	Modernize procurement and records management in spectrum administration	E-procurement via EPADS; digital file and record workflows	Reduced procurement delays; improved auditability	Stronger institutional governance and lower operational risk	Better supplier confidence; reduced scope for rent-seeking; improved regulatory responsiveness	SDG 16, SDG 9
FAB	Release of 606 MHz IMT Spectrum for 5G	Policy / Infrastructure / Spectrum Reform	Enable rollout of next-generation mobile broadband services	Spectrum made available across 700, 1800, 2100, 2300, 2600, 3500 MHz for PTA auction	Clear roadmap for operators; improved investor sentiment in telecom	Expanded 5G coverage, higher speeds, better QoS and digital inclusion	Stimulates telecom investment, new digital business models and tech jobs	SDG 9, SDG 8, SDG 11
FAB	Allocation of 6 GHz Band for Wi-Fi 6E/7	Policy / Digital Infrastructure	Support high-capacity Wi-Fi and enterprise connectivity	5925–6425 MHz opened for unlicensed Wi-Fi use	Immediate potential for better indoor broadband and campus networks	Stronger digital backbone for businesses, education and innovation ecosystems	Enables productivity gains for SMEs, IT parks, co-working spaces and households	SDG 9, SDG 11

FAB	Procurement of Automated Spectrum Management System (ASMS)	Digitalization / Regulatory Technology	Automate spectrum planning, assignment and interference management	Contract signed for ASMS covering 9 kHz–300 GHz	Better planning and faster responses to interference issues	Future-ready spectrum governance for 5G, satellite, IoT and public safety networks	Supports telecom investment, reduces outages and interference costs	SDG 9, SDG 16
FAB	Space Frequency Coordination & Online Portal (incl. Interference Complaint Module)	Governance / Digital Services	Strengthen satellite filings and streamline spectrum user services	ITU registration for SUPARCO LEO missions; online portal with interference module	Easier applications and faster complaint handling for operators	Stronger global space footprint and more efficient national spectrum management	Facilitates satellite and broadcast markets; reduces downtime for critical services	SDG 9, SDG 16, SDG 17
FAB	GPS Interference Mitigation & Jammer Policy Reforms	Policy / Safety / Security	Protect aviation safety and critical GNSS services	National and international escalation; draft SOP and policy amendments on jammer use	Reduced risk to aviation in short term; heightened awareness in security agencies	Balanced framework that reconciles security needs with aviation and infrastructure safety	Avoided economic losses from flight disruptions; strengthened international trust	SDG 9, SDG 16
National AML/CFT Authority	Strengthening AML/CFT Legal & Institutional Framework	Policy / Regulation	Align AML/CFT regime with FATF standards and plug legal gaps	Draft amendments to AMLA, ATA, MLA, ICT Trust Act; Schedule-I changes; NEC approvals	Improved legal clarity; better ability to prosecute ML/TF	Sustained FATF compliance; reduced de-risking by foreign banks and partners	Protects access to global finance; lowers country risk premium; stabilizes financial sector jobs	SDG 16, SDG 17
National AML/CFT Authority	Creation of Digital Data Portal on ML & Organized Crime	Digitalization / Data Governance	Centralize AML/CFT data and enable analytics-based supervision	Digital data portal initiated; first pilot phase underway	Better information sharing; quicker access to risk indicators	Data-driven supervision and national risk assessment processes	Builds analytical skills across agencies; improves targeting of enforcement resources	SDG 16, SDG 9
National AML/CFT Authority	National Capacity Development Framework	Institutional Strengthening / HR	Build AML/CFT understanding and skills across agencies	Structured framework for training and capacity enhancement	More consistent comprehension of ML/TF risks among stakeholders	Stronger, more resilient institutional culture against financial crime	New training markets; higher-quality compliance jobs in public and private sectors	SDG 16, SDG 4, SDG 8
National AML/CFT Authority	National AML Performance Monitoring Framework	Enforcement / Monitoring & Evaluation	Measure effectiveness of AML/CFT policies and operations	Performance indicators and monitoring architecture under development	Sharper focus on results, not just inputs and processes	Continuous improvement of AML/CFT system; lower systemic vulnerabilities	Reduces reputational and compliance costs for businesses; stabilizes investment climate	SDG 16, SDG 17

Driving Pakistan's Digital Competitiveness

The Special Technology Zones Authority (STZA) has emerged as one of Pakistan's most forward-leaning institutions advancing the national digitalization agenda, strengthening the investment ecosystem, and positioning Pakistan as a competitive player in the global technology landscape. Operating under the Cabinet Division, STZA's reforms during 2023–2025 demonstrate a decisive shift from fragmented, paper-based processes toward a fully integrated, digital, and investor-oriented governance model. These reforms not only simplify business operations for technology firms but also restructure the government's role from a regulator to a facilitator of innovation, entrepreneurship, and foreign investment.

At the heart of STZA's transformation is the One Window Portal, a flagship reform that embodies Pakistan's aspiration for a modernized service delivery architecture. This end-to-end digital licensing and service delivery platform replaces traditional bureaucratic layers with a seamless, time-bound, transparent process accessible to investors globally. For the first time, technology firms can apply, track, and receive regulatory approvals entirely online, reducing turnaround times, eliminating human discretion, and reinforcing transparency. In the short term, these reforms have drastically enhanced investor confidence and reduced compliance burdens. In the long term, they shape a predictable business environment essential for attracting high-value investments, particularly in software exports, hardware manufacturing, artificial intelligence, and advanced engineering.

Complementing this transformation are regulatory reforms, most notably the amendments to Custom Rules 2005 (SRO 744(I)/2024, amended in 2025), which have digitized the clearance of capital goods and streamlined the incentives regime for STZA licensees. The previous process, riddled with manual filings and procedural ambiguities, often led to delays and discouraged investment in technology hardware and infrastructure. By enabling a fully online, rules-based, and time-bound customs clearance process, STZA has significantly reduced operational frictions. These reforms directly contribute to Pakistan's Ease of Doing Business narrative, signaling to investors that the state is committed to predictable governance and efficient cross-border trade.

A major breakthrough has been the strategic integration of STZA systems with Pakistan Single Window (PSW), a game-changing interoperability milestone. This integration ensures real-time data sharing, verification, and coordination between customs authorities and STZA, drastically reducing duplication, documentation, and delays. For firms importing equipment essential for software development, hardware assembly, R&D labs, or semiconductor prototyping, this reform provides unprecedented clarity and speed. The result is not only operational efficiency but also the strengthening of institutional trust between the private sector and government.

To close the loop on digital service delivery, STZA introduced the HBL-integrated online payment gateway, enabling end-to-end digital transactions through debit/credit cards, bank channels, and RAAST. This development reinforces a cashless, paperless environment, aligned with global best practices for technology parks and innovation zones. It reduces processing timelines, eliminates inefficiencies, and enhances user convenience—key elements in retaining and attracting international firms seeking operational certainty.

A significant governance innovation has been STZA's digitally enabled Know-Your-Customer (KYC) mechanism, achieved through system integration with PRAL, SECP, and other institutional databases. This enhancement strengthens compliance, eliminates fraudulent entries, and ensures that only credible and verified entities operate within the Special Technology Zones. It supports the shift toward a secure, transparent, and integrity-driven investment ecosystem in high-value technology industries.

Collectively, these reforms deliver a transformative impact across Pakistan's digital and telecom landscape. STZA's leadership in digital governance complements broader federal initiatives such as EPADS under PPRA, the 5G spectrum rollout by FAB and PTA, and cloud-based service adoption under MoITT. In this emerging ecosystem, STZA serves as a catalytic institution that operationalizes digital transformation not just through policy but through state-of-the-art

digital platforms that model the future of e-governance.

The long-term trajectory of these reforms extends far beyond improved service delivery. By creating a predictable, transparent, and internationally competitive regulatory environment, STZA is enabling Pakistan to attract investment in frontier technologies, scale its IT exports, and foster high-skilled job creation. The emphasis on regulatory certainty, digital interoperability, and investor facilitation aligns directly with the Government of Pakistan's broader ambitions for economic revival through innovation, high-tech manufacturing, and global integration.

As Pakistan moves towards a digitally enabled economic model, STZA's reforms provide a blueprint for how institutions can modernize themselves to support 21st-century industries. They represent not only administrative improvements but a fundamental shift in the state's capacity to nurture technology ecosystems. STZA's One Window, regulatory overhaul, and cross-agency interoperability form an integrated reform agenda, placing Pakistan on a trajectory toward digital competitiveness, enhanced investment flows, and sustainable economic growth.

While STZA's reforms mark a decisive shift toward digital governance and investor facilitation, the Authority's progress has not been without structural limitations and execution challenges. The One Window Portal, though transformative, remains heavily dependent on the maturity of external government systems such as customs, SECP, PRAL, and banks. Any bottleneck outside STZA's control can disrupt the end-to-end digital experience promised to investors. Moreover, despite visible gains in turnaround times and transparency, the adoption and utilization of the One Window Portal by investors remain uneven, particularly among early-stage startups, which continue to face procedural ambiguity and limited handholding. Feedback loops with users are improving but not yet institutionalized, causing gaps in responsiveness. Likewise, the amended Customs Rules and integrations with PSW are significant, yet the practical efficiency of these reforms still varies across provinces and customs stations, where legacy processes continue to run in parallel and occasionally override digital pathways.

At a broader level, STZA's overall impact on the national technology ecosystem is constrained by the slow materialization of physical Special Technology Zones, inconsistent provincial cooperation, and delays in operationalizing zone developers. While digital reforms enable easier entry and compliance, the absence of fully functional high-quality zones limits the Authority's ability to attract large-scale foreign investment, anchor tenants, and global technology players. STZA's regulatory oversight remains excessively centralized and process-heavy, which can discourage innovation compared to more agile models used by emerging-tech hubs globally. Additionally, the Authority's long-term effectiveness depends heavily on sustained political will, predictable policy continuity, and inter-agency alignment, areas where Pakistan has historically struggled. Without a strategic push to accelerate infrastructure readiness, streamline cross-agency governance, and strengthen investor aftercare services, the current reforms risk plateauing, delivering incremental rather than transformative economic impact.

Reforms Summary Table – Special Technology Zones Authority (STZA)

Reform / Initiative	Objective	Key Output	Short-Term Impact	Long-Term Impact	Jobs & Human Capital Impact	Impact on Business Environment	Milestones Achieved	SDG Alignment
STZA One Window Portal	Enable full digital licensing, improve investor facilitation & transparency	End-to-end digital licensing and service-delivery platform	Reduced turnaround time, faster approvals, improved transparency	Business-friendly digital ecosystem; higher investor confidence; predictable regulatory environment	Upskilling in digital processing, regulatory tech, and service management	Streamlined processes, simplified compliance, stronger transparency	One Window Portal fully operational; 100% digital licensing	SDG 8, 9, 16, 17

Amendment in Customs Rules (SRO 744(I)/ 2024)	Introduce digital customs facilitation for STZA licensees	Online clearance for capital goods & automated incentive processing	Reduced delays, improved clarity of procedures	Predictable and transparent customs regime for tech firms; improved investment climate	Capacity development in digital customs systems	Lower administrative burden; faster imports; stronger tech sector productivity	Regulatory amendment implemented; digital pathway activated	SDG 8, 9, 16, 17
Integration with Pakistan Single Window (PSW)	Enable real-time digital data sharing for imports	Seamless online integration with Customs Collectorates	Faster data verification & clearance; enhanced transparency	Fully integrated trade facilitation ecosystem supporting tech investments	Skills in digital trade operations and compliance	Enhanced logistics efficiency; reduced procedural barriers	PSW integration completed	SDG 8, 9, 16, 17
Integration with HBL Payment Gateway	Enable digital payments for all STZA services	Visa, MasterCard, bank, and RAAST payments enabled	Immediate payment ease; smoother investor experience	Fully digitalized financial workflows; transparency in fee processing	Increased digital financial literacy	Supports a cashless, efficient, and compliant business environment	Online payment gateway activated	SDG 8, 9, 16, 17
Integration with PRAL & SECP for e-KYC	Improve data accuracy and streamline regulatory compliance	Automated KYC verification through cross-departmental integration	Faster onboarding; reduced documentation burdens	Predictable compliance environment; reduced fraud and risk	Boosts competency in regulatory tech and verification systems	Increased investor confidence; reduced compliance ambiguity	100% integration achieved	SDG 9, 16, 17



Towards Affordable, Reliable & Reform-Driven Power Governance

In 2025, the National Electric Power Regulatory Authority (NEPRA) accelerated a wide-ranging reform agenda aimed at three simultaneous priorities: restoring tariff affordability for consumers, restructuring the power market towards competitive frameworks, and enforcing reliability and safety across Pakistan's transmission and distribution systems. These reforms took place against a backdrop of surplus generation capacity, modest demand growth, circular debt pressures, governance weaknesses in distribution companies (DISCOs), and long-standing transmission constraints. Within this challenging context, NEPRA's 2025 reform portfolio can be seen as a deliberate attempt to move from crisis-management towards structured, rule-based and data-driven sector governance, with clear linkages to SDG-7 (Affordable and Clean Energy), SDG-9 (Industry, Innovation & Infrastructure), SDG-11 (Sustainable Cities & Communities) and SDG-16 (Peace, Justice and Strong Institutions).

At the heart of NEPRA's regulatory and market reforms in 2025 was a rebalancing of tariff structures and market responsibilities. The authority undertook annual rebasing through its decision of 1 July 2025, which led to a reduction of the national average tariff by Rs 1.50/kWh, providing immediate relief to consumers while signaling a shift towards a more cost-reflective but efficiency-oriented tariff trajectory. This was complemented by NEPRA's decision of 10 April 2025 on the Government of Pakistan's request to pass on additional subsidy financed through the Petroleum Development Levy; as a result, consumer-end tariffs were reduced by a further Rs 1.71/kWh for the April–June 2025 period. For the productive sectors, NEPRA approved an Incremental Consumption Package for industrial and agricultural users (decision dated 9 December 2025), allowing incremental consumption at a concessional rate of Rs 22.98/kWh for three years (December 2025 to November 2028). In parallel, tariffs for Electric Vehicle Charging Stations (EVCS) were rationalized, with the rate reduced from Rs 45.55/kWh to Rs 23.57/kWh, directly supporting the nascent EV ecosystem and the broader clean mobility agenda. Collectively, these measures indicate a deliberate effort to use tariff instruments not only to provide short-term relief but also to incentivize industrial growth, agricultural productivity and low-carbon transport.

A second major reform pillar focused on restructuring the power market architecture in line with the Competitive Trading Bilateral Contract Market (CTBCM) model. NEPRA supervised the transfer of the System Operator (SO) and Market Operator (MO) licenses to the newly formed Independent System and Market Operator of Pakistan (Guarantee) Limited, thereby separating core system and market functions from legacy entities and aligning with international best practice in power sector unbundling. This structural change is designed to improve the performance of system and market operations, enable fair access to networks, and facilitate the

gradual development of a competitive wholesale market. Complementing this, NEPRA approved registration of CPPA-G as a Special Purpose Agent with an associated code, enabling DISCOS to enter into bilateral contracts and move towards greater self-reliance, risk management and portfolio optimisation. The authority also issued wheeling charge decisions in December 2025 to support the operationalisation of CTBCM by clarifying cost-sharing arrangements for third-party power flows.

Together, these initiatives lay the foundations for a more diversified, contract-based market in which DISCOS, bulk power consumers (BPCs) and generators can engage through transparent, rules-based mechanisms rather than being locked into a purely centralised single-buyer model.

In the area of distributed generation and renewable energy, 2025 marked a pivotal – and politically sensitive – transition from net metering to net billing. Through the introduction of new regulations and subsequent rationalisation of the existing net metering regime, NEPRA shifted rooftop solar compensation from the National Power Purchase Price (NAPP) of Rs 25.98/kWh to the National Energy Purchase Price (NEPP), simultaneously reducing the buy-back rate and shortening agreement tenors. The new net billing framework aims to rationalise rooftop solar addition by bringing export tariffs closer to the underlying energy value, thereby addressing concerns regarding cross-subsidies, revenue erosion for DISCOs, and the sustainability of the cost-recovery framework. While the short-term impact does not immediately translate into job numbers, it has significant implications for system planning, load management and the long-term viability of the grid. The draft regulations were published for public comment, reflecting NEPRA's commitment to consultative regulation; however, the reforms also triggered public resistance and debate, underscoring the need for careful social and political management whenever distributed generation policies are recalibrated.

NEPRA also deepened its focus on consumer protection, grievance redressal and digitalization throughout 2025, directly contributing to SDG-16 on strong institutions. The authority resolved around 141,000 consumer complaints and conducted approximately 8,000 hearings during the year, enhancing access to justice for electricity consumers across Pakistan. To standardize processes, NEPRA consolidated and published an updated Consumer Service Manual (CSM) in November 2025, reflecting stakeholder inputs and providing clearer guidance to utilities on complaint handling, service standards and communication protocols. The authority strengthened coordination with DISCOs and introduced tech-assisted complaint tracking, shifting from manual, fragmented approaches towards workflow-based systems that improve responsiveness and monitoring. These initiatives are being complemented by planned reforms such as an AI-assisted Complaint Management System, paperless documentation (with attested soft copies replacing hard copies across DISCOs), and a simplified policy for issuance of electricity meters. Combined, this suite of reforms is gradually transforming NEPRA from a purely tariff-setting body into a more rounded, citizen-facing regulator focused on service quality, transparency and rights-based redress mechanisms.

Digital transformation was not limited to external-facing processes; NEPRA invested significantly in internal digitization, fiscal reforms and data governance. In line with the Government's cashless economy initiative, the authority implemented RAAST-based digital payment systems in the second half of 2025, improving processing speed, auditability and internal control. NEPRA also developed a Data Exchange Portal (DEP) to create a centralized reporting mechanism for DISCOs, replacing manual reporting with a functional monthly dashboard that supports data-driven policy making, performance tracking and regulatory oversight.

At the institutional level, HR and administrative functions were modernized through HR software and ORACLE integration, digitization of personal files, deployment of facial recognition technology for attendance, and development of an attendance management system with real-time access. These measures reduce paper usage and manual effort, enhance internal transparency, and help build a modern, technology-enabled regulatory institution capable of handling the complexity and volume of sectoral data.

On the technical and infrastructure side, NEPRA's oversight role translated into concrete

improvements in safety, reliability and climate resilience of the transmission and distribution networks. Safety compliance reforms led to 100% grounding of HT/LT structures in FESCO, KE, QESCO, MEPCO and IESCO territories, with remaining areas in progress, thereby reducing electrical shock incidents and local faults and directly contributing to SDG-3 (Good Health & Well-being) and SDG-9 (Infrastructure). The authority also monitored and pushed DISCOs to meet performance standards for new connection provision, resulting in the provision of nearly two million new connections within permissible timelines in FY 2024–25 and thereby supporting residential, commercial and industrial consumers. A defective meter replacement program is being implemented to ensure accurate billing and reduce non-technical losses, coupled with enforcement actions against excessive load-shedding and systematic quarterly monitoring of distribution investment plans (STG, DOP, ELR) to verify physical and financial progress. These interventions collectively strengthen the financial health of DISCOs, improve reliability for consumers, and encourage a culture of proactive infrastructure maintenance.

NEPRA also intervened decisively in long-standing transmission system vulnerabilities that had been imposing hidden costs on consumers. Recognising persistent system constraints that had remained unresolved for nearly a decade, the regulator commissioned detailed analyses and issued comprehensive directions to the National Grid Company (NGC) to remove 25 critical system constraint projects. The energisation of key assets such as the 500 kV KKI grid station, 500 kV Lahore North GIS, and a dedicated transmission line for K-2/K-3 nuclear power plants has contributed to removing South-to-North transmission bottlenecks, reducing overloading of transformers and lines, and facilitating the flow of cheaper generation to major load centres.

In parallel, NEPRA responded to excessive tower collapses linked to theft of tower material and design weaknesses by directing the hiring of local guards, reviewing tower designs, and implementing targeted security measures in vulnerable areas. These actions reduced tower collapses from 42 incidents in 2022–23 to 27 in 2023–24 and 16 in 2024–25, while also generating employment for more than 200 people from less-privileged localities.

Climate and environmental risks were explicitly integrated into NEPRA's regulatory oversight in 2025. The authority noted that many transient trippings were caused by pollution and environmental factors, and accordingly directed NGC to undertake a pollution study of the transmission network and to replace conventional insulators with RTV-coated insulators in high-pollution zones. Nearly 27 pollution sites have already been identified in the North network and many insulators replaced, leading to reduced tripping where lines cross fields, canals and rivers. Simultaneously, NEPRA instructed NGC to undertake wind mapping studies in response to climate-induced localised cyclones and high-intensity wind events that had caused multiple tower collapses and partial blackouts. Wind mapping of the South region (Sindh and Balochistan) has been completed, with studies and corrective recommendations for the North under review. These climate resilience measures are crucial to reducing Energy Not Served (ENS), enhancing network reliability, and safeguarding economic activity in a context of increasing climate volatility.

Finally, NEPRA invested in human capital development and international collaboration to underpin its technical and regulatory reforms. Through training programmes and collaborations with institutions such as the Asian Institute of Technology (AIT), ADB's Women in Power Sector initiative, and Danish energy transition partners (DETI), the authority upgraded the skills of its professional and support staff, with a particular focus on female leadership and participation in the sector. Two female employees received specialised training in Thailand, 35 women were nominated for leadership programmes under ADB, and technical exchanges with Denmark supported knowledge transfer on energy transition and modern regulatory practices. NEPRA also expanded internship schemes with universities, strengthening the pipeline of young professionals entering the power sector. These measures contribute directly to SDG-4 (Quality Education), SDG-5 (Gender Equality) and SDG-8 (Decent Work & Economic Growth).

Taken together, the reforms undertaken by NEPRA in 2025 represent an integrated regulatory agenda: using tariffs and subsidies to protect consumers and incentivize productive demand; restructuring market architecture to move towards competition; enforcing safety and reliability across the grid; embedding digitalization and data governance into regulatory practice; and

investing in human capital and climate resilience. While structural challenges such as circular debt, governance weaknesses in DISCOs, and public resistance to certain reforms (notably the shift to net billing) remain significant, NEPRA's actions in 2025 indicate a conscious move from ad-hoc interventions towards a more strategic, coherent and SDG-aligned regulatory framework for Pakistan's power sector.

Reforms Table for NEPRA's 2025

Reform / Initiative Cluster	Key Components / Examples (2025)	Core Objective	Key Outputs (2025)	Short-Term Impact	Long-Term Structural Impact	SDG Alignment
Tariff Rationalisation & Affordability	Annual rebasing (01.07.2025); PDL-linked subsidy relief (10.04.2025); EVCS tariff cut (Rs 45.55 > 23.57/kWh); Incremental Industrial & Agri Package (22.98/kWh for 3 years)	Reduce end-user burden while supporting productive demand and clean mobility	National avg tariff reduced by Rs 1.50/kWh; additional Rs 1.71/kWh relief (Apr–Jun 2025); EVCS and incremental consumption packages notified	Immediate relief to households; targeted cost reduction for industry, agriculture and EV charging; improved sentiment	More competitive power costs for productive sectors; support for industrial output, agri mechanisation and EV ecosystem; better alignment of tariffs with economic growth	SDG 7, 8, 9, 10
Market & Structural Reform (CTBCM & Unbundling)	Transfer of SO & MO licences to Independent System & Market Operator; CPPA-G registered as Special Purpose Agent; wheeling charges decision for CTBCM	Shift from single-buyer model towards a Competitive Trading Bilateral Contract Market	SO/MO transition completed; CPPA-G authorised for bilateral contracts; wheeling framework issued	Clearer roles and responsibilities; early confidence in competitive market design	Gradual emergence of bilateral contracting, better risk allocation, more efficient dispatch and investment signals; improved bankability	SDG 7, 9, 16
Net Billing & Distributed Solar Reform	New regulations introducing net-billing; rationalisation of legacy net-metering; buy-back linked to NEPP instead of NAPP; shorter contract tenors	Make rooftop solar growth financially sustainable and grid-compatible	Draft regulations published; net-metering regime replaced by net-billing with revised buy-back price	Moderation of rooftop solar additions; controversy but clearer fiscal impact for DISCOs	Financial sustainability of network operators; more balanced cost-sharing between solar and non-solar consumers; space for larger-scale, planned RE integration	SDG 7, 12, 13, 16
Consumer Protection, Complaints & Service Standards	Grievance redress (≈141,000 complaints resolved; 8,000 hearings); consolidated Consumer Service Manual; enhanced coordination with DISCOs; tech-enabled complaint tracking; staff training	Strengthen consumer rights, access to justice and standardised service quality	Updated CSM issued; high disposal rate of complaints; workflow and tracking systems initiated; complaint-handling trainings conducted	Faster complaint resolution; increased transparency; greater consumer confidence in dispute resolution	Institutionalised culture of accountability, clearer service benchmarks, more predictable regulatory environment for consumers and utilities	SDG 16, 4

Digitalization & Cashless Governance	Implementation of RAAST / cashless payments; Data Exchange Portal (DEP) for monthly DISCO reporting; HR software & ORACLE integration; facial-recognition attendance; digitised personal files; attendance management software	Modernise NEPRA's internal governance, reduce manual processes, and support data-driven oversight	Cashless transactions operational; DEP launched and adopted by DISCOs; full digitization of HR records; live attendance and productivity tracking	Faster financial processing; better internal control; elimination of manual reporting errors and lags	A fully digital regulator with robust data pipelines, enabling analytics-based supervision, risk-based regulation and stronger internal accountability	SDG 9, 12, 16
Safety, Metering & Access to Electricity	100% grounding of HT/LT structures in key DISCOs; accelerated new connection provision (~2 million within timelines); defective meter replacement programme	Improve safety, billing accuracy and compliance with service standards	Significant reduction in shock incidents and local faults; large volume of timely new connections; systematic replacement of faulty meters	Enhanced public safety; fewer billing disputes; quicker access to power for new consumers	Stronger public trust in utilities; lower non-technical losses; better data quality; safer and more reliable distribution network	SDG 3, 7, 9, 11, 12
Transmission Reliability & Constraint Removal	Removal of long-pending system constraints (25 key projects); energisation of 500 kV KKI, 500 kV Lahore North GIS, dedicated K-2/K-3 line; anti-theft and design reforms on transmission towers	Reduce network bottlenecks, forced outages and costs passed onto consumers	Chronic constraints (some pending for a decade) addressed; tower collapse incidents cut from 42 □ 27 □ 16 in successive years; local guards hired	Improved reliability of bulk power transfer; fewer catastrophic outages; reduced repair costs	Ability to wheel cheaper power from South to North; higher grid resilience; more attractive environment for industrial and bulk power consumers	SDG 7, 9, 11
Climate & Environmental Resilience of the Grid	Pollution study of transmission network; replacement of insulators with RTV coating at 27+ pollution sites; wind-mapping of South (Sindh & Balochistan) with North pending	Protect the grid from climate-induced shocks (pollution, cyclones, high winds)	Identification of pollution hotspots; partial RTV deployment in high-risk zones; completion of wind-mapping in South	Reduced transient trippings in polluted corridors; early evidence of fewer weather-related incidents	Climate-resilient grid design standards; better planning for future network upgrades; reduced Energy Not Served during extreme events	SDG 7, 9, 13
Enforcement, Load-Shedding Oversight & Investment Monitoring	Enforcement against excessive load shedding; show-cause notices and penalties; quarterly monitoring of STG/DOP/ELR investments	Ensure compliance with laws and performance standards; improve utilisation of CAPEX	Legal actions initiated; regular monitoring reports produced; verification of physical and financial progress	Behaviour change in DISCOs on service delivery; more disciplined use of funds	Stronger deterrence against poor performance; better-planned and timely reinforcement of networks, benefitting industry and consumers	SDG 9, 10, 16

Human Capital, Gender & International Collaboration	Training with AIT; ADB "Women in Power Sector" initiative; collaboration with Danish energy transition institutions (DETI); internship reforms and university partnerships	Build a skilled, gender-inclusive regulatory workforce aligned with global best practices	2 female staff trained in Thailand; 35 women nominated for leadership programmes; international study tours and exchanges; NUML internships placed	Immediate skills uplift and exposure for NEPRA staff; stronger female representation in key roles	Sustainable pipeline of skilled professionals; more gender-balanced leadership; better alignment with international regulatory and energy transition standards	SDG 4, 5, 7, 8, 17



Driving Transparency, Market Liberalization & Consumer Protection in Pakistan's Energy Sector

The Oil and Gas Regulatory Authority (OGRA), one of Pakistan's most critical economic regulators, undertook a set of targeted reforms in 2025 aimed at modernizing gas market governance, improving consumer facilitation, strengthening compliance, and enhancing regulatory oversight. These reforms seek to address longstanding inefficiencies in the gas transportation system, support market liberalization, and reinforce safety and service delivery across the downstream energy sector.

A major milestone was the amendment of the Pakistan Gas Network Code (PGNC), a reform designed to improve the allocation of pipeline capacity, reduce structural bottlenecks, and promote fair access for shippers. Historically, rigidities in the system and lack of clarity around capacity thresholds limited private participation and created opportunities for rent-seeking behavior. By updating minimum allocation thresholds, enabling case-by-case capacity evaluations based on operational feasibility, and revising criteria for distribution system capacities, OGRA has introduced a more flexible, transparent, and economically rational framework. The reform also addressed the security deposit structure by standardizing it at two billing periods' worth of charges, thereby reducing financial uncertainty for shippers while safeguarding revenue for transporters. Collectively, these revisions help unlock underutilized infrastructure, stimulate private sector entry, and create a more competitive downstream market, directly supporting industrial growth and energy security.

Alongside structural reforms, OGRA implemented ground-level governance improvements through the establishment of regional offices in Sukkur and Multan. These offices expand regulatory presence beyond major metropolitan centres and bring OGRA's services closer to consumers, licensees, and district administrations. The strengthened regional footprint enhances vigilance against illegal activities such as gas theft, improves safety enforcement, accelerates complaint resolution, and strengthens coordination with local authorities. The reform also provides citizens with easier access to grievance redressal and regulatory services, improving public trust and compliance with safety standards. Over time, this decentralization supports safer operations, reduces accidents, and reinforces the writ of the state across underserved regions.

Together, these reforms mark significant progress toward a more transparent, efficient, and responsive regulatory ecosystem in Pakistan's oil and gas sector. They reflect a deliberate shift toward rules-based governance, market facilitation, and consumer-centric oversight—aligning OGRA's functions with emerging global standards of infrastructure regulation, energy security, and sustainable economic growth.

While OGRA's reforms in 2025 signal meaningful progress toward a more transparent and competitive downstream gas market, several structural vulnerabilities continue to undermine the sector's overall performance. The amendments to the Pakistan Gas Network Code (PGNC), though significant, address only a part of the deep-rooted inefficiencies in capacity allocation and pipeline network governance. The reforms improve procedural clarity, but the broader challenge remains the limited expansion of the gas transportation system itself, aging infrastructure, and the persistent mismatch between supply and demand. Without parallel investment in system augmentation and modernization, the benefits of these regulatory improvements may remain constrained. Moreover, the shift toward flexible, market-driven capacity allocation mechanisms could face pushback from legacy state-owned entities accustomed to preferential access. Ensuring compliance and preventing regulatory capture will require stronger enforcement capacity and transparent data-sharing mechanisms across the entire value chain.

Similarly, the establishment of OGRA's regional offices in Sukkur and Multan enhances localized oversight but also exposes gaps in regulatory uniformity. Decentralization is valuable, yet the effectiveness of these regional setups hinges on consistent resourcing, technical capacity, and cross-agency coordination. The challenge is not merely geographic outreach but whether these regional offices possess the autonomy, analytical capability, and legal authority required to meaningfully curb illegal gas activities, enforce safety standards, and respond to consumer grievances at scale. Without comprehensive digital integration, especially real-time monitoring of gas theft, pressure stability, and network integrity, the reforms may provide cosmetic improvements without addressing systemic leakages. Ultimately, OGRA must pair its governance reforms with investments in technology, predictive analytics, and stronger collaboration with law enforcement agencies to ensure that regulatory decentralization translates into safer, more efficient, and transparent energy delivery.

Summary Table – OGRA Reforms (2025)

Institution	Reform / Initiative	Objective	Key Output	Short-Term Impact	Long-Term Impact	Impact on Business Environment	Jobs Impact	SDG Alignment
OGRA	Amendment in Pakistan Gas Network Code (PGNC)	Ensure fair, transparent, and efficient allocation of gas transportation capacity	Revised PGNC rules including updated thresholds, distribution system criteria, and security deposit structure	Immediate regulatory clarity; reduced disputes; increased private sector participation	Optimized infrastructure utilization; strengthened gas market liberalization; improved competitiveness	Better investment climate; predictable rules; improved investor confidence	Indirect positive job creation through industrial expansion	SDG 7, 8, 9
OGRA	Establishment of Regional Offices in Sukkur & Multan	Improve consumer facilitation, enhance compliance monitoring, and strengthen regulatory oversight	Two fully functional regional offices for vigilance, complaint redressal, and coordination with district authorities	Faster complaint resolution; deterrence against illegal activities; improved safety monitoring	Safer and more reliable regional energy networks; reduction in theft and accidents	Strengthened regulatory presence and improved business confidence in underserved areas	6 officers deployed; indirect job creation through local compliance work	SDG 8, 9, 16



Human Capital Development for a Global Market

Pakistan's greatest export to the world is not a commodity or a service, it is its people. In 2025, the Ministry of Overseas Pakistanis & Human Resource Development (OP&HRD) undertook one of the most comprehensive reform drives in its history to reposition Pakistani workers, professionals, and entrepreneurs as a reliable, skilled, and protected global workforce. The reform agenda spans policy, labour diplomacy, digital governance, skills and soft skills, social protection, diaspora engagement, and data-driven regulation. Together, these measures mark a decisive shift from viewing migration as a safety valve to treating it as a deliberate human capital strategy for national development.

1. A Strategic Policy Shift: Safe, Orderly and Skilled Migration

At the core of the 2025 reform agenda is the National Emigration & Welfare Policy (2024–2025), designed to ensure safe, orderly and regular emigration while protecting the rights and welfare of Pakistani migrant workers and their families. The policy provides a comprehensive framework for (i) transparent and digitized emigration procedures, (ii) welfare and social protection mechanisms, (iii) diaspora engagement, and (iv) skills-based labour migration aligned with international market demand.

Once fully implemented, the policy is expected to reduce recruitment time and costs, enhance complaint redressal, strengthen social security, and institutionalize reintegration support for returnees. It positions Pakistan as a reliable supplier of skilled labour, rather than a low-wage, low-skill sender country, and directly supports sustained remittance flows and diaspora investment.

Parallel to this, the Ministry finalized an Overseas Employment Plan (2025) to coordinate overseas employment promotion across institutions. This plan aligns Pakistani skills with destination country needs, links migration with national skills strategies, and embeds labour mobility within the decent work and SDG agenda.

2. Labour Diplomacy and Market Diversification

The Ministry intensified labour diplomacy to secure new and diversified employment destinations while deepening existing corridors. In 2025, Pakistan:

- Signed MoUs on labour cooperation with Iraq and Belarus, opening structured, regulated labour markets beyond traditional GCC destinations.
- Concluded a Labour Mobility Partnership with Italy, including a dedicated quota of 10,500

workers over three years (1,500 seasonal and 2,000 non-seasonal annually), and launched follow-up implementation roadmaps.

» Ratified the OIC Labour Center Statute and engaged actively in multilateral policy platforms, such as hosting the Budapest Process Thematic Working Group on Legal Migration Pathways.

These initiatives not only diversified job opportunities but also normalized migration as a rules-based economic partnership, rather than a fragmented, ad hoc flow. Ministerial engagements with Italy, Saudi Arabia, Oman and other destination countries helped expand legal pathways, while workers' emigration grew by 5% and remittances by 9% in 2025, indicators of both increased opportunity and confidence in regulated migration channels.

3. Digitizing Emigration Governance and Service Delivery

A defining feature of the 2025 reform package is the aggressive digitalization of emigration and welfare services. The Bureau of Emigration & Overseas Employment (BE&OE) rolled out multiple digital reforms:

» E-Protector enabled end-to-end online emigrant registration, briefing and protector clearance, allowing emigrants to complete processes without physical appearances, reducing costs, time, and petty discretion.

» BE&OE strengthened regulation and inspection of Overseas Employment Promoters (OEPs), cancelling 71 licenses and suspending others for inefficiency or violations, while introducing a performance-based licensing and renewal regime backed by bank guarantees.

» A dedicated Data Insight Wing (DIW) was established to centralize regulatory data, cut policy research time, and support evidence-based decision-making.

» The BEOE MIS was upgraded to integrate new Protector Offices (such as Sukkur and Abbottabad), support additional jurisdictions, and power online modules for job demand attestation and stakeholder integration (PEMF Phases I & II).

» Enhanced server management and data security protocols were put in place, recognizing that migration governance now depends as much on digital integrity as on legal frameworks.

These reforms collectively move Pakistan toward a unified, digital emigrant management ecosystem, with better traceability, transparency, and coordination across ministries, foreign missions, and regulators.

4. Human Capital & Soft Skills: Preparing Workers for Global Standards

Recognizing that global employability is not only about technical skills but also soft skills, ethics, and workplace behaviour, the Ministry and its attached organizations launched several initiatives:

» A standardized Pre-Departure Orientation (PDO) and soft skills certification for emigrants now imparts ethics, workplace conduct, and professional behaviour—improving retention and reputation abroad.

» The Overseas Employment Corporation (OEC) launched a web-based Soft Skills Training Module, delivered via portal and mobile app, with hundreds of thousands of users and a strong completion rate. This is being institutionalized with NAVTTC and TVET providers.

» Participation in HRALS Expo 2025 (Saudi Arabia), where Pakistan led a national pavilion, resulted in 37 Letters of Intent (LoIs) and a shift from one-off visibility to system-level employer partnerships across construction, healthcare, services, and technical trades.

» The OEC-GIZ Centre of Excellence for Migration Advisory Services was initiated to provide one-window advisory services and build capacity for safe, regular migration to Germany and the EU, backed by master trainers and structured counselling.

» The Directorate of Workers Education (DWE) developed an app for online training on

Occupational Safety & Health (OSH) and work ethics targeted at intending overseas and domestic workers.

Together, these reforms embed soft skills, safety culture, and ethical behaviour into the profile of the Pakistani worker, strengthening Pakistan's brand in the global labour market.

5. Protecting Migrant Workers and their Families

The reform agenda strongly emphasizes welfare and social protection, recognizing that protection and trust are central to sustaining legal migration and remittance flows. Key measures include:

- Insurance and welfare claims processing for emigrants, with over Rs. 800 million disbursed in death and disability compensation, reinforcing migrant trust in formal channels.
- Strengthening grievance mechanisms, including complaint management systems, airport monitoring to curb illegal recruitment, and joint enforcement with FIA against irregular departures.
- Enhanced legal enforcement via stronger penal provisions under emigration laws to deter fraud, forgery, and illegal recruitment.
- Reduction in the minimum age for female domestic workers (from 35 to 25) coupled with new SOPs for their registration, reflecting a move toward regulated, safer female migration, not its suppression.

The Overseas Pakistanis Foundation (OPF) also scaled welfare and support:

- Organized the First Annual Overseas Pakistanis Convention (April 2025), creating a permanent platform to channel diaspora feedback into policy action.
- Facilitated special courts for Overseas Pakistanis in Islamabad, Punjab, and Balochistan for fast-track resolution of property and legal disputes.
- Expanded financial aid schemes, disbursing over Rs. 900 million in FY24 and additional support in FY25 to destitute families.
- Introduced accidental death and disability insurance, funeral grants, and initiatives to recover outstanding dues from foreign employers.

These interventions collectively de-risk migration, reinforce the social contract between state and migrant, and signal that Pakistan does not export labour at any cost, it exports people whose rights must be protected.

6. Diaspora Engagement, Housing and Asset Protection

The Ministry's reforms acknowledge Overseas Pakistanis as strategic economic actors, not just remitters. OPF led multiple initiatives to deepen diaspora trust and facilitate long-term engagement:

- Regular nominations of Overseas Pakistanis for civil awards to honour contributions and strengthen emotional and symbolic ties with the homeland.
- A series of housing projects in Islamabad (Zone-V), Lahore (Raiwind Road), Rawalpindi (Rawat), and Peshawar, aimed at providing secure, quality housing options for expatriates and encouraging remittance-backed investment in formal real estate.
- Aggressive anti-encroachment operations and recovery of OPF lands worth billions of rupees, signalling a strong stance against land grabbing and fraud in schemes meant for Overseas Pakistanis.
- Digitalization drives including ERP implementation, an OPF membership portal with online payments, and real-time 1-Link integration to streamline fee and service payments.

In parallel, discount programs for OP families in health, hospitality, education and retail sectors further reinforced the sense that the State recognizes their sacrifices and wants to cushion their

cost of living at home.

7. Workers' Welfare, Social Security and Institutional Digitalization

Under the broader OP&HRD umbrella, bodies such as Workers Welfare Fund (WWF) and Employees Old-Age Benefits Institution (EOBI) implemented significant reforms to modernize social protection systems:

- WWF launched a Management Information System (MIS), supported by MoUs with NITB under the Digital Economy Enhancement Project, digitizing around 70% of records, improving case processing, transparency and decision support. Welfare grants were enhanced (marriage and death grants), providing stronger financial cushions to workers' families.
- EOBI expanded digital registration of employers and insured persons, adopted bank-based pension disbursement, and drove a 32% increase in contribution collections (to Rs. 79.5 billion) and a 14% increase in investment income (to Rs. 80.16 billion). This improved the scheme's financial sustainability and enabled a 15% increase in pension rates, offering tangible relief to pensioners.

These reforms signal a move toward rules-based, digitally enabled social security, aligning Pakistan's labour protection regime more closely with international norms and ILO standards, reinforced by the ratification of ILO conventions and engagement in the Better Work Country Programme.

8. Data, Analytics and Evidence-Based Labour Governance

Across the Ministry and its attached organizations, there is a deliberate pivot toward data-driven governance. The creation of Data Insight Wings, MIS upgrades, cyber-security frameworks, stakeholder integration platforms (such as PEMF Phase II), and the use of data analytics for compliance (e.g., EOBI's employer enforcement) collectively shift the system from reactive to anticipatory regulation.

This architecture enables:

- Better forecasting of labour demand and supply,
- Identification of high-risk recruitment practices or corridors,
- More precise policy responses to skills gaps and abuse patterns, and
- Targeted interventions in social protection and welfare.

In the longer term, such infrastructure reduces policy lag, minimizes guesswork, and strengthens Pakistan's bargaining position in bilateral and multilateral labour negotiations.

9. Strategic Impact and Remaining Challenges

The 2025 reforms under OP&HRD mark a transition from fragmented, paper-driven migration management to a more strategic, digital, and rights-based ecosystem. Pakistan has expanded legal migration pathways, improved global perception of its workforce, strengthened labour protections, and deepened engagement with its diaspora. Remittance growth and increased overseas employment reflect early dividends of this approach.

However, critical challenges remain. Sustaining these reforms will require:

- Continuous coordination with domestic TVET/skills institutions to ensure genuine skills–demand alignment,
- Further integration of databases across immigration, labour, and social protection agencies,
- Strict enforcement against illegal recruitment, fraud, and exploitation,
- Gender-sensitive support systems to accompany increased female migration, and
- Persistent diplomatic engagement to protect workers in volatile or high-risk destinations.

If carried forward with political commitment and institutional discipline, the Ministry's 2025 reforms can help transform Pakistan from a labour-exporting country of necessity into a human capital powerhouse of choice, where overseas Pakistanis are not just senders of remittances, but co-architects of the country's economic futures.

Summary Table of Reforms for the Building the Human Capital for a Global Market 2025

Reform Cluster	Lead Institutions	Flagship Initiatives	Core Objective	Short-Term Impact (2025)	Long-Term Impact	Economic Impact	Human Capital Impact	SDG Alignment
1National Emigration & Welfare Policy & Strategic Planning	OP&HRD, BE&OE, OPF	National Emigration & Welfare Policy, Overseas Employment Plan	Safe, orderly, skills-based migration aligned with national development	Clearer procedures, grievance & welfare improvement, faster digital processes	Pakistan becomes a reliable skilled labour source; structured remittance growth	More stable remittance inflows; reduced informal migration costs; increased fiscal predictability	Strengthens worker protection, reintegration, and skills-match with global markets	SDG 8, 10, 16, 17
Labour Diplomacy & Market Diversification	OP&HRD, FO, OEC	MoUs (Iraq, Belarus, Italy), OIC Labour Centre, Budapest WG	Expand legal labour channels & diversify job markets	New corridors activated; 5% rise in overseas employment	Diversified labour access reduces dependence on GCC; stronger negotiating power	Higher remittance diversification; new markets = higher-skilled wage premiums	Opens opportunities for skilled/ semi-skilled labour; enhances global adaptability	SDG 8, 10, 17
Digitalization of Emigration & Governance Systems	BE&OE, NADRA, NITB	E-Protector, MIS, Data Insight Wing, PEMF Phase I–II	Paperless, transparent, integrated emigration	Faster clearance; fewer physical interactions; data-backed decisions	Fully unified national emigrant digital ecosystem	Reduced transaction costs; better fraud control; improved remittance integrity	Higher digital literacy; strong analytical and data-governance competencies	SDG 8, 9, 16, 17
Regulation of Recruiters & Anti-Fraud Enforcement	BE&OE, FIA	Stronger inspections, penalties, OEP licence reforms, airport monitoring	Clean recruitment ecosystem; eliminate fraud	71 licences cancelled; illegal recruitment deterrence	Ethical recruitment strengthened; reduced exploitation	Lower economic leakage from illegal channels; higher trust of foreign employers	Safer migration; increased confidence in legal recruitment pathways	SDG 8, 10, 16
Human Capital, Soft Skills & Worker Readiness	OEC, BE&OE, NAVTTC, DWE	Mandatory PDO & soft skills, OEC soft skill portal, GIZ COE, HRALS Expo	Improve employability, communication & work ethics	Immediate skill uplift; better cultural and workplace readiness	Institutionalized skill certification; improved retention abroad	Higher wages abroad; lower employer turnover costs; improved Pakistan brand	Produces globally competitive labour with 21st century soft skills	SDG 4, 8, 9
Gender-Responsive Migration & Worker Safety	OP&HRD, BE&OE, ILO	Lowered age threshold for women, SOPs for domestic workers, ILO ratifications	Enhance safe and regulated migration for women	More legal employment pathways; improved documentation	Increased female participation in global labour; safer ecosystems	Increase in income for female workers; inflow of new remittance segments	Builds inclusion, safety, confidence and skills for female workers	SDG 5, 8, 10, 16

Migrant Welfare, Insurance & Social Protection	OPF, BE&OE	Insurance payouts, funeral grants, welfare schemes, recovery from employers	Reduce vulnerability of migrant families	Immediate financial relief; enhanced trust in institutions	Strong social safety architecture for migrant families	Increased household stability > sustained consumption & remittance flow	Improves resilience; ensures dignity & stability during crises	SDG 1, 3, 8, 10
Diaspora Engagement, Legal Protection & Housing Development	OPF, Provinces, Courts	Overseas Pakistanis Convention, Special Courts, OPF Housing Schemes	Strengthen diaspora trust, protect assets, channel investment	Faster dispute resolution; higher real estate interest	Long-term diaspora-led investment ecosystem	Growth in remittance-backed real estate; increased FDI-like inflows	Engages diaspora professionally and socially; reduces legal insecurity	SDG 10, 11, 16, 17
Digital ERP & Online Services for Overseas Pakistanis	OPF, NITB	ERP rollout, membership portal, IPG integration, 1-Link	Improve efficiency, transparency & service access	Faster financial processing; seamless online payments	Modernized OPF capable of scaling globally	Lower administrative costs; higher service adoption; increased fee collection	Boosts digital skills & digital service culture within OPF	SDG 8, 9, 16, 17
Workers Welfare Systems (WWF & EOBI)	WWF, EOBI	MIS for welfare, increased grants, digital registration, improved pensions	Strengthen social protection & compliance	Faster claim processing; improved contribution collection	Financially sustainable pension and welfare institutions	Increased contribution revenue (EOBI +32%); higher investment returns	Enhances security, wellbeing & productivity of workforce	SDG 1, 3, 8, 9, 16
Evidence-Based Governance & Data-Driven Policy	OP&HRD, BE&OE, WWF, OPF	Data Insight Wing, MIS dashboards, cross-agency data integration	Replace reactive decisions with predictive policy	Faster research (40% reduction), better compliance targeting	A fully data-driven migration governance system	Better allocation of resources, fewer inefficiencies, improved planning	Strengthens analytical thinking, data-handling & digital governance skills	SDG 9, 16, 17



Trade, Markets & Competitiveness

The Ministry of Commerce led one of Pakistan's most far-reaching trade transformation programmes in 2025, targeting tariff reform, regulatory simplification, institutional strengthening, global market access, and modernization of the country's commercial diplomacy.

Central to this agenda was the National Tariff Policy (NTP) 2025–30, under which customs duties on 7,455 tariff lines, 98% of all industrial inputs, were rationalized, providing PKR 125 billion in relief to domestic producers. By removing long-standing anti-export bias, reducing input costs, and simplifying concessionary regimes, this reform significantly improved industrial competitiveness and Pakistan's integration into global value chains. Alongside tariff reform, the Ministry advanced structural modernization of the National Tariff Commission (NTC), adopting high-level recommendations to enhance governance, update legal frameworks, strengthen HR capacities, and digitize investigation processes, ensuring a more transparent, WTO-compliant trade defense system.

Regulatory simplification was another major pillar of the Ministry's work. A series of reforms eased compliance burdens for businesses by allowing commercial import of older vehicles, streamlining pre-shipment inspection procedures, simplifying export processes for the Gwadar Free Zone, refining the B2B Barter Trade mechanism, and digitalizing registration systems for precious metals and jewelry trade. Collectively, these interventions reduced transaction costs, improved predictability, and aligned regulatory procedures with international best practices. To strengthen structured public–private dialogue, nineteen sector-specific councils were operationalized, enabling evidence-based policymaking, faster issue resolution, and targeted export development strategies.

The Ministry also revived the long-dormant National Trade & Transport Facilitation Committee and developed a national transshipment policy, improving inter-agency coordination, reducing logistics costs, and supporting Pakistan's ambition to serve as a regional trade and transit hub.

Standards compliance emerged as a critical focus. The operationalization of the National Compliance Centre (NCC) improved advisory support for exporters in meeting global quality, SPS and TBT requirements, reducing rejection risks and enhancing the credibility of Pakistani products in international markets. In parallel, the country's trade dispute resolution system was strengthened through the functionalization of the Trade Dispute Resolution Commission, lowering litigation costs and improving predictability for exporters and international buyers. The Ministry also expanded Pakistan's commercial footprint abroad by opening eleven new trade missions, introducing custom KPIs for each mission, and launching a digital portal for improved market intelligence and performance tracking.

Pakistan's global market access improved significantly through the signing of a PTA with Afghanistan, a Transit Trade Agreement with Azerbaijan, and substantive progress on FTAs with GCC, Vietnam, Malaysia, Korea, Uzbekistan and the CPFTA. Engagements with the United States produced a competitive 19% tariff advantage over regional competitors. Legislative reforms were advanced in insurance and SOE governance, including amendments to the Insurance Ordinance 2000, restructuring of State Life Insurance Corporation, and updates to LINO 1972, aimed at enhancing investor confidence and aligning regulatory frameworks with international standards. The Export Development Fund (EDF) underwent major governance reforms, including the abolishment of the Export Development Surcharge, reconstitution of the EDF Board with greater private-sector participation, and digitalization of project submission and review processes, ensuring more transparent, strategic and demand-driven utilization of export support funds.

Pakistan also strengthened its role in multilateral trading systems by acceding to the WTO Joint Statement Initiative on E-Commerce and advancing ratification of the WTO Agreement on Fisheries Subsidies. These steps signal Pakistan's commitment to rules-based trade governance, sustainability and global competitiveness. In addition, the Ministry initiated a comprehensive modernization of the intellectual property regime through reforms to the Copyright Amendment Ordinance 1962, aligning Pakistan with WIPO treaties, improving enforcement mechanisms, and supporting growth in innovation-driven and creative industries. To boost commercial visibility and diversify markets, the Ministry organized 134 trade promotion events, business forums, exhibitions, conferences and single-country shows, across Pakistan, Africa, Central Asia and other non-traditional destinations, significantly expanding exporter networks and opening new avenues for market diversification.

Despite these achievements, challenges remain. The tariff rationalization agenda, although transformative, requires strong coordination with industrial policy, customs modernization and revenue management to ensure its effectiveness. The modernization of the NTC depends on timely legal amendments and capacity-building, historically slow-moving areas across government. While regulatory simplification has reduced compliance burdens, overlapping jurisdictions and fragmented digital systems still hinder smooth trade operations. The success of the NCC, NTTFC, and transshipment reforms depends heavily on enforcement discipline, which may face institutional resistance. Moreover, Pakistan's export base remains narrow and dominated by low value-added products; without complementary reforms in productivity, innovation, IP protection and logistics infrastructure, long-term export transformation may remain constrained.

While the Ministry of Commerce has pursued an ambitious and wide-ranging reform agenda in 2025, the structural transformation of Pakistan's trade ecosystem remains incomplete. The tariff rationalization under the National Tariff Policy (NTP) is a milestone achievement, reducing duties on 98% of tariff lines and delivering PKR 125 billion in relief to industry. However, the reform faces two critical challenges: (i) limited alignment across fiscal, monetary and industrial policies, and (ii) the risk of reversal due to short-term revenue pressures.

Historically, Pakistan has struggled to sustain tariff rationalization due to conflicting incentives between export promotion and revenue collection. Without deeper coordination with FBR and the Ministry of Finance, the tariff regime may continue to oscillate, reducing predictability for industry. Moreover, tariff reductions alone cannot guarantee export competitiveness unless complemented by logistics reforms, energy-price rationalization, competitive financing, and quality assurance systems.

The restructuring of the National Tariff Commission (NTC) is similarly essential but long overdue. Although modernizing trade remedies improves Pakistan's WTO compliance, NTC still faces a chronic shortage of specialized investigators, trade lawyers, and data analysts, and remains vulnerable to political and industrial pressure. The Commission's capacity to act as an independent, evidence-based authority hinges on whether HR, digitization, and legal reforms are fully institutionalized rather than treated as administrative updates. Without this, Pakistan risks continuing a reactive rather than strategic approach to unfair trade practices, particularly in sectors like steel, chemicals, paper, and textiles where domestic producers face recurring injury from dumped imports.

Despite significant progress in market access, through PTAs, FTAs, expansion of trade missions, and improved trade diplomacy, the Ministry's export diversification strategy still depends heavily on a narrow base of low-value products. The real challenge lies not in signing more agreements but in ensuring supply-side readiness. Pakistan's exporters continue to struggle with compliance failures, logistics bottlenecks, high cost of capital, and inconsistent quality standards. The operationalization of the National Compliance Centre (NCC) is a step forward, but unless exporters adopt higher productivity models, automation, and modern certification practices, market access gains may remain underutilized.

The Ministry's efforts to simplify import and export regulations have improved ease of doing business in the short term. Yet, policy inconsistency remains a systemic bottleneck, with frequent SRO changes, regulatory overlaps, and delays in digital integration across Customs, PSW, and provincial departments. These frictions continue to raise the cost of trade and discourage SMEs from entering export markets. The digitalization of precious metals and jewelry trade is an innovative step but must be accompanied by monitoring mechanisms to prevent misuse and ensure traceability.

A major weakness persists in the limited institutional capacity for evidence-based trade policy. While the establishment of 19 sectoral councils and revival of NTTFC create platforms for dialogue, these bodies risk becoming consultative forums without measurable outcomes unless backed by data analytics, market intelligence, and binding policy follow-through. The Export Development Fund (EDF) reforms are promising, especially the shift toward private-sector leadership. However, EDF's historical underutilization and politically influenced spending patterns highlight the need for stronger governance structures and independent monitoring.

The modernization of the intellectual property regime and reform of SOEs in the insurance sector represent forward-looking interventions, but the transition will require deep regulatory restructuring, market supervision, and cultural reform within legacy institutions. Moreover, Pakistan's engagement at WTO through the JSI and Fisheries Subsidies Agreement signals a positive shift toward rule-based trade governance. Nevertheless, these commitments will demand significant domestic adjustments, particularly in digital trade regulation, marine resource management, and sustainability standards, areas where institutional readiness remains modest.

Overall, the Ministry of Commerce's reforms demonstrate momentum and intent, but Pakistan's trade competitiveness will improve only if these reforms are integrated across fiscal policy, industrial policy, logistics, energy pricing, and investment climate reforms. Export growth cannot rely on tariff cuts and market access alone; it requires a full-spectrum competitiveness strategy built on productivity, innovation, compliance and institutional stability. The reforms initiated in 2025 lay an important foundation, but their success will depend on consistency, cross-ministerial coordination, and the ability to convert policy aspirations into measurable economic outcomes for Pakistani exporters.

Looking ahead, the Ministry's reform roadmap focuses on deepening tariff rationalization, simplifying concessionary regimes, fully digitalizing trade remedy processes, enhancing HR capacity in NTC, expanding market access negotiations, operationalizing EDF reforms, strengthening multilateral engagement, implementing IP reforms, and intensifying market diversification efforts. If implemented with consistency and coordination, these reforms have the potential to shift Pakistan from an import-dependent, protectionist structure toward a truly export-driven, globally competitive economy.

Reforms Summary Table – Ministry of Commerce (2025)

Reform / Initiative	Objective	Key Output	Short-Term Impact	Long-Term Impact	Economic Impact	Impact on Business Environment	Human Capital Impact	SDG Alignment
National Tariff Policy (NTP) 2025–30	Remove anti-export bias, lower industrial costs, rationalize tariffs	Duties reduced on 7,455 tariff lines; PKR 125 bn relief	Immediate reduction in input costs; improved cash flow	Export diversification, global value chain integration	Boosts industrial competitiveness; lowers cost of production across sectors	Predictable, transparent tariff regime; stronger investor confidence	Encourages skills upgrading in export-oriented industries	SDG 8, 9, 17
Modernization of National Tariff Commission (NTC)	Strengthen trade defense and WTO-compliant investigations	Institutional reforms, HR strengthening, digitization plan	Faster investigations, reduced uncertainty	Credible, rules-based trade remedy regime	Protects domestic industry from unfair competition	Transparent and evidence-based decision-making increases trust	Builds analytical and legal expertise within NTC	SDG 8, 16
Simplification of Import & Export Regulatory Regime	Reduce compliance burden and remove procedural bottlenecks	Streamlined inspections, simplified export rules, digitized processes	Lower transaction time and cost	Efficient, transparent regulatory ecosystem	Enhances trade volume and reduces cost for SMEs	Better ease of doing business; fewer procedural disputes	Improves regulatory literacy for businesses	SDG 8, 9
Enhanced Market Access (FTAs/ PTAs/Transit Agreements)	Expand export opportunities and diversify markets	PTA with Afghanistan; Transit Trade Agreement with Azerbaijan; FTAs advanced	Improved short-term market penetration	Sustained export growth and market diversification	Reduces reliance on limited markets; increases foreign exchange earnings	Lowers tariff barriers and expands global reach for exporters	Expands demand for skilled export labour	SDG 8, 17
Sectoral Councils (19 Established)	Institutionalize structured public-private dialogue	Operational sector councils	Faster issue identification and resolution	Targeted sectoral export strategies	Supports high-potential export clusters	Strengthens participatory policymaking	Enhances sector-specific technical capacities	SDG 8, 17
Revitalization of NTTFC & Transshipment Policy	Improve logistics, transit trade and connectivity	Updated policies; revived coordination platform	Greater TIR carnet issuance; improved logistics flow	Regional transit hub positioning	Reduces logistic costs and enhances competitiveness	Streamlined inter-agency coordination	Builds skills in trade logistics	SDG 9, 8
Operationalization of National Compliance Centre (NCC)	Support exporters on SPS/TBT and global standards	Export compliance advisory, capacity building	Reduced rejection rates, fewer compliance failures	Stronger export reputation and quality	Saves losses from rejected shipments	Enhances trust in Pakistani goods among buyers	Strengthens quality assurance and technical skills	SDG 8, 12
Strengthening Trade Dispute Resolution Commission	Enable predictable contract enforcement	Functional ADR mechanism	Reduced litigation cost and faster dispute resolution	Increased predictability in trade transactions	Improves investment climate	Greater confidence in dispute settlement	Builds legal and arbitration capacities	SDG 16, 8

Expansion of Trade Missions & KPI Reforms	Improve trade diplomacy and export promotion	11 new missions; KPI-based performance	Better market intelligence and outreach	Sustained export and FDI growth	Expands access to high-value markets	More responsive and targeted export facilitation	Builds diplomatic and trade promotion expertise	SDG 8, 17
Insurance Sector Legislative Reforms (SLIC, LINO, Insurance Ordinance)	Align insurance governance with global standards	Draft laws prepared; restructuring processes initiated	Improved clarity and investor confidence	Stronger financial sector and risk coverage	Enhances capital market stability	More competitive and transparent insurance market	Builds actuarial, insurance, and compliance skills	SDG 8, 16
Reforms of the Export Development Fund (EDF)	Make EDF transparent, private-sector-driven and strategic	Reconstituted Board; surcharge abolished	Improved fund utilization and governance	Demand-driven trade development projects	Channels funds toward export-enabling infrastructure	Higher credibility and accountability in public spending	Strengthens planning and project execution skills	SDG 8, 9, 16
Engagement in WTO JSI & Fisheries Subsidies Agreement	Align Pakistan with evolving trade rules	Acceded to JSI; progressed on fisheries subsidies	Enhanced credibility in global forums	Better integration into digital and sustainable trade regimes	Opens access for e-commerce, marine exports	Predictable, rules-based trading environment	Builds capacity in digital trade and sustainability standards	SDG 8, 14, 17
Copyright Regime Reform (Amendment to 1962 Ordinance)	Modernize IP laws to support innovation	Bill submitted post-vetting	Faster IP processing; stronger protections	Growth of creative and knowledge economies	Expands IP-based industries and exports	Improves investor confidence for IP industries	Encourages creative skills development	SDG 8, 9, 16
Trade Promotion Events (134 globally)	Expand outreach in non-traditional markets	Exhibitions, B2Bs, trade conferences	Immediate buyer engagement and export orders	Diversified export partners and resilient markets	Opens African, Central Asian and other new markets	Enhances visibility of Pakistani products globally	Boosts marketing capacity and sectoral knowledge	SDG 8, 17



Building a Pathway from Vulnerability to Resilience - Poverty Alleviation and Social Safety Reforms

Pakistan's social protection landscape underwent significant transformation in 2025, driven by a shift from fragmented welfare programmes toward an integrated, data-driven, and poverty-graduation-focused ecosystem. The Ministry of Poverty Alleviation & Social Safety (M/o PA&SS), together with BISP, PBM, PPAF, BE&OE, OPF and provincial social protection authorities, strengthened the governance architecture of social safety nets by improving transparency, digitization, inter-institutional coordination, and the operational efficiency of programmes reaching millions of vulnerable households.

At the core of the reform effort was the push for horizontal and vertical integration of social protection systems. The Ministry operationalized a whole-of-government coordination model that facilitated structured data-sharing, harmonized reporting, and improved alignment between federal and provincial interventions. Through agreements with BISP, PBM and provincial authorities, the Ministry initiated a framework for real-time information exchange to reduce duplication, enhance targeting accuracy, and support progression from assistance to resilience. These coordination mechanisms form the basis for a future integrated social protection registry capable of dynamically updating household vulnerability profiles across Pakistan.

A key governance reform was the MoU with the Pakistan Bureau of Statistics (PBS) for establishing the National Social Protection Dashboard, which will bring transparency and real-time reporting to SDG 1 indicators. The initiative aims to standardize administrative data, improve measurement of social protection coverage, and support evidence-informed policymaking for vulnerable populations. By integrating datasets across ministries, the dashboard will act as a central monitoring tool for Pakistan's delivery of social welfare obligations, from cash transfers to livelihood support.

Women's economic empowerment emerged as a strategic pillar of the 2025 reforms. The Ministry's partnership with Karandaaz Pakistan is set to produce long-term dividends by equipping poor women with employable skills, integrating the RAAST payment system into PBM's welfare delivery, and creating an e-commerce portal for graduates of Women Empowerment Centres (WECs). These initiatives promote financial inclusion, self-employment, and digital market access for marginalized women, enabling them to transition away from dependency.

A stronger results-driven reform approach also guided the Ministry's coordination with other federal departments under the URAAN Pakistan initiative. By aligning programme interventions with the national 5Es framework, the Ministry pushed for targeted use of public resources and improved tracking of institutional actions aimed at reducing poverty, malnutrition, and

education deficits. This whole-of-government approach encourages clearer accountability and improves the visibility of collective outcomes.

The Ministry's flagship National Poverty Graduation Programme (NPGP) delivered impressive achievements, providing households with productive assets, interest-free loans, business development training, and financial literacy. With more than 165,000 households receiving assets, 204,760 receiving interest-free loans, and 226,991 receiving livelihood training, the programme enabled 56% of beneficiaries to graduate from BISP support and 47% to increase their income by at least 30%. The programme's gender-disaggregated results were particularly transformative: 48% of women beneficiaries gained economic empowerment, and 73% adopted climate-smart practices, positioning ultra-poor households for greater resilience in the face of climate volatility.

A complementary initiative, Village Social Enterprises (VSEs), promoted collective economic models by supporting rural entrepreneurs in productivity enhancement, market integration, and value chain development. This approach strengthens community-based enterprises, diversifies rural income streams, and reduces vulnerability to external shocks.

The Poverty Graduation of Extremely Poor & Flood-Affected Households (PGEP) programme represents Pakistan's largest climate-smart livelihood scale-up initiative to date. Targeting 160,866 households over 2025–2029, PGEP combines asset transfers, skills training, climate-smart agriculture, rainwater harvesting, and the development of rural service providers. The project is expected to create 96,000 jobs, increase incomes for over 60% of households, and strengthen food security and climate resilience across flood-prone regions.

Digital transformation became a defining theme across institutions such as PPAF and PBM. The Grants Management System (GMS) and MIS modernization introduced audit-ready, traceable workflows that have reduced paperwork, accelerated approvals, and reinforced donor confidence. PPAF's institutional reforms, 622 staff training engagements, gender-diversity commitments, and compliance with PSEA guidelines, are reshaping the governance culture of Pakistan's leading development finance institution.

Pakistan Bait-ul-Mal implemented sweeping digital reforms, including HRMS deployment, MIS upgrades, cross-institutional integration, and improved workflow automation. These reforms strengthen governance, reduce leakages, and increase efficiency in delivering cash assistance, medical support, and educational aid. PBM also deepened its service delivery through 904 cochlear implant surgeries, over 9,000 educational scholarships, 6,047 cash grants, 642 livelihood sewing machines, and 19,584 medical assistance cases, strengthening the safety net for the most vulnerable.

Health and social inclusion reforms further expanded opportunities for marginalized populations. The empanelment of private sector hospitals for cochlear implants significantly reduced the burden on public hospitals, while enabling thousands of children to regain hearing, a life-changing intervention that enhances future productivity, educational attainment, and social integration.

Collectively, these reforms reflect Pakistan's transition from a welfare-based model toward a resilience and opportunity-based approach. By combining digitalization, data governance, livelihood promotion, gender inclusion, climate adaptation, and institutional strengthening, the poverty alleviation system is being positioned to not only cushion vulnerability but enable upward mobility. The reforms of 2025 lay critical foundations for a modern, integrated social protection regime capable of addressing Pakistan's evolving demographic, climate, and economic challenges.

While the 2025 reform agenda in the poverty alleviation and social protection ecosystem reflects strong political commitment and significant institutional activity, several structural and operational challenges continue to limit the full impact and sustainability of these interventions. The overarching concern remains the fragmentation of Pakistan's social protection architecture. Despite progress on inter-agency coordination, such as data-sharing frameworks, collaborative dashboards, and harmonization efforts under URAAN Pakistan,

federal and provincial programmes still operate with varying eligibility criteria, parallel targeting systems, and overlapping mandates. This produces inefficiencies, duplication of benefits, and inconsistent service quality. The lack of a fully unified national social registry delays real-time updating of household vulnerabilities and undermines the targeting precision needed for poverty graduation and climate-resilient planning.

A second critical issue pertains to the sustainability and scalability of poverty graduation programmes. Initiatives like NPGP and PGEP have delivered strong outcomes, particularly in income increases, asset ownership, and women's empowerment; however, their long-term success depends heavily on continued financing, consistent technical support, and predictable market linkages for newly created micro-enterprises. Without integration into broader rural development policies, value chains, and provincial agriculture extension systems, many enterprise gains may stagnate over time. Furthermore, the heavy dependence on development partners introduces fiscal and operational vulnerability, particularly in periods of macroeconomic tightening or budget rationalization.

Governance challenges also persist in the broader social protection ecosystem. Digital transformation in PBM, PPAF, and the Ministry shows significant promise, but legacy processes, manual interventions, and limited institutional capacities in some sub-agencies still constrain end-to-end automation. Moreover, digital reforms, such as MIS upgrades, HRMS deployment, and grant management systems, require sustained technical support and cybersecurity safeguards, which are not yet fully institutionalized. Without a long-term digital governance framework and dedicated budgets, gains remain at risk of reversal.

Another area of concern is women's economic inclusion, where progress remains uneven. Although reforms such as the Karandaaz partnership, Women Empowerment Centres, and improved mobility pathways for female workers are notable, social norms, cultural barriers, and safety constraints continue to limit female participation in the labor market. Programmes that focus on female entrepreneurship risk being confined to micro-level, low-growth sectors unless linked with formal supply chains, digital marketplaces, and SME financing mechanisms.

The housing and land recovery initiatives under OPF highlight persistent legal weaknesses in property governance and dispute resolution mechanisms. While special courts and anti-encroachment operations provide relief to overseas Pakistanis, such measures address symptoms rather than underlying causes, slow judicial processes, unclear land records, and weak municipal enforcement. Without deeper structural reform of land governance, these challenges are likely to re-emerge.

Furthermore, several reforms exhibit heavy focus on service delivery outputs rather than outcome measurement. For instance, the number of cochlear implants, sewing machines, scholarships, and cash assistance cases demonstrate activity but not necessarily long-term human capital gains. There remains an urgent need for integrated monitoring frameworks that track beneficiary outcomes over multiple years, particularly with respect to employability, health, climate resilience, and intergenerational poverty.

Finally, coordination between social protection and economic policy remains insufficient. Despite success in creating 179,000 jobs through NPGP and projected employment under PGEP, there is limited strategic alignment with national job creation policies, vocational training ecosystems, SME development, and regional economic clusters. Social protection reforms must increasingly adopt a "whole-of-economy" approach, ensuring that beneficiaries transition into sectors with real labor demand and upward mobility.

In conclusion, while 2025 marked a transformative year with visible progress, the poverty alleviation ecosystem requires deeper structural reforms, including integrated digital registries, financial sustainability planning, stronger inter-provincial harmonization, long-term monitoring systems, and economic mainstreaming of social protection, to evolve from a collection of disjointed programmes into a cohesive national platform for resilience and inclusive growth.

Summary Table – Poverty Alleviation & Social Safety Reforms (2025)

Institution / Wing	Reform / Initiative	Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	SDG Alignment
Ministry of PA&SS	Lead the Change for Social Protection	Integrated social protection governance	Data interoperability, coordinated reporting	Better targeting & more efficient service delivery	Unified national SP architecture	Reduces fiscal leakage, improves programme efficiency	Stronger inclusion systems for vulnerable households	SDG 1
Ministry of PA&SS & PBS	National Social Protection Dashboard	Improve reporting & transparency	Digital dashboard under development	Improved data accuracy & visibility	Real-time national social protection monitoring	Enables evidence-based allocation of social budgets	Better tracking of vulnerable groups	SDG 1
PA&SS & Karandaaz	Women's Economic Empowerment Initiative	Digitization & skills development for poor women	E-portal, RAAST-based payments, skills training	Women gain access to markets & training	Poverty reduction among female-led households	Increased self-employment, microenterprise creation	Enhances female labor force participation	SDG 1, 5
Ministry of PA&SS	URAAN Pakistan Coordination	Alignment of SP interventions	Unified progress reporting	Improved coordination	Integrated national social protection planning	More efficient government spending	Stronger programme targeting & coverage	SDG 1, 2
NPGP	National Poverty Graduation Programme	Transition ultra-poor from dependency to income resilience	165k assets, 205k IFLs, 226k trained	Higher incomes & immediate livelihood improvement	56% graduation from BISP; women's empowerment	179,158 jobs created; rural enterprise growth	Increased women's ownership of assets	SDG 1, 2, 5, 8, 13
TVO / NPGP	Village Social Enterprises	Build collective enterprises	VSEs established	Market linkages & group income	Sustainable rural micro-enterprises	Strengthens rural supply chains	Enhances entrepreneurial & cooperative skills	SDG 8
PGEP	Graduation of Extremely Poor & Flood-Affected Households	Poverty reduction & climate resilience	Assets, IFLs, CSA, rainwater harvesting	Income increase; diversification	50% household graduation; climate resilience	96,000 jobs created; resilient local economies	Women's agency & adaptive capacity strengthened	SDG 1, 2, 5, 8, 13
PPAF	Grants Management System	Digitize grant lifecycle	GMS 1.0 developed	Centralized tracking & transparency	Fully auditable, efficient funding system	Reduces administrative cost & donor risk	Better governance of development programmes	SDG 9, 16, 17
PPAF	Institutional Capacity Building	Strengthen workforce skills & diversity	44 trainings, gender inclusion	Improved institutional efficiency	Sustainable high-performance culture	Higher productivity & reduced HR inefficiencies	Builds professional and ethical competencies	SDG 4, 5, 8, 10
PBM	MIS Upgrade	Digitalize PBM processes	Automated workflows	Faster case processing	Efficient national welfare delivery	Reduced leakage, operational savings	Better targeting of beneficiaries	SDG 8
PBM	Rightsizing	Align workforce with needs	Optimized HR structure	Cost-saving	More sustainable organizational model	Reduces recurring costs	Efficient human resource deployment	SDG 8, 16

PBM	HRMS Deployment	Digital HR transparency	Centralized staff data	Streamlined HR ops	Efficient personnel management	Eliminates manual errors, saves administrative cost	Builds modern administrative capability	SDG 16
PBM	Health Interventions (Cochlear Implants, Medical Assistance)	Improve health outcomes	904 surgeries; 19,584 medical beneficiaries	Improved access to life-changing care	Enhanced long-term productivity	Health recovery reduces dependency	Higher educational & employment potential of children	SDG 3, 4, 10
PBM	Education Assistance	Support poor students	9,040 scholarships	Continued education	Improved workforce quality	Supports future earnings potential	Builds foundational skills for growth sectors	SDG 4
PBM	Financial Support (IFA-General)	Immediate poverty relief	6,047 households supported	Emergency protection	Poverty reduction	Stabilizes household consumption	Protects vulnerable groups	SDG 1, 10
PBM	Sewing Machines Distribution	Women's income empowerment	642 machines distributed	Quick income generation	Women's entrepreneurship	Supports microenterprise creation	Increases participation of low-income women	SDG 5, 8
OPF	Overseas Pakistanis Courts & Land Recovery	Judicial protection of OP assets	Courts operational; land recovered	Faster dispute resolution	Trust-building for diaspora	Attracts diaspora investment	Legal empowerment of OP families	SDG 16
OPF	Welfare Grants, Funeral Support	Social protection for OP families	Rs 910m assistance; 76 funeral grants	Immediate relief	Sustained diaspora trust	Boosts remittance stability	Strengthens social stability	SDG 1
OPF	Housing Schemes & Revamping	Expand housing access for OPs	Multiple schemes progressing	Increased investment	Long-term diaspora asset creation	Boosts real estate & construction sectors	Housing stability for OP families	SDG 11
OPF	Membership Portal & ERP	Improve service delivery	ERP & portal under development	Efficient processing	Fully digitalized OPF system	Lower administrative costs	Enhances diaspora engagement	SDG 8, 9, 16
EOBI	Digital Registration	Expand coverage	Online employer & worker onboarding	Faster inclusion	Stronger formal labor market	Increased contributions & coverage	Social security for workers	SDG 8, 9
EOBI	Pension Banking Payments	Financial inclusion	Bank/ATM disbursement	Transparent payments	Long-term pension reliability	Reduces leakage; improves fund stability	Enhances financial dignity of elderly	SDG 1, 10
EOBI	Compliance & Enforcement	Improve contribution recovery	Non-compliant entities identified	Higher revenue	Sustainable pension fund	Strengthens formal sector	Better protection for registered workers	SDG 8, 16



Building a Digital, Skilled, Inclusive and Data-Driven Learning Ecosystem

Pakistan's education and skills development landscape is undergoing one of the most far-reaching reforms in recent years. Driven by digital transformation, governance modernization, curriculum reform, and skills alignment, the Ministry of Federal Education & Professional Training (MoFEPT) and its allied institutions have advanced a comprehensive suite of initiatives that aim to strengthen Pakistan's human capital, reduce inequalities in learning access, and align education delivery with the demands of the modern economy.

These reforms span federal and provincial coordination mechanisms, digital public infrastructure, skills and employability programs, institutional strengthening, and the modernization of curriculum across all sectors, from early schooling and technical education to higher education and non-formal learning systems. The reforms also reflect Pakistan's broader shift toward evidence-based governance, industry–academia linkages, and inclusive education that responds both to societal needs and the global digital transition.

1. National Education Data & Governance Transformation

National Open Data Portal for Education

MoFEPT finalized the National Open Data Portal, a centralized public platform expected to launch in early 2026. This platform aggregates standardized and comparable provincial data, enabling policymakers, researchers, and development partners to access accurate education indicators without bureaucratic delays. The portal consolidates five years of validated historical data and integrates real-time submissions through vertical data pipelines.

In the short term, the reform eliminates barriers to data access, accelerates education analytics, and supports transparent reporting. Over the long term, it institutionalizes a culture of evidence-driven policy formulation, improves SDG-4 reporting, and supports automation of performance monitoring across all education bodies. It also reduces the cost of data collection for businesses, ed-tech startups, and consulting firms, enabling the creation of value-added services built on reliable data.

2. Higher Education Digitalization and Systemic Modernization (HEC)

Higher Education Digital Transformation & Automation

HEC accelerated nationwide deployment of digital higher education infrastructure, including fiber-optic connectivity, Wi-Fi-enabled campuses, cloud platforms, Learning Management Systems (LMS), automated service portals, student life-cycle ERPs (such as Maktab), and High-

Performance Computing (HPC) facilities. The "Pakistan Digital Leap" initiative consolidates these reforms into a unified national vision for a modern, interoperable higher education ecosystem.

In the short term, administrative processes such as admissions, records retrieval, transcripts, and academic monitoring have become significantly more efficient. Over time, these reforms will help build a future-ready higher education system, allowing universities to offer hybrid learning models, real-time analytics, and global-standard credential verification. This transformation is also generating new technology jobs across universities, IT departments, and service providers, while strengthening industry–academia linkages.

Mandatory Professional Certifications & Internships

HEC has made supervised internships and industry-aligned professional certifications mandatory for all undergraduate degrees starting September 2025. This reform addresses Pakistan's persistent employability gap by ensuring graduates possess job-ready skills validated through recognized certification pathways.

In the short term, the reform improves coordination between universities, industry, SMEs, IT companies, public sector organizations, and remote-work platforms. Long-term, it strengthens Pakistan's competitiveness in global labour markets, improves productivity, and institutionalizes industry–academia collaboration. It also expands opportunities for students to access certifications in areas such as AI, data science, digital finance, construction technologies, healthcare, and cybersecurity.

National Curriculum Revision & Program Alignment (2025 Cycle)

Through over 40 National Curriculum Review Committees (NCRCs), HEC updated undergraduate and professional curricula across multiple disciplines, including Education, Political Science, Islamic Studies, Remote Sensing & GIS, Architecture, Business & Management, Physical Therapy, Pharmacy, Food Science, Nutrition, and Law.

Notably, Computer Science programs were upgraded to include more than 14 new specializations in emerging technologies such as AI, robotics, cloud computing, quantum systems, cybersecurity, and intelligent automation, aligning academic programs with national digital transformation priorities.

Short-term gains include improved academic coherence and regulatory clarity for HEIs, whereas the long-term benefits center on global recognition of Pakistani degrees, stronger industry talent pipelines, and a more competitive knowledge economy.

Agricultural Technical Training in China

HEC, in collaboration with the Ministry of National Food Security and Chinese universities, trained 885 agricultural professionals in modern agriculture, hybrid seed technologies, drone-enabled farming, aquaculture, genomics, and sustainable production models.

This reform enhances the skill base needed to modernize Pakistan's agriculture sector, reinforcing food security, productivity, climate resilience, and high-value agribusiness. It also strengthens research linkages and generates downstream employment through new technologies and agricultural service markets.

3. School Education, EdTech Transformation & Technical Education Reforms (FDE, DGSE, DGRE, PEIRA)

Digital Hub-Connected Classrooms

The Federal Directorate of Education (FDE) deployed a digital hub classroom system enabling master-teachers to deliver high-quality lessons to resource-deficient schools, especially at the secondary and higher-secondary level. The hybrid model includes lesson recording, on-demand access, and improved internet connectivity.

This model bridges teacher shortages, democratizes access to expert instruction, and sets a

national blueprint for technology-enabled public schooling.

IT Skills Training for 91,000 Students (Huawei Partnership)

Under the Youth ICT Training Initiative, nearly 91,000 students—from Grade VI to university level—received training in cloud computing, IoT, 5G, and AI. This strengthens Pakistan's future IT workforce and embeds global technology curricula into mainstream schooling.

Matric Tech & Tech-Trade Fellows

The introduction of Matric Tech and Inter-Tech reforms enables students to pursue technical and vocational pathways alongside academic content. The hiring of 44 Tech-Trade Fellows has strengthened teaching capacity in high-demand trades, helping Pakistan align its secondary education system with market needs.

AI-Driven Career Counselling

FDE's new AI-powered career counselling framework offers personalized guidance based on labour-market analytics and student aptitude mapping. This initiative improves transition from education to employment, strengthens workforce planning, and helps students choose future-ready career tracks.

Non-Formal Education Modernization (NCHD, BECS, NEF)

MoFEPT established a unified Non-Formal Education Cell, standardized data systems (NFEMIS), created quality assurance frameworks, and integrated service delivery guidelines. This reform significantly strengthens efforts to reduce out-of-school children in federal territories.

Long-term, it institutionalizes alternative education pathways, fosters reintegration into formal schooling, and creates local teaching and community management jobs.

4. Inclusive Education, Special Needs Support & Autism Services (DGSE)

DGSE undertook expansive service reforms to modernize classrooms, hostels, therapy centers, and accessibility infrastructure. It also deployed digital tools, assistive technologies, updated vocational facilities, and hired specialized therapists, psychologists, and instructors. These reforms greatly enhance inclusion, quality of care, and long-term employability for learners with disabilities.

A landmark milestone includes initiating the Centre of Excellence for Autism, Pakistan's first national-level institution for autism assessment, therapy, research, training, and inclusive education. This will redefine service delivery standards for developmental disorders.

5. Examination Boards, Regulation & Public Service Digitalization

AI Chatbot for Public Facilitation (FBISE)

FBISE launched an AI-driven chatbot offering 24/7 automated support for examinations, verification, admissions, and other citizen services. This has improved response times, reduced call-center load, and increased transparency.

Regulatory Framework for Foreign Examination Boards (IBCC)

IBCC introduced Pakistan's first comprehensive regulatory framework to govern international examination bodies operating locally, strengthening quality, integrity, cultural alignment, and compliance.

Online Registration for Private Schools (PEIRA)

PEIRA deployed an online registration portal, enabling transparent and objective processing of applications from private educational institutions. Over 1,079 institutions applied through the system in 2025.

Modernization of Curriculum in Madaris (DGRE)

DGRE initiated the introduction of contemporary subjects in Madaris, supplying teachers and learning materials to over 114,000 students. This reform strengthens the academic capabilities of madaris learners, supporting social mobility and workforce integration.

6. Values-Based Education Reform (NRKNA)

The National Rahmatul-Lil-Alameen Authority (NRKNA) launched the Character Education Strategy, developing curriculum frameworks, new publications, and nationwide teacher training. This initiative promotes ethical behaviour, civic responsibility, and holistic development among the youth, strengthening Pakistan's social fabric and future leadership.

7. Secondary Curriculum Rationalization (NCC)

The National Curriculum Council initiated curriculum simplification for Grades 9–12 across core subjects, reducing overload, improving coherence, and aligning learning outcomes with higher education and workforce needs. This reform supports better exam preparedness, enhances retention, and strengthens critical thinking.

The education reform agenda marks an important shift toward data-driven governance, digital transformation, and skills-oriented human capital development, but several structural gaps, particularly around data standards and gender-disaggregated reporting, continue to weaken Pakistan's position in global indices.

On the positive side, initiatives such as the National Open Data Portal for education, higher education digitization ("Pakistan Digital Leap"), mandatory internships and certifications, and curriculum rationalization all push the system toward greater transparency, relevance, and employability. These reforms, if properly implemented, can reduce fragmentation between federal and provincial systems, improve evidence-based planning, and strengthen links between universities, industry, and overseas labour markets. The focus on non-formal education, inclusive and special education (DGSE reforms, Centre of Excellence for Autism), and large-scale IT and technical training through NAVTTC and Huawei also addresses critical gaps in access, digital literacy, and future-skills readiness. Together, these measures can support productivity, formal employment, and more equitable participation in the modern economy.

However, there are serious weaknesses in how Pakistan's education sector, especially the Higher Education Commission (HEC), interfaces with global data and indicator frameworks. Despite the strong language on "data-driven decision making," Pakistan has struggled to consistently comply with UNESCO's UIS education indicator requirements across the full spectrum of gender-disaggregated indicators, particularly for tertiary education. Incomplete, delayed, or non-standardized reporting on enrollment, completion, and attainment by sex at different levels of education undermines the robustness of Pakistan's data in international databases. This has two important consequences:

1. It weakens Pakistan's performance on the World Economic Forum's Global Gender Gap Index (GGGI). The Educational Attainment subindex of the GGGI relies heavily on UIS and other international data for female–male parity in literacy, primary, secondary, and tertiary enrollment/attainment. Where data are missing, outdated, or inconsistent, Pakistan is either scored conservatively or not credited for improvements, directly depressing its ranking on the education component, which then drags down the overall Gender Gap score.
2. It reduces policy credibility and comparability. If HEC and other education bodies do not fully align their data architecture, definitions, and reporting cycles with UNESCO and related global standards, Pakistan's reforms are less visible and less comparable to peer countries. This undermines advocacy for better rankings and also makes it harder to argue that domestic progress is being fairly captured internationally.

In practice, this means that even as HEC is investing in PERN, LMSs, ERPs, curriculum modernization, and mandatory skills pathways, the global visibility of these gains remains limited because the upstream data plumbing with UNESCO/UIS is weak. The new National Open Data Portal and the

Data Standardization Framework are a step in the right direction, but they must explicitly:

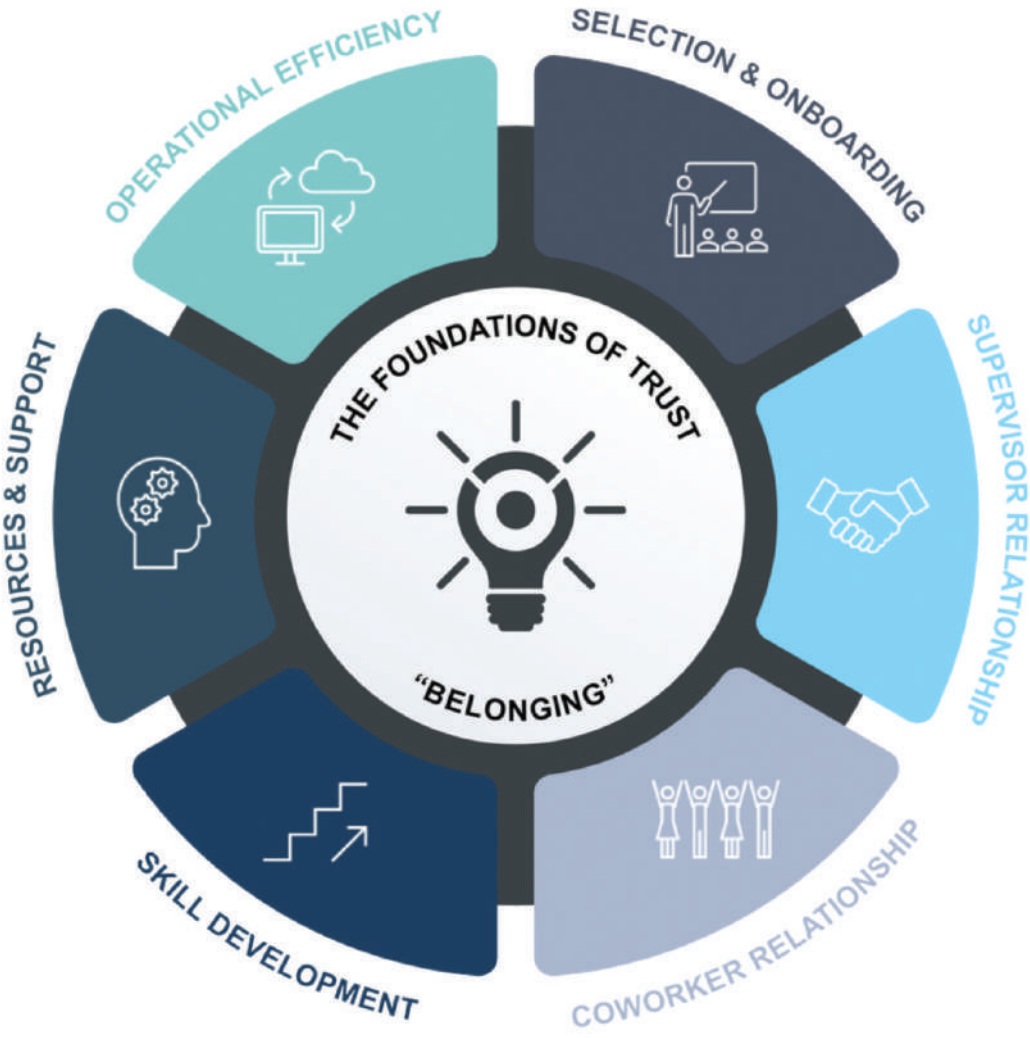
» Guarantee full compliance with UNESCO's core and thematic education indicators,

» Ensure timely, gender-disaggregated, level-wise reporting (especially tertiary), and

» Integrate HEC's datasets into a coherent national education statistical system validated with PBS and provincial EMIS/HEMIS.

Without closing this "data compliance gap," Pakistan will continue to over-invest in domestic reforms while under-performing in global education and gender indices, particularly the Global Gender Gap Index, thus limiting the narrative and reputational gains the country seeks from its education reforms.

Cross-Sector Integration Matrix: Education × Skills × Labour × Digital Public Infrastructure



A. Cross-Sector Integration Matrix

Reform Domain	Education System (MoFEPT, HEC, FDE, DGSE, DGRE, NCC, IBCC)	Skills & Workforce Development (NAVTTC, MoOP&HRD, Huawei Partnerships)	Labour Market & Employment Ecosystem (Industries, Services, Overseas Labour)	Digital Public Infrastructure (Open Data Portal, HEC Digitalization, DPI APIs, AI Systems)
Curriculum Modernization & Standards	Updated curricula (BS, BBA, IT, DPT, Law, STEM); NSS alignment; Matric-Tech integration.	Competency-based standards for technical training; outcome-based funding (PSIBs).	Clearer skill signals for employers; better matching of graduate profiles to market needs.	Integration of curriculum progression with digital records, learning platforms, and e-credentialing.
Digital Transformation in Education	Pakistan Digital Leap; PERN expansion; cloud platforms; AI chatbots; virtual classrooms.	Digital skills certifications (AI, Cloud, Cybersecurity); ICT sector workforce pipeline.	Labour mobility in IT outsourcing, freelancing, remote jobs; higher productivity.	National DPI for identity, credentials, and data portability enabling seamless employability pathways.
Skills Certification & Internship Mandates	Mandatory professional certifications; supervised internships for all undergraduates.	100,000+ vocational trainings; 15,000 global IT certifications.	Direct enhancement in employability and job-readiness; creation of apprenticeship pathways.	Digital verification of certificates through blockchain-enabled accreditation systems.
Non-Formal & Inclusive Education Reform	NFEMIS rollout; special education modernization; non-formal learner reintegration.	Skills access for marginalized groups, women, and rural communities.	Wider labour force participation; reduction in structural inequalities.	Digital inclusion tools, AI-based accessibility systems, online assessment platforms.
Teacher, Faculty & Workforce Training	Capacity-building in pedagogy, special education, digital tools, curriculum implementation.	Industry-grade instructor training; international training in China for agriculture.	Higher labour productivity and sectoral competitiveness.	National digital learning libraries, certification systems, HRMS for tracking educator skills.
Higher Education–Industry Linkages	Sectoral councils in HE; internship frameworks; priority sector certification pathways.	Industry-integrated training (IT, energy, healthcare, digital economy).	Demand-driven workforce supply; employment in emerging and high-tech sectors.	Industry–HEI data exchange platforms; federated identity enabling integrated job portals.
Data & Evidence-Based Governance	National Open Data Portal for Education; standardized indicators; UIS alignment.	Market analytics for skills forecasting; AI-powered labour market intelligence.	Better workforce planning; informed investment and hiring decisions.	DPI infrastructure enabling real-time dashboards, public APIs, and automated SDG reporting.
EdTech & Innovation Ecosystem	AI chatbots, blended learning, smart classrooms, special education digitalization.	EdTech partnerships for skill training, digital labs, cloud services.	Growth of startup ecosystem, freelancing markets, and service exports.	National digital registries, payments (Raast), and data-sharing protocols supporting the innovation economy.
Labour Mobility & Global Competitiveness	Globally recognized degree structures; revised program standards; digital verification.	International certification pathways; globally aligned vocational qualifications.	Higher overseas employment; remittance-driven economic stability.	Interoperable verification systems enabling global credential portability.
Social Inclusion & Gender Empowerment	Gender-focused data reforms; curriculum optimization; special education & autism centre.	Women-focused skill programs, entrepreneurship, digital training.	Female labour force participation, financial autonomy, and diversified job access.	Gender-disaggregated DPI datasets improving Pakistan's performance on GGGI and SDG reporting.

Section A presents how reforms across education, skills, labour, and digital public infrastructure increasingly operate as a single, interdependent human-capital ecosystem. Instead of reforms occurring in isolation, the matrix shows that each initiative now reinforces another, curriculum modernization aligns with technical training pathways; digital university reforms complement national skills certifications; and ed-tech expansion supports labour mobility and job matching. By mapping reforms across ten thematic domains, the matrix demonstrates how policy action in one sector strengthens outcomes in others, creating a coherent national pipeline of job-ready graduates, skilled workers, and digitally enabled citizens. This section essentially visualizes Pakistan's shift from fragmented reforms to an integrated strategy that links foundational learning, advanced skills, workforce readiness, and digital governance.

B. Sectoral Interdependencies & Value Flow

Education > Skills	Skills > Labour Market	Labour Market > Educatio	Digital Infrastructure > All Sectors
Provides literacy, foundational knowledge, and discipline-specific academic grounding.	Converts learners into job-ready professionals with validated competencies.	Labour signals inform curriculum revisions (IT, agriculture, business, health).	Ensures interoperability, lowers transaction costs, and increases transparency.
Produces graduates for advanced training (IT, healthcare, agriculture).	Expands employability and productivity, supporting economic growth.	Industry partnerships shape teaching methods, certifications, and internships.	Enables real-time skill verification, labour matching, performance monitoring.

Section B explains how value flows vertically through the human-capital system, beginning with education and culminating in a more competitive labour market supported by digital public infrastructure. Education provides foundational knowledge and structured learning pathways, which skills programs then convert into practical, industry-aligned competencies. The labour market feeds back into both sectors by signalling emerging demands and skill shortages, ensuring continuous relevance and adaptability. Digital public infrastructure underpins this entire cycle by enabling digital credentials, AI-driven career guidance, interoperable datasets, and real-time planning tools. Together, these interdependencies form a self-reinforcing loop—each sector amplifies the performance of the others, leading to better employability, enhanced productivity, and stronger national competitiveness.

Summary Table of Education Reforms (2025–2026)

Reform / Initiative	Institution	Category	Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	SDG Alignment
National Open Data Portal	MoFEPT	Digital Governance	Standardize & unify education data	Online portal; integrated 5-year dataset; SDG-4 reporting automation	Rapid access to reliable data; improved decision-making	Culture of evidence-based policy	Lower cost of research; improved planning efficiency	Strengthens data literacy, transparency, institutional performance	SDG 4, 9, 16
Higher Education Digital Transformation	HEC	Digital Transformation & Infrastructure	Build interoperable digital HE ecosystem	ERP, LMS, cloud, HPC, PERN upgrades, campus connectivity	Faster processing, better student services	Modern, tech-driven higher education system	Boosts ed-tech industry, IT vendors, digital infrastructure markets	Digital skills expansion; enhanced remote-learning capacity	SDG 4, 8, 9

Mandatory Internships & Professional Certifications	HEC	Skills & Employability	Embed market-relevant skills in degrees	3-credit internships, certification pathways	Immediate upskilling & industry engagement	Higher graduate employability & global competitiveness	Stronger workforce pipeline; reduced skill mismatch	Job-readiness; industry-aligned graduates	SDG 4, 8, 9
Curriculum Revision (2025 Cycle)	HEC	Policy & Academic Standards	Update curricula across disciplines	AI, DS, Cybersecurity, Law 4-year, Business, DPT, Pharm-D revisions	Clearer outcomes, modern content	Nationally harmonized, globally relevant curricula	Produces more competitive sectors (IT, health, law)	Builds future-ready professionals	SDG 4, 8, 9
Short-Term Agricultural Training in China	HEC / MoFS&R	Capacity Building	Train agri-professionals in modern tech	885 trained; 5 DoUs signed	Immediate skills upgrade	Improved agri productivity & food security	Increased yields, value-addition, tech adoption	Creates a cadre of tech-savvy agri professionals	SDG 2, 4, 8, 9, 13, 17
Digital Hub–Connected Classrooms	FDE	EdTech Transformation	Improve teaching quality	Masterclasses, e-learning repository	Bridges resource gaps quickly	Scalable model for nationwide digital classrooms	Expands ICT markets; reduces teaching costs	Enhanced learning outcomes; digital literacy	SDG 4, 9
Huawei ICT Skills Training (91,000 Students)	FDE	EdTech / Skills	Build future digital workforce	Cloud, IoT, 5G, AI modules	Mass digital upskilling	National ICT talent pipeline	Supports IT exports, freelancing, digital economy	Early exposure to high-tech fields	SDG 4, 8
Matric Tech & Tech-Trade Fellows	FDE	Technical Education	Integrate vocational pathways	44 fellows hired; Matric Tech launched	Modernization of secondary schooling	Skilled workforce for manufacturing & services	Supports SME growth, technical sectors	Enhances employability of school graduates	SDG 4, 8
AI-Powered Career Counselling	FDE	Digital Counselling	Align student aspirations with labour market	AI-driven guidance units	Improved career planning	Better career-job matching	Reduction in unemployment mismatches	Helps students pursue optimal pathways	SDG 4, 8
Strengthening Non-Formal Education System (NFE Cell)	NCHD/ BECS/ NEF	Governance Reform	Reduce Out-of-School Children	NFEMIS, QA standards, integrated structures	Unified oversight & data	Sustainable reintegration pathways	Supports labour supply; lowers social costs	Increased literacy; foundational learning	SDG 4
Special Education Transformation Initiative	DGSE	Service Delivery & Infrastructure	Upgrade special education	Assistive devices, digital tools, staff hiring	Enhanced accessibility	National model for inclusive education	Stimulates assistive-tech market	Better inclusion, skills, independence	SDG 4, 8, 10, 16
Centre of Excellence for Autism	DGSE	Institutional Reform	National autism service hub	PC-1 approved; groundbreaking completed	Improved visibility & planning	Long-term specialized services ecosystem	Growth in allied health services	Supports neurodiverse learners	SDG 3, 4, 10
AI Chatbot for Student Services	FBISE	Digital Facilitation	Automate student service delivery	24/7 chatbot	Reduced call-centre burden	Efficient citizen services	Lower operational costs	Better exam & records support	SDG 9, 16

Regulatory Framework for Foreign Examination Boards	IBCC	Governance & Compliance	Ensure quality & cultural compliance	Framework approved & operational	Regulatory clarity	Strong qualification ecosystem	Encourages reputable providers	Trusted and standardized assessments	SDG 4, 8, 16
Skills Impact Bonds (PSIBs)	NAVTTC	Financing Reform	Outcome-based funding	PSIB model introduced	Efficient fund allocation	Sustainable skills financing	Attracts private sector capital	Targeted job creation	SDG 8, 17
100,000+ PMYSDP Trainees	NAVTTC	Training Reform	Large-scale technical training	National rollout	Immediate employability	Sustainable workforce supply	Boosts productivity in SMEs & services	Workforce expansion	SDG 4, 8
15,000 International Tech Certifications	NAVTTC	Certification Reform	Produce globally recognized IT talent	AI, ML, Cybersecurity, Cloud	Skill validation	Position Pakistan as IT talent hub	Expands IT exports & remittances	Enhances global employability	SDG 4, 8
Online Registration for Private Schools	PEIRA	Digital Regulation	Improve transparency & fairness	1,079 schools onboarded	Faster regulatory processing	Predictable education market	Reduces compliance cost	Formalization of private schooling	SDG 4
Contemporary Education in Madaris	DGRE	Education Inclusion	Introduce STEM & formal subjects	1,196 teachers deployed	Academic uplift of Madrassa students	Integration into mainstream workforce	Raises earning potential	Expands national skill base	SDG 4, 8, 10
Character Education Strategy	NRKNA	Values Reform	Ethical & civic education	Framework & training completed	Improved values awareness	Responsible, cohesive society	Stronger institutional trust	Ethical behaviour in workplaces	SDG 4.7, 16
Secondary Curriculum Rationalization (Grades 9–12)	NCC	Education Reform	Reduce overload, improve learning	Streamlined curricula	Immediate clarity for teachers	Better exam outcomes	Long-term productivity gains	Improved preparedness	SDG 4



Religious Affairs, Social Harmony & Faith-Based Governance Reforms

The Ministry of Religious Affairs and Interfaith Harmony (MoRA&IH) advanced a broad portfolio of reforms during 2025–2026 aimed at strengthening religious governance, improving service delivery for Hajj and Ziarat pilgrims, enhancing digital oversight, and promoting interfaith harmony. These reforms reflect a shift toward institutional modernization, improved regulatory clarity, and a stronger alignment with Pakistan's constitutional responsibilities and international commitments. As part of the government's fiscal discipline initiatives, the Ministry abolished 60 percent of its vacant posts to rationalize the staff–officer ratio, eliminate redundant positions, and reduce administrative expenditures without adversely affecting service delivery. This intervention created immediate budgetary savings and contributed to more efficient human resource management across the Ministry.

A major highlight of MoRA's reform-driven approach was its leadership in promoting national social cohesion through high-impact religious and cultural events. The International Seerat-un-Nabi ﷺ Conference and the nationwide Ashra Rehmatul-Lil-Alamin Programme served as platforms for scholarly discourse, peacebuilding narratives, and national unity, culminating in the nationwide commemoration of the 1500th birth year of the Prophet Muhammad ﷺ. Similarly, the National Seerat-un-Nabi ﷺ Competition strengthened academic participation in Seerah scholarship, helping build a more informed, spiritually anchored academic ecosystem. Parallel to this, the National Ulema and Mashaikh Council, reconstituted in 2025, played a key role in strengthening sectarian harmony by offering consensus-based recommendations and institutionalizing structured dialogue among diverse sects and schools of thought.

MoRA also implemented important legislative and regulatory reforms. The Holy Quran Act 2024 was fully operationalized, incorporating measures to ensure the sanctity, uniformity, and error-free publication of the Holy Quran. The establishment of the Quran Board and the near-completion of a state-of-the-art Quran Recycling Plant modernized the regulatory framework and added permanent institutional oversight.

Reforms in the Ruet-e-Hilal system (2023–2025) introduced a clear legal structure for unified moon-sighting, reducing recurring disputes and improving national predictability; the Bill has been passed by Parliament and awaits presidential assent. Alongside these reforms, the Ministry modernized Hajj governance through the comprehensive Hajj Policy 2026 and reforms in Hajj 2025 operations. These measures enhanced transparency, reduced processing times, rationalized costs, and strengthened monitoring through digitized registration, complaint management, and coordinated operations. The expansion of the "Route to Makkah" initiative to Karachi Airport significantly improved the pilgrim experience by enabling fast-track immigration

clearance prior to departure.

Digital governance emerged as a major thrust area for the Ministry. The Web Evaluation Cell (WEC) played a vital role in online safety by identifying and blocking more than 72,000 objectionable or harmful online links. This initiative strengthened digital trust, improved responsiveness to citizen complaints, and contributed to a safer information environment.

Similarly, the introduction of a centralized digital record for Ziarat Group Organizers (ZGOs) enhanced transparency, eliminated unregistered operators, and reduced the risk of fraud. This intervention complemented the broader regulatory framework for ZGOs introduced to standardize and improve the quality of Ziarat services nationwide.

The Ministry also moved decisively to strengthen governance for interfaith engagement. The approval of the National Commission for Minorities (NCM) through a Cabinet decision marked a major step toward institutionalizing protection for minority rights, preventing hate speech, ensuring non-discrimination, and promoting interfaith harmony. The Strategy for Religious Tolerance, approved concurrently, provided a structured policy framework to strengthen communal harmony and reduce sectarian polarization by leveraging the consultative role of the reconstituted Ulema and Mashaikh Council. These initiatives are pivotal in improving Pakistan's domestic stability and global perception, directly contributing to a more predictable environment for investment, governance, and inclusive development.

Reforms in religious tourism and operational management further contributed to the Ministry's modernization agenda. The regulation and verification of Ziarat Group Organizers improved service quality and reduced complaints by enforcing transparency and standardized procedures. The Ministry also improved hiring and procurement through revised SOPs and expanded oversight committees, ensuring merit-based recruitment and cleaner procurement practices. Legislation enabling the formation of the Hajj Policy Committee ensured that Hajj and Umrah operations were governed through a structured, rule-based mechanism, further strengthening institutional predictability.

Collectively, these reforms reflect a Ministry transitioning toward a modern governance model, anchored in transparency, service delivery, digital oversight, and inclusive interfaith engagement. They enhance public trust, contribute to national harmony, and support Pakistan's commitments under SDG 4 (Quality Education), SDG 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure), SDG 10 (Reduced Inequalities), SDG 16 (Peace, Justice & Strong Institutions), and SDG 17 (Partnerships for the Goals). The Ministry's forward agenda includes expanding AI-supported monitoring systems, rolling out nationwide authenticated digital Qurans, strengthening Ziarat service regulation, and improving Pakistan's global religious diplomacy through structured international engagement.

Despite undertaking a wide spectrum of reforms, the Ministry's performance reveals a dual reality, significant strides in governance modernization and social cohesion, yet persistent structural and systemic challenges that limit the long-term impact of these interventions. The digitization agenda, including the Web Evaluation Cell, digital records for Ziarat Group Organizers, and the modernization of Hajj services, demonstrates genuine progress toward service efficiency and transparency. However, these systems remain constrained by limited IT capacity, fragmented inter-governmental coordination, and the absence of a comprehensive digital ecosystem that connects provincial, embassy-level, and private-sector stakeholders. Without dedicated resources for infrastructure and skilled personnel, the Ministry risks maintaining a patchwork of digital initiatives rather than advancing a fully interoperable governance model.

The Ministry's legislative reforms, such as the Holy Quran Act, the Ruet-e-Hilal Bill, and the regulatory framework for Ziarat operators, have strengthened institutional authority. Yet implementation remains uneven due to the sensitivity of religious matters, resistance from informal operators, and gaps in public awareness. The Quran Recycling Plant and authenticated digital Quran project illustrate the Ministry's willingness to address long-standing issues, but these reforms will only mature into sustainable systems if supported with robust compliance mechanisms and cross-agency enforcement. Similarly, the reconstitution of bodies like the Ulema and Mashaikh Council and the National Commission for Minorities provides a valuable

platform for harmony-building; however, their impact depends on regular convening, evidence-based decision-making, and the political will to enforce recommendations in environments where sectarian tensions can be exacerbated by socio-political pressures.

The Ministry's role in religious diplomacy, through international Qirat competitions, Hajj facilitation, and the expansion of Route to Makkah, has strengthened Pakistan's soft image, yet these remain episodic successes rather than components of a structured global engagement strategy. A notable gap remains the absence of a long-term policy linking religious diplomacy with cultural exchange, diaspora engagement, and international cooperation frameworks. Moreover, while reforms in Hajj and Ziarat services have improved transparency and user experience, bottlenecks persist in grievance resolution, private operator regulation, and the integration of digital systems across critical points such as visa processing, logistics, and health services.

Finally, while the Ministry succeeded in abolishing 60 percent of vacant posts, fiscal rationalization alone cannot address deeper human resource gaps, particularly in digital governance, regulatory oversight, and interfaith engagement. The Ministry continues to operate under acute staffing shortages relative to its mandate. Its ambitious reforms, from digital monitoring to international religious events, require specialized skills in cybersecurity, regulatory compliance, behavioural insight, and international coordination. Until these foundational capacity issues are resolved, the Ministry's reform momentum will remain vulnerable to operational strain and limited institutional scalability.

Overall, the Ministry has demonstrated a meaningful shift toward transparent, structured, and digitally enabled religious governance. However, its long-term success depends on strengthening institutional capacity, embedding evidence-based decision-making, building sustainable interfaith and sectarian harmony structures, and linking religious governance with broader national development objectives, including social cohesion, national narrative building, and Pakistan's global image.

Summary of Reforms Table – Ministry of Religious Affairs & Interfaith Harmony (2025-2026)

Reform / Initiative	Category	Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	Impact on Social Cohesion / Business Environment	SDG Alignment
Abolishment of 60% Vacant Posts	HR / Governance	Reduce administrative burden and optimize finances	Rationalization of workforce structure	Immediate fiscal savings and reduced overhead	Sustainable expenditure control	Reduced annual salary liability; efficient reallocation of funds	None (posts were vacant)	Improved institutional discipline; better resource management	SDG 16
International Seerat-un-Nabi ﷺ Conference & Ashra Rehmatu-lil-Alamin	Governance / Social Cohesion	Promote Seerah-based guidance and national unity	International conference and nationwide observance	Heightened public awareness	Strengthened peace narrative	Increased event-linked economic activity	Event-based short-term roles	Improved social harmony; positive national identity	SDG 16, SDG 4

National Seerat Competition	Education / Research	Promote Seerah research	National multi-category competition	Increased student and scholar participation	Institutionalization of Islamic scholarship	Creates intellectual capital	Indirect	Strengthens academic ecosystem	SDG 4, SDG 16
National Ulema & Mashaikh Council	Governance / Harmony	Strengthen inter-sect harmony	Consensus-based advisory body	Improved coordination among sects	Sustained reduction in sectarian tensions	Lower public order management costs	None	Predictable, stable social environment	SDG 16
Holy Quran Act & Recycling Plant	Regulation / Compliance	Ensure sanctity and standardization of Quran publication	Amended Act, Quran Board, digital Quran, recycling plant	Cleaner oversight, reduced errors	Permanent institutional quality control	Jobs in recycling and printing sector; regulatory certainty for publishers	Direct jobs	Compliance-driven business environment	SDG 16, SDG 4
Ru-et-e-Hilal System Reforms	Governance / Law	Standardize moon sighting	Central and zonal committees; Bill passed	Unified observance	Eliminates decades-long disputes	Reduces costs of duplicated events	None	Predictable annual calendar	SDG 16
Web Evaluation Cell (WEC)	Digital Governance	Monitor objectionable content	72,867 links blocked	Rapid removal of harmful content	Safer digital ecosystem	Supports digital economy by reducing misinformation	None	Enhances digital trust and compliance	SDG 16
National Hifz-o-Qirat Competition	Cultural / Educational	Promote Quranic learning	National competition	Enhanced youth participation	Sustained religious uplift	Event-linked economic activity	Indirect	Positive cultural environment	SDG 4, SDG 16
International Qirat Competition	Cultural Diplomacy	Project Pakistan's positive image abroad	Participation of international Qaris	Improved global engagement	Long-term soft-power gains	Tourism, hospitality, and event spending	Indirect	Strengthens international perception	SDG 16, SDG 17
Registration of Ziarat Group Organizers (ZGOs)	Regulation / Service Delivery	Standardize Ziarat services	Registered, verified operators	Fewer complaints, reduced fraud	Sustainable regulated travel services	Improves tourism revenue and faith-based travel economy	Direct & indirect	Higher trust in service industry	SDG 8, SDG 16
Digital Record of Ziarat Organizers	Digital Governance	Improve oversight via digitalization	Centralized database	Improved compliance	Data-driven policy and monitoring	Lower regulatory costs	None	Ease of doing business for operators	SDG 9, SDG 16
Interfaith Harmony Policy	Administrative / Governance	Promote minority rights	Formation of National Commission for Minorities	Greater visibility & representation	Institutional protection of minority rights	Improves investment climate through stability	Indirect	Strengthens societal peace	SDG 1, 8, 16
Strategy for Religious Tolerance	Social Policy	Promote inter-sect & interfaith harmony	Ulema Mashaikh Council operational	Improved stakeholder coordination	Long-term reduction in hate speech, intolerance	Lower law & order management costs	Indirect	Increased investor and social confidence	SDG 10, SDG 16

Hajj 2025 Operations	Operations / Public Service	Ensure smooth Hajj management	Digital registration, monitoring	Fewer complaints, better facilitation	Modernized, efficient Hajj system	Boost to aviation, logistics & training sectors	Seasonal employment	Improved trust in public services	SDG 8, SDG 16
Hajj Policy 2026	Policy Reform	Enhance future Hajj governance	Cost rationalization, digital reforms	Faster processing and compliance	Long-term efficiency gains	Cost savings for govt & pilgrims	Seasonal	Strengthens governance credibility	SDG 16
Route to Makkah (Karachi)	Facilitation / Immigration	Fast-track pilgrim immigration	Immigration completed at origin airport	Shorter processing time	Improved pilgrim experience	Increased air traffic; reduces Saudi-side costs	Support staff engaged	Ease of travel boosts confidence	SDG 9
Hiring & Procurement Reforms	Admin Reform	Transparent hiring & procurement	Revised SOPs, expanded committees	Better compliance	Institutional strengthening	Efficient use of fiscal resources	Indirect	Enhanced public trust	SDG 8, SDG 16
Hajj Policy Committee Rules 2025	Legislative	Regulatory clarity	Rules notified	Clear governance structure	Long-term rule-based system	Reduces administrative ambiguity	None	Strengthens legal certainty	SDG 16



Industrial Development, SME Growth & Productivity Reforms

The Ministry of Industries and Production has embarked on one of its most ambitious reform programmes in recent memory, reshaping Pakistan's industrial landscape through structural adjustments, SME empowerment, sectoral modernization, and a strategic shift toward sustainable, export-led growth. The reform agenda reflects a decisive move away from subsidized state-owned operations toward market-driven competitiveness, fiscal consolidation, and productivity enhancement. Within this transformation, the Small and Medium Enterprises Development Authority (SMEDA) plays a central role, introducing reforms to address long-standing constraints across Pakistan's industrial ecosystem.

A series of foundational steps have been taken to create fiscal space and improve governance. The closure of the loss-making Utility Stores Corporation alone is projected to save approximately PKR 8.5 billion annually, while the restructuring of Pakistan Steel Mills (PSM), including the separation of over 7,700 redundant employees and the rationalization of utility expenditure, has generated annualized savings exceeding PKR 5.1 billion. These structural reforms demonstrate the Ministry's commitment to reducing liabilities and reallocating resources toward productive industrial investment.

The SME sector, historically under-financed, under-digitalized, and under-supported, has witnessed a sweeping set of reforms focused on financial inclusion, export readiness, certification, and ecosystem strengthening. SMEDA's Financial Literacy and Technical Assistance Programme has reached more than 59,000 SMEs, mobilized over PKR 900 million in grants, and initiated the development of Pakistan's first SME Credit Scoring Model. Cluster-based lending potential of Rs. 48.2 billion has also been identified, signaling a move toward data-driven SME financing. Parallel to this, export readiness support, covering 3,000 SME assessments, 1,500 capacity-building interventions, and international certifications, has positioned SMEs for global competitiveness. These reforms are reinforced by the establishment of the Rs. 30 billion SME Fund, which provides much-needed predictable financing for technological upgrades, infrastructure support, and credit market development.

A major milestone in gender-inclusive economic reforms is the Women Entrepreneurship (WE) Policy 2025–30, which aims to increase women-led businesses, expand access to credit for more than 30,000 women, and support 300,000 female entrepreneurs through a dedicated national portal and targeted interventions. This policy positions women's economic empowerment as a key driver of employment generation, productivity enhancement, and inclusive growth, although much of its success will depend on coordinated implementation across provinces and finance-sector institutions.

The Ministry has also accelerated Pakistan's transition toward clean mobility through the National Electric Vehicle (NEV) Policy 2025–30 and the PAVE Programme. These initiatives have already resulted in the issuance of more than 70 EV manufacturing licenses, reduction in charging tariffs, and the rollout of incentives that are expected to accelerate the adoption of 116,000 EV two-wheelers by 2030. If executed effectively, these policy shifts could reduce Pakistan's oil import bill by nearly USD 950 million annually while cutting emissions by 4.5 million tonnes of CO□ equivalent. However, the transition remains constrained by grid limitations, localization challenges, and the need for affordable consumer financing.

Industrial revival efforts, particularly the restructuring of Pakistan Steel Mills, have been strengthened through agreements with Russian partners that include investment, technology transfer, and land utilization plans. The freeing of 6,409 acres for industrial development and economic zones is a significant opportunity for foreign investment, industrial relocation, and enhanced export capacity. Complementary initiatives, such as industrial estate development, Karachi Export Processing Zone expansion, and sector-specific production policies, indicate a broader strategy to attract FDI, strengthen manufacturing ecosystems, and expand Pakistan's exports.

Sector-specific modernization efforts by PASDEC and PGJDC reflect a broader push toward value addition in high-potential industries such as marble, granite, gems, and jewellery. Draft policies supporting downstream processing, formalization, certification, and technological upgrades are expected to shift these sectors from raw material exports to value-added, high-margin global markets. Gemstone processing clusters, regulatory authorities, and new quality frameworks are poised to significantly improve export competitiveness and bring informal segments of these industries into the formal economy.

Despite notable progress, several cross-cutting challenges continue to limit the full impact of the reform agenda. SME reforms remain highly centralized, with implementation capacity in provinces still weak. The SME Credit Scoring Model, while promising, requires full integration with banking systems and regulatory approval from the State Bank to ensure adoption. Industrial revival efforts remain dependent on foreign partnerships, which carry risks of technology dependency and limited domestic capacity-building unless carefully managed. The NEV policy faces bottlenecks linked to grid reliability, limited charging infrastructure, and insufficient localization strategies. Inter-ministerial coordination remains a major structural gap, with industrial policy often progressing in isolation from trade, energy, finance, climate, and transport reforms. Moreover, informal sector integration, particularly in textile value chains, auto parts, gems, and construction materials, lags behind policy ambitions, limiting Pakistan's competitiveness in global value chains.

Overall, the Ministry's reforms represent an important repositioning of Pakistan's industrial and SME ecosystem, with strong foundations laid for export growth, manufacturing revival, and productivity enhancement. Yet the next phase must focus on institutionalizing reforms, expanding digital and regulatory compliance systems, strengthening industry–academia–finance linkages, and ensuring that provincial industrial frameworks align with national priorities. Only then can these reforms translate into sustained industrial upgrading, inclusive growth, and long-term economic resilience.

The Ministry of Industries & Production has undertaken an ambitious reform agenda that reflects a decisive shift toward competitiveness, fiscal discipline, and private-sector empowerment. Key policy breakthroughs, including SME Policy 3.0, the Women Entrepreneurship Policy, the NEV Policy, export-readiness programmes, and industrial estate development, demonstrate a clear move from subsidy-driven industrial operations toward market-based growth. Fiscal rationalization measures such as the closure of USC, cost compression at Pakistan Steel Mills, and the restructuring of loss-making SOEs illustrate improved governance and political will, while SME financing reforms and credit scoring initiatives mark progress in reducing long-standing access-to-credit barriers. Interventions targeting value addition in marble, granite, gems, and jewellery, along with cluster development and export facilitation, further indicate a growing focus on diversification and global integration. Collectively, these reforms have begun to strengthen investor confidence, expand export potential, and create a more enabling

business environment, especially for women and small enterprises.

However, execution capacity remains the most significant constraint undermining the full potential of these reforms. Many initiatives, particularly those under SMEDA, PASDEC, and PGJDC, remain slow-moving due to staffing shortages, fragmented mandates, and inconsistent inter-agency coordination. Export competitiveness is still hampered by low technological adoption, weak quality infrastructure, and limited integration into global value chains. Similarly, the transition to green mobility under the NEV Policy faces challenges such as inadequate charging infrastructure, high capital costs, and a weak localization ecosystem. Industrial revival efforts, including engagement with Russia for Pakistan Steel Mills, require stronger due-diligence mechanisms to ensure sustainability. Systemic bottlenecks, such as unpredictable taxation, customs delays, energy-price volatility, and the absence of performance-based delivery models, continue to weaken overall impact. Thus, while the reform direction is fundamentally sound and forward-looking, its transformative promise will depend on institutional strengthening, cross-ministerial alignment, and rigorous implementation frameworks.

Reforms Summary Table — Ministry of Industries & Production (2025–26)

Reform / Initiative	Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	Business Environment	SDG Alignment
Closure of USC Operations	Reduce fiscal burden & improve governance	Shutdown of loss-making utility stores	Immediate savings; elimination of leakages	Leaner state footprint; efficiency in subsidy targeting	≈ Rs. 8.5bn annual fiscal savings	None (no layoffs due to vacant post focus)	Higher efficiency, reduced market distortions	SDG 8, 9
Abolishment of 60% Vacant Posts (MoI&P)	Optimize workforce & reduce overheads	Rationalized staffing structure	Lower administrative expenditure	Sustainable cost-efficiency model	Reduced recurrent fiscal spending	Encourages performance-based roles	Improved public-sector governance	SDG 16
SME Financial Literacy Program & Credit Scoring Model	Strengthen SME access to finance	59,000 SMEs trained; Rs. 900m in grants	Increased SME bankability	Robust SME-credit ecosystem	Rs.135m mobilized (Year 2); potential Rs. 48bn lending	Skill development in financial management	Greater SME participation in formal credit markets	SDG 8, 9
Export Boosting Program (Certification, Accreditation, Export Readiness)	Enhance SME global competitiveness	3,000 SMEs assessed; 1,500 trained; 950 export-ready	Upgraded quality; export certifications	Increased SME exports; sector diversification	USD 153m export potential unlocked	Skills in quality compliance & international standards	Higher global acceptance, reduced NTBs	SDG 8, 17
Establishment of SME Fund (Rs. 30bn policy; Rs. 2bn allocation)	Provide sustainable SME financing	SME Fund rules approved; fund operationalized	Immediate fiscal space for SME support	Long-term SME ecosystem development	Sustainable financing for innovation, expansion	New opportunities for skilled SME consultants and trainers	Predictable, structured SME support	SDG 8, 9

Women Entrepreneurship Policy	Empower women-led businesses	WE policy drafted; support programs developed	Increased visibility & policy support for women	300,000 women entrepreneurs supported	Projected creation of 40,000 new jobs	Improved financial literacy & entrepreneurship skills	More inclusive business ecosystem	SDG 5, 8
SME Policy 3.0 (National SME Vision)	Develop unified SME development roadmap	Policy finalized for federal adoption	Alignment of SME reforms across sectors	Sustained SME growth over 5–10 years	Increased SME productivity & export potential	Encourages skilled workforce development	Predictable regulatory environment	SDG 8, 9
NEV Policy 2025–30 (Green Mobility)	Promote EV transition	70+ EV licenses; charging tariff cut	Increased EV uptake; PAVE launched	Oil import reduction; low-carbon economy	$0.95B annual savings; 4.5m tCO□e reduced	Creation of EV mechanics, engineers, technicians	Reduced logistics cost, modern supply chains	SDG 7, 9, 13
Auto/Mobile/Solar Manufacturing Policy	Deepen localization; move to GVCs	WP-29 regs notified; capacity expanded	Stronger industry standards	Export-ready auto & mobile sector	Increased FDI; reduced import bill	Skilled jobs in auto electronics, batteries	Improved investor confidence	SDG 8, 9, 12
Pakistan Steel Mills (Russia Revitalization Protocol)	Steel industry revival	Two agreements signed	Restructuring; reduced fiscal losses	Revival of local steel production; import substitution	Future revenue generation; lower steel import costs	Specialized industrial workforce creation	Stronger industrial backbone	SDG 8, 17
Development of Industrial Estate (6,409 acres)	Industrial expansion & job creation	Land allotted & planning underway	Investor inflow; anchor tenants targeted	Increased exports; FDI inflow	Multi-billion rupee economic activity	Skilled & unskilled jobs across sectors	Improved industrial productivity	SDG 8, 9
Cost Cutting at PSM (Rs. 5.1bn Savings)	Reduce operational inefficiencies	Payroll, electricity, gas, water savings	Major cost reduction	Improved sustainability of asset	Rs.5.14bn annual savings	N/A	Strengthens state-owned enterprise discipline	SDG 16
Elimination of 20% Export Quota to Tariff Area	Meet IMF requirements; improve export integrity	Rules drafted	Rationalization of export markets	Greater export discipline	Boost to foreign exchange earnings	Encourages skill shift toward export compliance	Stronger alignment with global trade rules	SDG 8
Karachi EPZ Phase-III Development	Expand exports & FDI	Tendering underway	Higher investor interest	$300m export potential	25,000 new jobs	Skilled workers for EPZ operations	Enhanced competitiveness	SDG 8, 9
Industrial Park 500-acre Development (PIDC)	Support organized manufacturing	PC-I approved	Foundational infrastructure	Long-term industrial expansion	Rs.100bn+ expected investment	5k direct & 20k indirect jobs	Strong ecosystem for SMEs & large industry	SDG 8, 9

PASDEC Val-ue-Add-ed Marble & Granite Policy	Move from raw exports to value addition	Policy in draft stage	Industry alignment	Export growth in finished stone prod-ucts	Higher forex earnings	New skilled jobs in cutting, polishing & QC	Improved qual-ity standards	SDG 8, 9, 12
PGJDC Gem-stone Clusters + Gems Authority Act	Formalize & scale gems sector	Clusters planned; Act draft-ed	Attraction of FDI & formal-ization	Export growth to $500m+	10,000+ jobs potential	Skill develop-ment in gemology & jewellery	Improved reg-ulation, market trust	SDG 9, 12



Advancing Rule of Law, Digital Justice & Institutional Reform

During the 2025 reporting period, the Ministry of Law and Justice undertook one of the most comprehensive reform drives in Pakistan's legal and judicial history, aimed at strengthening the rule of law, modernizing justice delivery, and aligning legal institutions with the demands of a digital, investment-oriented economy. These reforms collectively address long-standing challenges of judicial delay, fragmented case management, limited access to law, outdated legislative frameworks, and weak alternative dispute resolution mechanisms. The reform agenda reflects a strategic shift from procedural, paper-based justice toward a digitally enabled, institutionally coherent, and citizen-centric legal system.

A cornerstone of this transformation has been the digitization and centralization of government litigation and judicial case management. The Ministry expanded and operationalized integrated digital case management platforms that now cover federal courts, tribunals, and constitutional jurisdictions. These systems enable centralized tracking of cases filed against the Federal Government, real-time monitoring of case progress, performance evaluation of law officers, automated alerts for hearings, and digitized record management. With hundreds of thousands of cases uploaded and thousands of officials trained, digital case management has significantly reduced administrative delays, improved coordination across ministries, and enhanced transparency in state litigation. The expansion of these systems has laid the foundation for evidence-based legal decision-making and improved contract enforcement, directly impacting Pakistan's governance and business environment indicators.

Complementing litigation management reforms, the Ministry prioritized alternative dispute resolution as a structural solution to judicial backlogs and commercial uncertainty. The establishment of the International Mediation and Arbitration Center (IMAC) marks a major institutional milestone, positioning Pakistan as a credible regional hub for mediation and arbitration. IMAC has been notified as a statutory institution, staffed with dedicated professionals, and equipped with modern facilities aligned with international best practices. Through nationwide training and accreditation programs, a growing pool of mediators and arbitrators has been certified under globally recognized standards. These efforts are gradually institutionalizing an ADR culture across government, business, and legal communities, enabling faster, cost-effective dispute resolution and reducing pressure on conventional courts.

To reinforce ADR reforms, the Ministry advanced a parallel modernization of the legal framework governing arbitration and mediation. Legislative initiatives undertaken during the year include proposed amendments to the Arbitration Bill, revisions to the Alternative Dispute Resolution Act, and the introduction of a dedicated Mediation Act. These reforms aim to replace colonial-

era legislation with a contemporary, predictable, and enforceable framework aligned with UNCITRAL principles and international commercial practices. By strengthening the statutory basis for arbitration and mediation, the Ministry is improving legal certainty, reducing procedural ambiguity, and enhancing Pakistan's credibility in cross-border commercial dispute resolution.

Digital justice reforms extended beyond case tracking to encompass judicial operations, legal research, and access to law. The Ministry implemented technology-enabled justice systems across federal courts and tribunals, introducing automated case flow management, video-link hearings with central jails, and electronic alerts for litigants. These measures have accelerated case processing, reduced physical appearances, and improved access to justice, particularly for under-trial prisoners and remote litigants. In parallel, extensive digitization of legal records, statutes, and historical documents has preserved institutional memory while enabling real-time access to authoritative legal texts for judges, lawyers, researchers, and policymakers.

A flagship initiative in legal accessibility is the Pakistan Code, which has emerged as a central pillar of rule-of-law reform. By digitizing, consolidating, and regularly updating federal laws on a publicly accessible website and mobile application, the Ministry has addressed chronic issues of outdated, fragmented, and inaccessible legal information. The Pakistan Code now serves as the authoritative repository of federal legislation, incorporating constitutional amendments and statutory changes in a timely manner. This initiative enhances transparency, reduces regulatory uncertainty, and strengthens legal predictability, key prerequisites for citizen trust, administrative efficiency, and investor confidence.

Institutional strengthening and governance reforms formed another critical dimension of the Ministry's work. Through improved project management structures, strengthened planning and monitoring mechanisms, and enhanced coordination across judicial infrastructure projects, the Ministry ensured better utilization of development funds and timely execution of priority initiatives. Judicial infrastructure expansion, including legal facilitation centers and court rehabilitation projects, improved the physical environment for litigants, lawyers, and court staff, reinforcing the delivery of citizen-centric justice. These investments complement digital reforms by ensuring that institutional capacity keeps pace with technological transformation.

The Ministry's legislative output during 2025 reflects an exceptional level of institutional productivity and constitutional stewardship. A wide range of Acts and ordinances were drafted, vetted, and enacted, covering domains such as digital governance, criminal justice, migration, trade, taxation, gender rights, minority protections, and constitutional reform. The passage of the Constitution (Twenty-Seventh Amendment) Act, establishing the Federal Constitutional Court, represents a landmark reform in constitutional governance, strengthening federal adjudication and expanding judicial capacity through the creation of new judicial and administrative posts. Alongside legislative drafting, the Ministry provided extensive legal vetting of domestic and international agreements and issued hundreds of formal legal opinions, safeguarding state interests and reducing legal and fiscal risk.

The Twenty-Seventh Constitutional Amendment represents one of the most consequential constitutional interventions in Pakistan's recent history, with far-reaching implications for governance, institutional balance, and the country's political evolution. By establishing a dedicated Federal Constitutional Court, the amendment seeks to bring clarity, consistency, and specialization to the adjudication of constitutional and inter-governmental disputes, areas that have historically generated legal uncertainty and political contestation. In governance terms, the amendment strengthens the separation of powers by creating a focused forum for constitutional interpretation, reducing ad-hoc judicial interventions, and enabling more timely resolution of disputes involving federal authority, provincial rights, electoral matters, and fundamental constitutional questions. Politically, it has the potential to recalibrate civil–institutional relations by lowering the temperature of high-stakes constitutional litigation that often spills into the public and political domain, thereby promoting stability and predictability in the democratic process. Over time, if implemented with judicial independence and procedural integrity, the amendment can enhance policy continuity, reinforce constitutional supremacy, improve investor confidence, and shift Pakistan's politics away from episodic legal crises toward

more rule-based democratic governance.

The amendments introduced in 2025 to the Pakistan Army Act, Pakistan Air Force Act, and Pakistan Navy Act must be understood as part of a broader institutional reconfiguration of Pakistan's defence governance, culminating in the consolidation of authority around the Chief of Defence Office. Collectively, these amendments were not merely procedural updates but structural adjustments designed to align the three services under a more integrated, joint-command framework. Their significance lies in formalizing inter-services coordination, clarifying command hierarchies, and strengthening civilian–military interface at the strategic level. By synchronizing service laws with the role and mandate of the Chief of Defence, the reforms aim to reduce duplication, improve joint operational planning, and enable unified strategic decision-making across land, air, and naval domains. From a governance perspective, this marks a shift from service-centric autonomy toward a more centralized, accountable defence architecture that is better suited to modern, multi-domain security challenges. Politically, the reforms signal an evolution toward institutional stability by embedding defence coordination within a clearer legal and constitutional framework, reducing ambiguity in command authority, and supporting continuity in national security policy. If implemented with transparency and parliamentary oversight, these amendments can enhance strategic coherence, improve crisis response, and strengthen democratic control over defence institutions, an essential pillar of mature state governance.

ACTS DURING 01-01-2025 TO 31-12-2025

SR. No	Title	Act No.
1.	The Digital Nation Pakistan Act, 2025	I of 2025
2.	The Prevention of Electronic Crimes (Amendment) Act ,2025	II of 2025
3.	The National Commission on the Status of Women (Amendment) Act, 2025.	III of 2025
4.	The Trade Organizations (Amendment) Act, 2025.	IV of 2025
5.	The Import and Export (Control) (Amendment) Act, 2025.	V of 2025
6.	The National Institute of Technology Act, 2025.	VI of 2025
7.	The National Excellence Institute Act, 2025.	VII of 2025
8.	The Emigration (Amendment) Act, 2025.	VIII of 2025
9.	The Prevention of Trafficking in Persons (Amendment) Act, 2025.	IX of 2025
10.	The Prevention of Smuggling of Migrants (Amendment) Act, 2025.	X of 2025
11.	(The Islamabad Capital Territory Child Marriage Restraint Act, 2025).	XI of 2025
12.	The Special Technology Zones Authority (Amendment) Act, 2025.	XII of 2025
13.	The Income Tax (Amendment) Act, 2025.	XIII of 2025
14.	The Off the Grid (Captive Power Plants) Levy Act, 2025.	XIV of 2025

15.	The Civil Courts (Amendment) Act, 2025.	XV of 2025
16.	The Naturalization (Amendment) Act, 2025.	XVI of 2025
17.	The Explosive (Amendment) Act, 2025.	XVII of 2025
18.	The Trade Organizations (Second Amendment) Act, 2025.	XVIII of 2025
19.	The Finance Act, 2025.	XIX of 2025
20.	The Civil Servants (Amendment) Act, 2025.	XX of 2025
21.	The Extradition (Amendment) Act, 2025.	XXI of 2025
22.	The Federal Board of Intermediate and Secondary Education (Amendment) Act, 2025.	XXII of 2025
23.	The Pakistan Citizenship (Amendment) Act, 2025.	XXIII of 2025
24.	The Legal Practitioners and Bar Councils (Amendment) Act, 2025.	XXIV of 2025
25.	The Pakistan Land Port Authority Act, 2025	XXV of 2025
26.	The Petroleum (Amendment) Act, 2025.	XXVI of 2025
27.	The Criminal Laws (Amendment) Act, 2025	XXVII of 2025
28.	The Anti-Terrorism (Amendment) Act, 2025.	XXVIII of 2025
29.	The National Institute of Health (Reorganization) (Amendment) Act, 2025.	XXIX of 2025
30.	The Anti-Dumping Duties (Amendment) Act, 2025.	XXX of 2025
31.	The Societies Registration (Amendment) Act, 2025.	XXXI of 2025
32.	The Constitution (Twenty-Seventh Amendment) Act, 2025.	XXXII of 2025
33.	The Pakistan Army (Amendment) Act, 2025.	XXXIII of 2025
34.	The Pakistan Air Force (Amendment) Act, 2025.	XXXIV of 2025
35.	The Pakistan Navy (Amendment) Act, 2025.	XXXV of 2025
36.	The Supreme Court (Practice and Procedure) (Amendment) Act, 2025.	XXXVI of 2025
37.	The National School of Public Policy (Amendment) Act, 2025	XXXVII of 2025
38.	The Asaan Karobar Act, 2025	XXXVIII of 2025
39.	The King Hamad University of Nursing and Associated Medical Sciences Act, 2025.	XXXIX of 2025
40.	The National Commission for Minorities Rights Act, 2025.	XL of 2025

ORDINANCES DURING 01-01-2025 TO 31-12-2025

SR. No	Title	Act No.
1.	The Off the Grid(Captive Power Plants)LevyOrdinance,2025	I of 2025
2.	The Petroleum (Petroleum Levy) (Amendment) Ordinance,2025	II of 2025
3.	The Capital Development Authority (Amendment) Ordinance,2025	III of 2025
4.	The Tax Laws(Amendment)Ordinance,2025	IV of 2025
5.	The Federal Ministers and Ministers of State (Salaries, Allowances and Privileges) (Amendment) Ordinance, 2025	V of 2025
6.	The National Agri-Trade and Food Safety Authority Ordinance,2025	VI of 2025
7.	The Virtual Assets (Amendment)Ordinance,2025	VII of 2025
8.	The Frontier Constabulary (Re-Organization) Ordinance, 2025	VIII of 2025
9.	ThePakistanNursingandMidwiferyCouncilOrdinance,2025	IX of 2025
10.	Transfer of Railways (Amendment) Ordinance,2025	X of 2025

Capacity building has remained central to sustaining reform outcomes. The Ministry invested in training judges, prosecutors, investigators, law officers, and administrative staff in digital systems, ADR practices, financial crime prosecution, and international legal cooperation. These efforts are gradually shifting institutional culture toward performance, specialization, and professional accountability. Employment generation associated with these reforms spans IT professionals, legal researchers, mediators, arbitrators, trainers, archivists, and administrative personnel, contributing to the development of a modern legal workforce aligned with digital governance needs.

Despite significant progress, the reform agenda faces persistent structural challenges. Constraints related to budgetary limitations, IT infrastructure gaps, inter-agency coordination, and legislative timelines continue to affect implementation speed. However, the Ministry's forward reform pipeline, including expansion of digital systems to lower courts, provincial rollout of ADR centers, large-scale accreditation of mediators, enactment of pending legal amendments, and deeper international cooperation, demonstrates a clear trajectory toward consolidation rather than reversal.

In sum, the Ministry of Law and Justice's reforms during 2025 represent a decisive move toward a digitally enabled rule-of-law ecosystem. By integrating technology, modern legislation, institutional reform, and international best practices, the Ministry is reshaping how justice is delivered, accessed, and trusted in Pakistan. These reforms not only strengthen constitutional governance and citizen rights but also create the legal certainty and institutional credibility required for sustainable economic growth, investment, and international engagement.

Rule of Law & Digital Justice Reforms (2025)

Reform / Initiative	Category	Core Output / Deliverable	Institutional Impact	Economic Impact	Business & Governance Impact	Human Capital Impact	SDG Alignment
Digital Case Management Systems (CAMS / CFMS)	Digital Justice & Governance	Centralized digital tracking of federal litigation and court cases across federal courts and tribunals	Improved oversight, transparency, and performance monitoring of government litigation	Reduced fiscal leakage from delayed cases; faster dispute resolution	Stronger contract enforcement; improved regulatory predictability	IT, legal operations, and case-management skill development	SDG 16
International Mediation & Arbitration Center (IMAC)	Institutional Reform / ADR	Operational national ADR institution with international accreditation standards	Institutionalization of ADR as a parallel justice mechanism	Lower cost of dispute resolution; attraction of foreign commercial disputes	Improved investor confidence; ease of doing business	Creation of professional mediator, arbitrator, and ADR administration roles	SDG 16, SDG 8, SDG 17
ADR Accreditation & Capacity Building	Human Capital & Legal Reform	Certification of mediators and arbitrators under global standards	Strengthened professional standards in dispute resolution	Potential foreign income through cross-border ADR services	Predictable and efficient dispute settlement ecosystem	Specialized legal and negotiation skills; global employability	SDG 4, SDG 8, SDG 16
ADR Public Awareness & Outreach	Service Delivery	Nationwide trainings and digital outreach on mediation and arbitration	Cultural shift toward non-litigious dispute resolution	Reduced burden on courts; faster commercial settlements	Cooperative business environment	Expanded demand for trained ADR professionals	SDG 4, SDG 16
Legal & Regulatory Modernization (ADR Laws)	Legislative Reform	Draft Mediation Act 2025; amendments to Arbitration Bill and ADR Act	Alignment with UNCITRAL and global standards	Reduced transaction and enforcement costs	Greater legal certainty for domestic and foreign investors	Demand for specialized commercial law expertise	SDG 16
Pakistan Code (Digitization of Federal Laws)	Digital Governance / Rule of Law	Centralized, updated, public repository of federal legislation	Improved legal clarity and institutional coherence	Lower compliance and advisory costs	Transparency, predictability, and legal accessibility	Legal research, digitization, and editorial skills development	SDG 16
Judicial IT Enablement & e-Courts	Digital Justice	Video hearings, case alerts, automated workflows in federal courts	Faster adjudication and reduced administrative friction	Reduced litigation costs and time	Improved justice delivery and trust in institutions	IT-enabled judicial and administrative workforce	SDG 16
Legal Information Systems (LMIS & DRS)	Knowledge Infrastructure	Digitized legal archives and document repositories	Preservation of institutional memory	Cost-effective legal research and drafting	Improved policy and legislative quality	Archival, research, and legal informatics skills	SDG 9, SDG 16

Judicial Infrastructure Modernization	Institutional Strengthening	Legal Facilitation Centers and upgraded court facilities	Improved citizen-centric justice delivery	Reduced backlog-related economic delays	Faster dispute resolution and service efficiency	Construction, facilities management, and legal support employment	SDG 9, SDG 16
Legislative Productivity & Vetting	Governance Reform	Drafting and vetting of Acts, ordinances, rules, and agreements	Strengthened constitutional and statutory governance	Reduced legal and fiscal risk	Improved policy certainty and compliance	Legislative drafting and constitutional expertise	SDG 16
27th Constitutional Amendment (Federal Constitutional Court)	Constitutional Reform	Establishment of Federal Constitutional Court	Clear constitutional adjudication and institutional balance	Policy continuity and reduced legal uncertainty	Political stability and stronger constitutional governance	Expansion of judicial and legal leadership roles	SDG 16
Defence Laws Amendments (Army, Air Force, Navy)	Institutional Governance Reform	Harmonization of service laws with joint command framework	Strengthened inter-services coordination	Efficient defence governance and planning	Reduced institutional ambiguity in national security	Strategic and joint-operations expertise	SDG 16
Creation of Chief of Defence Office	Strategic Governance Reform	Centralized defence coordination and command integration	Improved civil-military governance coherence	Reduced duplication and strategic inefficiencies	Stronger institutional predictability	High-level strategic leadership capacity	SDG 16
Anti-Smuggling & Financial Crime Capacity Building	Enforcement & Compliance	Training prosecutors and investigators; standardized manuals	Improved enforcement quality	Protection of formal economy and revenues	Fairer markets and rule-based trade	Specialized investigative and prosecutorial skills	SDG 8, SDG 16
International Legal Cooperation	Institutional Collaboration	Engagement with international ADR and legal platforms	Global integration of Pakistan's legal system	Attraction of cross-border legal services	Enhanced international credibility	International legal diplomacy and cooperation skills	SDG 17

Strategic Takeaway

Pakistan's 2025 rule-of-law reforms mark a shift from procedural justice to institutional justice, where digital systems, modern laws, and specialized institutions jointly strengthen governance, economic confidence, and democratic stability.



Affordable Housing, Digital Land Governance, and Asset Optimization

In 2025, the Ministry of Housing and Works shifted from being seen merely as a "custodian of government buildings" to a central player in affordable housing, real estate governance, infrastructure asset management, and digital public service delivery. The reform portfolio spans national housing policy, federal real-estate management, housing finance, land and asset digitization, and deep institutional reforms in the Estate Office, PHA-F and FGEHA. Collectively, these interventions aim to make housing more affordable and inclusive, unlock underused public assets, and move Pakistan's urban development trajectory closer to SDG 1, SDG 9, SDG 11 and SDG 16.

1. Building the Policy and Legal Architecture for Affordable, Sustainable Housing

At the apex of the 2025 reform agenda is the National Housing Policy–2025, conceived as a comprehensive framework for affordable, inclusive and sustainable housing. Through drafting and wide stakeholder consultations, the policy provides strategic clarity on the roles of federal and provincial governments, the private sector, and development partners in expanding housing supply, improving tenure security, and promoting sustainable urban growth. In the short term, it improves policy coherence and inter-governmental coordination; over the long term, it is designed to increase housing stock, reduce affordability gaps, and catalyze construction-led employment and growth, in line with SDG 11 (Sustainable Cities and Communities).

Complementing this overarching policy, the Pakistan Infrastructure Development and Assets Management (PIDAM) Act seeks to establish a legal framework for efficient infrastructure development and public asset management. Once enacted, PIDAM will formalize an institutional regime that maximizes the value of federal assets, improves lifecycle management of infrastructure, and supports fiscal sustainability through better utilization and public–private partnerships. This will not only generate moderate to high employment in infrastructure and construction but also strengthen Pakistan's PPP environment under SDG 9 (Industry, Innovation and Infrastructure).

Recognizing that federal land and real estate form one of the largest yet under-optimized asset classes in the country, the Ministry has also worked on the Federal Government Real Estate Management Authority, an institutional and regulatory reform designed to centralize inventory, management and optimization of federal real estate assets. As this authority is operationalized, it will bring predictability, transparency and revenue optimization to federal property management, reducing fragmentation and leakages, and supporting SDG 16 (Peace, Justice and Strong Institutions).

On the urban development side, the Condominium Law–2025 introduces a long-needed legal framework for apartment ownership, common areas, and shared property management. This is a foundational step for promoting vertical housing and efficient land use in Pakistan's rapidly growing cities. It will help shift development patterns away from low-density sprawl toward more compact, serviced, and transit-viable communities, generating construction jobs in the short run and supporting high-density, infrastructure-efficient housing investment over the long term.

To tackle housing affordability directly, the Ministry has designed Mark-Up Subsidy Frameworks that expand access to housing finance through targeted, subsidized mortgages. These frameworks are expected to grow the mortgage market, encourage formal home ownership, and generate significant employment across construction, materials, and allied services. By strengthening the housing finance ecosystem, they contribute to SDG 1 (No Poverty) and SDG 11, while also deepening the financial sector's role in inclusive growth.

Finally, the proposed Federal Land Data Bank is a critical digital governance reform. By creating a centralized digital repository of federal land assets, the Ministry is laying the foundation for transparent land governance, evidence-based planning, and reduced transaction risks. Over time, this reform will help resolve overlaps and disputes, support more rational land-use decisions, and provide a more reliable basis for investment and PPPs, contributing to SDG 9 and SDG 16.

2. Estate Office: From Manual Files to Digital, Rules-Based Allocation

The Estate Office, historically associated with opaque and paper-heavy allocation processes, has become a focal point for governance reforms.

A draft proposal to amend the Accommodation Allocation Rules, 2002 aims to modernize and rationalize how residential units are assigned to federal government servants (FGS). The objective is to embed merit, fairness and transparency into the allotment process, reducing discretion and disputes. Once fully approved and notified, these amendments will improve utilization of government housing stock and reinforce public trust in the system.

On the service-delivery front, the automation of the Estate Office web portal (operational since October 2025) allows FGS to apply for accommodation, track, and monitor their applications online. This transition from manual case-handling to an automated system has already improved processing speed and reduced human interference in merit-based decisions. The creation of three IT posts has institutionalized digital capacity within the Estate Office and signals a permanent shift toward e-governance.

A parallel effort to create a digital repository of government accommodation allotment files and Federal Lodges records has secured data from thousands of files. Out of 17,496 allotment files, 3,000 have already been digitized, while software to digitalize Federal Lodges records is developed and active. This is a major step toward data security, transparency, and the availability of verifiable records, which will reduce litigation and facilitate audits.

The compilation of information to establish a digital databank of all government residential and office buildings is underway and expected to be completed in early 2026. Once in place, this will provide real-time visibility of the federal housing and office inventory, enabling better planning for maintenance, expansion and rationalization.

In line with federal rightsizing decisions, the Estate Office has abolished 66 vacant posts, yielding an annual fiscal saving of approximately PKR 27 million. This rationalization reduces long-term wage bill pressures without affecting current service delivery, allowing the Office to eventually pivot toward more specialized technical posts such as engineers and facility managers. A related proposal for the creation of an Engineering/Technical Wing is under consideration, recognizing that the transfer of repair and maintenance responsibilities from Pak PWD to the Estate Office requires a dedicated technical cadre.

The activation of E-Office at Estate Office headquarters and regional offices (Islamabad, Karachi, Peshawar, with Lahore and Quetta next) has enabled paperless workflows, faster processing,

and improved tracking of files. Integration with SAP (FABS) is being pursued to link rent recovery and FGS data via API, ultimately automating parts of the General Waiting List (GWL) registration and making allotment processes more transparent.

Lastly, a comprehensive survey of government accommodations, initiated in May 2024, is being used to eject unauthorized occupants and ensure that only legal allottees occupy government housing. Data from 15,358 residential units has been digitized from survey forms, supporting better enforcement and governance of public assets.

3. PHA-F: Digital Payments and Data-Driven Management

The Pakistan Housing Authority Foundation (PHA-F) has focused largely on digitization, financial transparency, and smarter decision-making.

The revamping of the official website has improved public access to information on completed and ongoing projects, enhancing transparency for allottees, citizens and investors. Introduction of 1Link/1Bill digital payment mechanisms has allowed allottees and members to make payments cashlessly, reducing manual handling, lowering risks of error or misuse, and improving reconciliation.

The onboarding of Raast QR Code for P2G and G2P payments (currently in process) will further enable real-time, zero-cost digital payments, eliminating friction for end-users and reducing back-office workload.

Looking forward, PHA-F is pursuing the development of an Executive Dashboard based on emerging technologies and AI. This proof-of-concept, currently under approval, aims to integrate project data, payment flows and performance metrics, enabling smart, data-driven decision-making under a single digital cockpit aligned with the institution's requirements.

4. Digitalization and Investor Confidence in FGEHA

The Federal Government Employees Housing Authority (FGEHA) has continued to implement digital and governance reforms that directly influence the pace and quality of housing delivery.

The adoption of EPAD (via PPRA) for procurement has shifted tendering to electronic bidding, significantly enhancing transparency, speeding up procurement cycles and reducing opportunities for collusion. E-Office, operational since 2019, supports digital file tracking and record management, contributing to faster processing and a cleaner institutional memory.

An integrated ERP system, covering accounts, land records, project management, and a mobile app/members' portal, serves as the backbone for unified data management. This integration reduces duplication, streamlines workflows and enhances operational efficiency and transparency.

The establishment of an Investor Facilitation Cell provides a dedicated support unit to guide potential investors and partners, easing capital inflows into housing and infrastructure projects. Over time, this reform is expected to strengthen investor confidence, accelerate project delivery and contribute to economic growth.

5. Cross-Cutting Challenges and the Road Ahead

Despite substantial progress, reforms in housing and works face structural challenges:

» Inter-agency coordination is critical, as housing, land and infrastructure interfaces span provinces, city governments, revenue departments and regulators.

» Legislative timelines for laws such as the PIDAM Act, Condominium Law and updated allocation rules are subject to parliamentary and cabinet calendars.

» Data standardization and integration across multiple legacy systems, Estate Office, PWD, FGEHA, and other entities—require sustained technical assistance and investment in digital infrastructure.

To sustain and deepen the reform trajectory over the next 12–18 months, the Ministry will require:

» Targeted technical assistance in digital systems, land information, and asset valuation;

» Strong inter-ministerial and inter-provincial coordination to operationalize newly established authorities and frameworks;

» Continued investment in digital infrastructure, cybersecurity, and capacity building of HR at all levels.

If implemented to full scale, the 2025 reforms in the Ministry of Housing and Works will:

» Expand access to affordable, formal housing through national policy, subsidies, and condominium law;

» Modernize public asset management through PIDAM, real estate authorities, and land databanks;

» Transform service delivery to federal employees via digital allotment, enforcement, and transparent rules;

» Strengthen the investment climate in housing and infrastructure, encouraging PPPs and private sector participation;

» Advance Pakistan's progress on Sustainable Development Goals, particularly SDG 1, SDG 9, SDG 11 and SDG 16.

The rationalization of federal development bodies took a major step forward with the government's decision to wind down the National Construction (NC) organization and significantly eliminate the legacy structure of the Pakistan Public Works Department (Pak PWD) under the Ministry of Housing and Works.

Both entities, long associated with bureaucratic delays, cost overruns, fragmented procurement practices, and limited technical modernization, had become financially burdensome and operationally outdated in a rapidly evolving infrastructure landscape. Their closure and restructuring represent a shift away from manual, department-driven construction management toward a modern, transparent, and efficiency-oriented governance model grounded in public–private partnerships, digital monitoring, competitive procurement, and specialized technical oversight.

By eliminating these institutions, the Ministry aims to reduce administrative overheads, curb leakages, enhance accountability, and open space for professionalized engineering, asset management, and infrastructure service delivery mechanisms that better reflect contemporary urban and developmental needs. The reform also supports broader fiscal consolidation efforts while paving the way for new authorities, data systems, and regulatory frameworks that promote sustainability, transparency, and performance-driven outcomes in Pakistan's housing and infrastructure sectors.

The closure of National Construction (NC) and the functional elimination of Pak PWD marks one of the most transformative governance actions within Pakistan's public infrastructure ecosystem in recent decades. These entities, historically central to government construction and maintenance works, had over time suffered from deep structural inefficiencies, manual workflows, bureaucratic layering, weak project management practices, chronic cost escalations, and limited technical modernization. Their dissolution addresses long-standing concerns raised by federal audits, development partners, and public procurement experts who consistently highlighted systemic governance vulnerabilities that undermined value for money. However, while the closures reduce fiscal burden and open the way for modern alternatives, the transition also poses risks: the absence of a fully functional successor framework may temporarily disrupt maintenance services, create administrative gaps in federal asset management, and displace institutional memory critical for large-scale public works.

The Ministry's broader reform portfolio, particularly the National Housing Policy 2025, PIDAM Act, creation of the Federal Government Real Estate Management Authority (FG-REMA), digitization of land and accommodation systems, and the establishment of a Federal Land Data Bank, reflects a clear move toward evidence-based, technology-driven governance. These

initiatives represent a shift from fragmented, paper-based, politically vulnerable systems to structured and transparent regulatory frameworks. Yet, the success of these reforms hinges on effective intergovernmental coordination, especially with provinces on land titling, zoning, municipal regulation, and housing finance, areas where Pakistan has historically struggled due to overlapping jurisdictions and constitutional ambiguities. The effectiveness of the new institutions will depend on their operational independence, availability of technical expertise, and the government's ability to avoid bureaucratic replication of the very inefficiencies these reforms aim to eliminate.

Digitalization initiatives, such as the Estate Office automation, online accommodation portals, document repositories, E-Office implementation, and ERP systems within FGEHA, have sharply increased transparency and reduced human discretion in allotment processes. Yet, digital reforms remain vulnerable to uneven capacity across regional offices, lack of integrated data standards, and cybersecurity risks. The gradual shift to cashless transactions via Raast and 1Link/1Bill is a major governance improvement, but requires strong financial controls and inter-system interoperability to ensure reliability and safeguard citizen trust.

Financial reforms, including mark-up subsidies for housing finance and frameworks for affordable housing, aim to address Pakistan's chronic mortgage penetration problem. While these reforms show promise, their long-term viability depends on macroeconomic stability, banking sector incentives, and the government's ability to resist politically motivated subsidization pressures. Without strong enforcement and continuous evaluation, subsidy frameworks can quickly become fiscally unsustainable.

The Ministry's HR-related reforms, such as the abolishment of vacant posts, the proposed technical wing for Estate Office, and digital HR systems, are necessary steps toward right-sizing and professionalization. However, the loss of already limited engineering capacity following Pak PWD's dissolution raises concerns about whether the Ministry can meet its expanding technical oversight responsibilities without rapid and targeted capacity building.

Overall, the Ministry of Housing and Works has embarked on a reform trajectory that is ambitious, system-changing, and structurally necessary, but also highly dependent on execution quality, inter-agency collaboration, and institutional continuity. The closure of NC and rationalization of Pak PWD are bold moves that address historical governance challenges, yet their long-term success will hinge on whether newly created authorities and digital systems are empowered, and resourced, enough to replace old structures with truly modern, efficient, and accountable mechanisms for housing, infrastructure, and public asset management in Pakistan.

Reforms Summary Under the Ministry of Housing & Works (2025)

Reform / Initiative	Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Business Environment Impact	Human Capital Impact	SDG Alignment
National Housing Policy 2025	Create a unified framework for affordable, inclusive, and sustainable housing	Policy drafted with implementation plan	Clear policy direction; intergovernmental coordination	Increased housing supply and affordability	Boost to construction sector; stimulus to allied industries	Higher investor confidence in structured housing markets	Expanded access to formal housing; better living standards	SDG 11
Pakistan Infrastructure Development & Assets Management (PIDAM) Act	Establish legal basis for modern asset management and PPP-driven infrastructure	PIDAM Act drafted	Institutional clarity; improved governance of federal assets	Efficient asset utilization; better fiscal sustainability	Increased private investment; monetization of public assets	Stronger PPP climate; risk-reduction for investors	Creation of technical capacity in asset management fields	SDG 9

Federal Government Real Estate Management Authority (FG-REMA)	Centralize federal real estate inventory, valuation & management	Institutional framework structured	Clearer inventory and property registers	Transparency, revenue enhancement, professional asset management	Optimize value of federal land; reduce losses & leakages	Predictable regulatory environment	Development of skilled real estate management cadres	SDG 16
Condominium Law 2025	Enable vertical housing, shared property management & legal clarity	Draft law prepared; enactment under process	Regulatory certainty for high-rise developers	Growth in vertical construction; efficient land use	Reduced urban sprawl; increased housing stock	More bankable property titles for investors & lenders	Jobs in construction & building management	SDG 11
Mark-Up Subsidy Frameworks for Affordable Housing	Improve access to housing finance	Subsidy schemes formulated	Increased mortgage uptake	Greater home ownership; expanded mortgage market	Boost in construction demand; private credit expansion	Improved housing affordability	Financial inclusion for low-income families	SDG 1, SDG 11
Federal Land Data Bank	Create a unified database of federal land assets	Digital repository initiated	Improved land record visibility	Better planning, reduced disputes, transparent land management	Reduction in transaction costs; efficiency gains	Lower land-related corruption risks	Capacity building in digital land governance	SDG 9, SDG 16
Amendments to Accommodation Allocation Rules 2002	Improve fairness & transparency in government housing allocation	Revised rules prepared	Transparent and merit-based allotment	Reduced disputes; optimized utilization of government quarters	Savings from misuse reduction	Predictable allotment processes	Professionalization of HR practices	SDG 16
Estate Office Automation & Online Portal	Digitize accommodation application, tracking, and allotment	Web portal and automated system activated	Faster processing; reduced physical visits	Elimination of manual discretion; full transparency	Efficiency gains; reduced administrative costs	High trust and predictability in public service	IT workforce development	SDG 16
Digitization of 17,496 Allotment Files & Federal Lodges Records	Create a secure digital workflow and archival system	3,000 files digitized; others in process	Transparency, reduced risk of tampering	Preservation of institutional memory	Reduced operational cost; audit efficiencies	Better accountability for public assets	Upskilling of staff in digital documentation	SDG 16
Digital Databank of Government Buildings	Comprehensive digital registry of all federal accommodations	IT software under development	Availability of current data for decision-making	Better planning; improved resource allocation	Lower losses and misallocations	Enhances certainty for public-private collaborations	Capacity for data-driven infrastructure planning	SDG 9, SDG 16
Abolition of 66 Vacant Posts	Reduce financial burden and optimize HR	Posts abolished under Cabinet direction	Immediate fiscal savings	Leaner HR footprint; reduced recurrent budget	Savings of Rs. 27 million annually	More efficient and targeted HR structure	No negative workforce impact (vacant posts only)	SDG 16
Proposal for Technical Wing in Estate Office	Strengthen engineering capabilities post-PWD closure	Proposal for 83 technical posts under review	Preparation for specialized oversight	Improved maintenance quality; reduced outsourcing inefficiencies	Strong project delivery & reduced cost overruns	Higher-quality infrastructure service delivery	Professional technical cadre created	SDG 9

E-Office Activation Nationwide	Implement paperless governance	E-Office fully activated in multiple locations	Faster file processing	Modernized workflow; transparency	Reduced paper costs & time savings	Higher institutional efficiency	Staff upskilling in digital work	SDG 16
Activation of SAP/FABS API Integration	Automate rent recovery and GWL registration processes	Partial data retrieval underway	Early transparency gains	Fully automated merit-based allotments	Lower administrative errors & cost	Enhances fairness and service access	Enhanced digital competence	SDG 16
Survey of Government Accommodations	Identify illegal occupants & update records	Survey of 15,358 units completed	Removal of unauthorized occupants	Improved utilization of state assets	Reduction in illegal occupation losses	Greater policy accountability	Strengthening of compliance culture	SDG 16
PHA-F Digital Initiatives (Website, 1Bill, Raast, Exec Dashboard PoC)	Modernize payments, access, and decision-making	Multiple digital tools rolled out	Cashless payments, real-time visibility	Fully digital citizen interface for housing agencies	Reduction in leakage & increased efficiency	Better investor and citizen experience	Creation of digital governance skillsets	SDG 9, SDG 16
FGEHA ERP, Investor Facilitation Cell, Members Portal	Integrate land, project, and accounts data; improve investor interface	ERP modules developed; investor cell active	Streamlined transactions & transparency	Predictable service delivery; improved project oversight	Higher real estate investment confidence	Single-window facilitation for investors	Knowledge workforce development	SDG 9, SDG 16



A Systemwide Transformation of Infrastructure, Governance, and Digital Capacity

During 2024–25, Pakistan Railways initiated one of the most far-reaching modernization programmes in its institutional history, restructuring its operational, financial, and infrastructure foundations to transform the organisation into a competitive, commercially oriented, and regionally connected transport system. The Ministry of Railways pursued a multi-dimensional reform agenda that aligns with Pakistan's broader economic revival goals, expanding freight corridors, enhancing regional trade connectivity, modernizing governance systems, digitizing core operations, addressing chronic fiscal deficits, and improving passenger services. Together, these reforms mark the shift from a subsidy-dependent public utility toward a logistics-driven, efficiency-oriented national asset with a strong developmental footprint.

A series of transformative infrastructure projects defined the year's progress. The Thar Rail Connectivity Project, connecting the country's vast coal reserves to the national network, is now nearing mid-level completion, promising a low-cost, low-carbon transport solution capable of reducing Pakistan's long-term import bill while expanding industrial activity.

The Dedicated Freight Corridor agreement with DP World is similarly pivotal, easing port congestion, streamlining container movement, and increasing freight revenues through improved logistics efficiency. Regionally, Pakistan prepared itself to serve as the southern trade gateway for Central Asia through the Kohat–Thal–Kharlachi Rail Link under the Uzbekistan–Afghanistan–Pakistan corridor, while strategic expansions like the Rohri–Nokundi upgrade and the Gwadar–Panjgur–Nokundi MinLink Express aim to unlock mineral wealth in Balochistan and facilitate bulk exports through Gwadar Port. The continued advancements on the flagship ML-1 project, supported by ADB financing, represent the backbone of Pakistan's transport modernization, enhancing speed, safety, freight capacity, and national connectivity.

In parallel, the Ministry introduced essential governance reforms to address long-standing institutional and fiscal constraints. A historic rightsizing exercise abolished over 21,000 obsolete posts, reducing annual expenditure by nearly PKR 10–11 billion and enabling a more agile workforce structure. Complementing this shift, PR fully adopted contract-based recruitment to curb the unsustainable pension burden while ensuring the availability of skilled technical and operational staff.

Compliance with the SOE Act led to the winding down of three loss-making subsidiaries and the restructuring of others through new Boards of Directors, improved governance practices, greater transparency, and increased private-sector participation. Legislative updates through amendments to the Railways Act eliminated outdated provisions, facilitated modern track-access rules, strengthened land management, and encouraged investment through clearer

operational authority and regulatory frameworks. Concurrently, the restructuring of the Land Directorate and the digitization of land records through PRLMIS created real-time visibility of railway land assets, enabling transparent leasing, professional management, and diversified income streams.

One of the most significant achievements of the reform year was the large-scale digital transformation of Pakistan Railways. The adoption of SAP S/4HANA positioned PR as the first federal entity to operate on SAP's in-memory platform, integrating HR, finance, materials management, funds control, and sales into a unified digital environment. This transition has enhanced transparency, improved audit quality, standardized processes, and enabled real-time decision-making across a Rs. 172 billion operational portfolio.

Complementing SAP, the Ministry expanded digital infrastructure through the Railway Advance Infrastructure Network (RAIN), a secure nationwide fiber-optic backbone that will support future smart-railway applications, cybersecurity, signaling upgrades, and IoT-connected operations. The rollout of the Railway Automated Booking & Travel Assistance (RABTA) program modernized passenger ticketing and travel services, reducing queues and enhancing customer experience across digital and physical platforms. Meanwhile, full-scale adoption of EPADS has automated all procurement processes, promoting competition, reducing delays, and strengthening compliance with PPRA rules. The Ministry also implemented a comprehensive cashless ecosystem by integrating RTGS, RAAST, and Multiple Payment Gateway systems for G2P and P2G transactions, reducing leakages and enabling digital financial accountability.

Energy efficiency and climate resilience were also central to the reform agenda. The solarization of stations and offices, already 42% complete, aims to reduce dependence on the national grid, lower carbon emissions, and cut energy costs while improving operational reliability. The transfer of nearly 18,400 residential meters, with a final target of 26,660, to respective DISCOs is projected to save Rs. 2–3 billion annually by eliminating unnecessary bulk-billing costs and ensuring accurate consumption-based billing. These reforms directly align with SDG commitments on climate action, sustainable energy, and responsible consumption.

At the operational level, Pakistan Railways advanced its freight and industrial modernization goals by expanding indigenous manufacturing capabilities for passenger coaches and freight wagons at its workshops in Islamabad, Lahore, and Mughalpura. With hundreds of CKD, SKD, and CBU units now produced and deployed, PR is reducing reliance on imports, strengthening domestic engineering capacity, and lowering long-term costs. The outsourcing of trains and commercial services, including the Mianwali Express, Shalimar Express, brake vans, and luggage vans, introduced greater competition, improved service quality, reduced fiscal burdens, and enhanced revenue streams. Passenger facilitation initiatives also progressed significantly, with modernized waiting areas, improved washrooms, CIP lounges, escalators in major stations, upgraded dining cars, cleaner services, and renewed public confidence in the railway experience.

Overall, the Ministry of Railways' 2024–25 reforms represent a comprehensive transformation across infrastructure, governance, digital systems, climate alignment, and service delivery. These initiatives not only modernize one of Pakistan's oldest institutions but also reposition the railway network as a catalyst for economic growth, regional connectivity, industrial development, urban mobility, and sustainability. As ongoing reforms, including ML-1 implementation, land commercialization, digital expansion, and energy transition—continue over the next 12–18 months, Pakistan Railways is moving decisively toward becoming a financially disciplined, technologically modern, and strategically competitive national railway system.

Pakistan Railways' reform agenda over the reporting period demonstrates the most comprehensive modernization effort undertaken in decades; however, the pace, sequencing, and structural underpinnings of several reforms warrant closer scrutiny. The ambitious infrastructure pipeline, particularly the Thar Rail Connectivity, Dedicated Freight Corridor, ML-1, UAP corridor segments, and Gwadar–Minlink link, represents an overdue shift toward freight-led growth. Yet these megaprojects carry inherent execution risks, including financing constraints, right-of-way challenges, security considerations in high-risk regions, and dependency on

multi-government coordination, especially with Afghanistan for transit access. While project documentation and early approvals have progressed meaningfully, the transition from feasibility to financial closure and timely implementation remains the defining test of these reforms.

Governance restructuring under the SOE Act marks a positive pivot toward commercial discipline, but the dissolution of legacy subsidiaries (PRACS, RAILCOP, PRFTC) raises both opportunities and uncertainties. While it reduces fragmentation and embeds clearer accountability, the transition period may disrupt service continuity and erode institutional memory if not managed with precision. The real challenge lies in ensuring that newly constituted Boards of Directors exercise genuine independence rather than symbolic compliance, and that private-sector participation is structured through competitive, transparent frameworks that avoid rent-seeking. Likewise, the widespread right-sizing across 21,000 posts is fiscally necessary, but the absence of a comprehensive human-capital transition plan, especially around redeploying displaced staff, reskilling operational cadres, and ensuring safety-critical expertise, poses operational risks.

Digitization reforms, particularly SAP S/4HANA deployment, RABTA, EPADS, and the RAIN fiber backbone, position Pakistan Railways at the edge of a modern digital railway ecosystem. Yet these gains rely heavily on sustained IT capacity, organizational adoption, cybersecurity readiness, and integration with legacy systems. Without continuous upgrades and technical backstopping, the risk of system failures, data inconsistencies, and operational bottlenecks remains significant. The move toward a cashless ecosystem is commendable, but full transition to digital payments requires widespread digital literacy among staff and passengers, robust grievance mechanisms, and effective oversight to mitigate financial misreporting or system misuse.

Energy reforms, including solarization and the transition of residential meters to DISCOs, offer strong fiscal and environmental dividends, but require careful monitoring to ensure long-term reliability, especially in remote stations where energy storage, maintenance capacity, and theft risks persist. Outsourcing of commercial operations and enhanced passenger facilitation has improved service quality, yet outsourcing could also deepen dependency on private operators without adequate performance benchmarks, revenue-sharing audits, or safeguards for affordability and safety.

Perhaps the most persistent structural issue is the unsustainable pension liability, which continues to drain financial resources despite shifts to contract-based hiring. Without separating legacy pension obligations from operational budgets, through a dedicated national pension fund or actuarially sound financing mechanism, Pakistan Railways will remain fiscally constrained, limiting its ability to reinvest in safety, rolling stock, and modernization.

In sum, the reform agenda is directionally sound, ambitious, and broadly aligned with global railway transformation trends. However, its success depends on sustained political backing, strict implementation discipline, multi-year financing, inter-ministerial coordination, and professionalized oversight structures. Pakistan Railways stands at a critical inflection point, success will require converting reform announcements into measurable operational gains, ensuring continuity across political cycles, and institutionalizing a culture of performance, transparency, and financial prudence.

Reforms Summary Table Under the Ministry of Railways Reforms (2024–25)

Reform / Initiative	Objective	Key Outputs	Economic Impact	Business Environment Impact	Human Capital Impact	SDG Alignment
Thar Rail Connectivity Project	Connect Thar coal mines to national rail network	105 km single + 9 km double track; unloading facility	Major reduction in import bill; low-carbon freight; boosted economic activity	Reliable coal transport for power plants & industries	New jobs in construction & operations	SDG 8, 9
Dedicated Freight Corridor (Pipri–KPT)	Decongest ports; boost freight capacity	Track upgrade, MMLP establishment	Improved port efficiency; higher freight revenue	Improved logistics competitiveness; reduced road congestion	Employment in logistics, rail ops	SDG 8, 9, 17
Kohat–Thal–Kharlachi Rail Link (UAP Corridor)	Strengthen regional connectivity with CARs	192 km new line; transit corridor integration	Boost in regional transit trade; reduced cargo costs	Expanded market access for exporters & logistics firms	Jobs in construction & operations	SDG 8, 9, 17
Upgradation of Rohri–Nokundi (ML-3)	Mineral corridor to global markets	884 km upgraded track	Lower logistics cost for mineral exports; enhanced freight viability	Reliable link for mining, exports, regional trade	Skilled jobs in rail upgrades	SDG 8, 9, 17
Gwadar–Minlink Express Corridor	Enable mineral exports via Gwadar Port	680 km new line planned	Higher mineral export volume; lower transport cost	Strengthened Gwadar as a mineral export hub	New local jobs; logistics expansion	SDG 8, 9
Fast Track ML-1 Project	Upgrade national backbone (Karachi–Peshawar)	1,726 km upgraded line	Lower transport costs; lower import bill; reduced roads O&M	Regional transit hub potential; higher freight share	Job creation across engineering, operations, safety	SDG 8, 9, 13, 17
Contract-Based Recruitment for Pension Relief	Reduce pension burden	2,513 contract hires	Lower fiscal rigidity; reduced pension liabilities	More agile HR system; modern workforce alignment	Performance-based hiring improves efficiency	SDG 8, 16
Capacity Building Programme for Officers	Develop technical and leadership capacity	Officers enrolled in MS programmes	Stronger governance & technical systems	Better public service delivery	Professional growth; improved leadership	SDG 4
Enforcing SOE Act & Restructuring PR SOEs	Improve governance of rail SOEs	PRACS, RAILCOP, PRFTC wound up; new BoDs	Reduced losses; improved financial management	Increased private-sector participation	Transition to performance-based culture	SDG 16
SOE Law Compliance & Strategic SOE Categorization	Strengthen commercial viability	PR classified as Strategic SOE	Improved transparency; structured reporting	Enhanced investor confidence	Skills alignment with strategic functions	SDG 9, 10
Right-Sizing (21,451 posts reduced)	Leaner, efficient organization	23% reduction in sanctioned strength	PKR 10–11 billion annual savings	Improved operational agility	Skill-streamlined workforce	SDG 9, 10
Railway Laws Amendment (Track Access, Land Rules)	Modernize legal framework	New bill submitted; old laws removed	Improved land monetization; increased revenue	Stronger private-sector engagement	Better regulatory clarity supports HR functions	SDG 8, 9, 16

Land Directorate Restructuring & PRLMIS	Streamline land management	PRLMIS digitization; transparent leasing	Greater commercial revenue; reduced land misuse	Transparent leasing attracts investment	Jobs in GIS, digital management	SDG 9, 12
Meter Transfer to DISCOs	Reduce electricity losses	18,394 meters shifted	PKR 2–3 billion annual savings	Lower costs improve service reliability	—	SDG 7, 12
Solarization of Railway Stations	Reduce energy cost; ensure continuity	42% network solarized	Lower energy bills; lower emissions	Reliable, clean power for operations	Green tech skills development	SDG 7, 11, 12, 13
Indigenous Manufacturing of Rolling Stock	Build local production capacity	Coaches & wagons produced at CFI & MGPR	Large foreign exchange savings; lower procurement costs	Strengthens rail supply chain	Skilled engineering & manufacturing jobs	SDG 9, 11
EPADS Procurement Digitization	Improve procurement transparency	100% procurement via EPADS	Faster procurement; reduced corruption	Levels playing field; boosts vendor confidence	IT upskilling for staff	SDG 10, 16
Outsourcing (Trains, Vans, Facilities)	Improve service quality & revenue	Outsourced: 2 trains, 30 brake vans, etc.	Increased revenue; lower O&M cost	Higher-quality services; market competition	More private-sector jobs	SDG 8, 9
Passenger Facilitation Initiatives	Improve customer experience	Escalators, lounges, refurbished coaches	Higher passenger satisfaction; increased ridership revenue	Enhanced travel experience	New jobs in hospitality, services	SDG 3, 6
RABTA Digital Ticketing	End-to-end passenger digitization	Unified ticketing; 1-Link integration	Higher revenue transparency; reduced fraud	Streamlined service improves public confidence	IT-related employment	SDG 8, 9
RAIN Fiber-Optic Network	Build secure digital backbone	National OFC for PR	Future-ready smart rail operations	Attracts tech operators; supports PPPs	ICT jobs, cyber capacity	SDG 9, 11
SAP S/4HANA ERP Implementation	Integrated financial & operational modernization	Payroll, finance, inventory digitized	Strong fiscal discipline; reduced leakages	Global-standard systems improve governance	55,000 staff on digital workflows	SDG 9, 12, 16
Cashless Economy (G2P/P2G)	Digital payments & receipts	RTGS, MPG, Raast enabled	Reduced leakages; faster transactions	Improved vendor & pensioner trust	Digital skills development	SDG 9, 10, 16



Advancing Regional Connectivity, Trade Facilitation & Strategic Transport Diplomacy

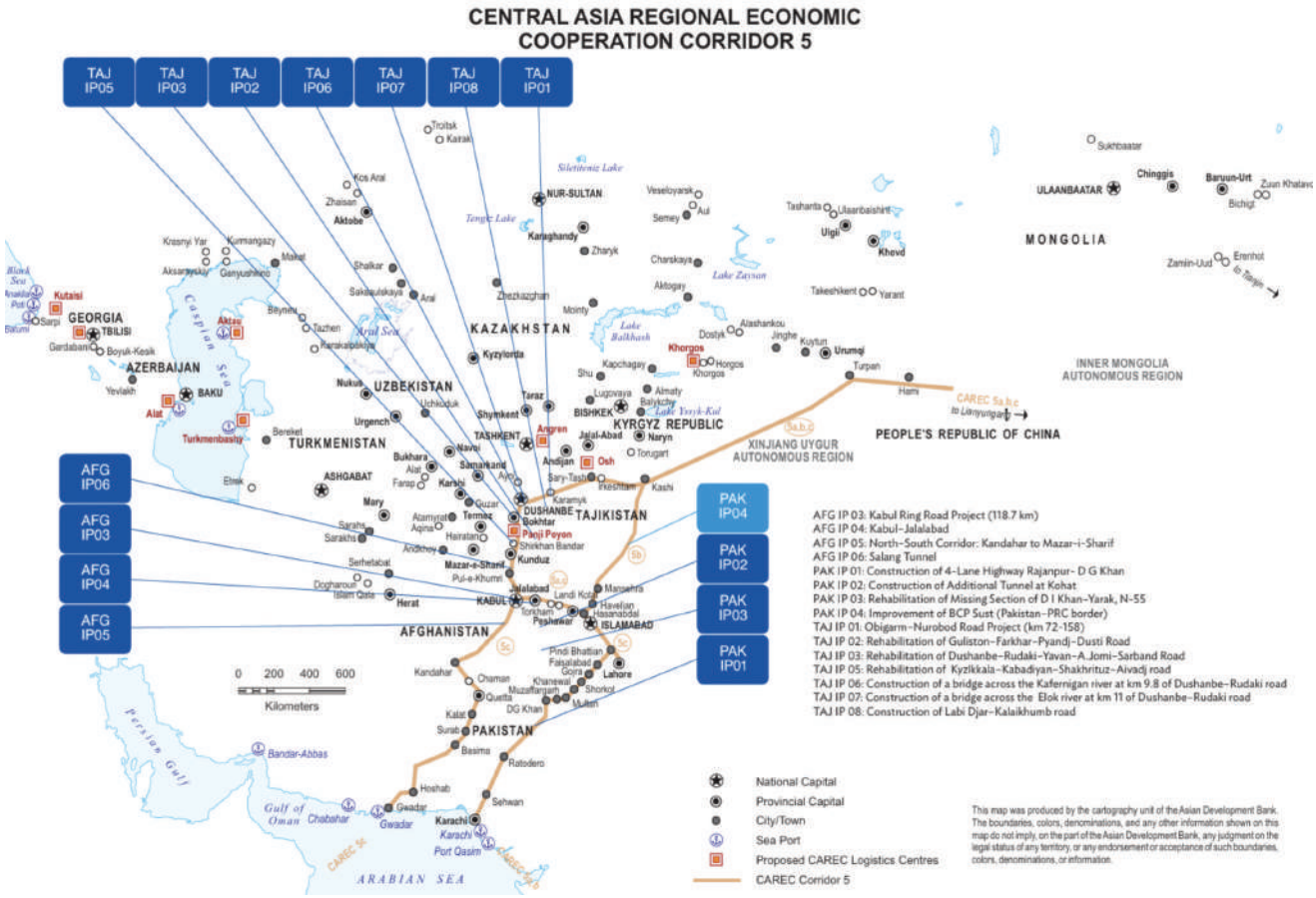
In 2025, the Ministry of Communications emerged as a pivotal driver of Pakistan's regional integration agenda, deepening transport cooperation with key multilateral blocs, including CAREC, SCO, ECO, and advancing bilateral transport agreements with major economies such as Russia and Belarus. Against a backdrop of shifting global supply chains, rising geopolitical competition, and renewed demand for resilient overland logistics corridors, the Ministry's reforms have positioned Pakistan as a critical transit hub linking South Asia, Central Asia, China, the Middle East and Eurasia. The reform year also demonstrated Pakistan's proactive diplomacy in shaping transport frameworks that will unlock new trade routes, diversify export markets, and enhance long-term economic security.

A landmark initiative was the Regional Transport Ministers' Conference (October 2025) hosted in Islamabad. With participation from ministers and senior officials of Türkiye, Saudi Arabia, Russia, Iran, Kyrgyzstan, Kazakhstan, Sri Lanka, Maldives, and Uzbekistan, the conference served as a strategic platform to promote cross-border connectivity, harmonize transport standards, and position Pakistan at the centre of emerging Eurasian transport corridors. This effort reinforced Pakistan's role as a bridge economy capable of facilitating multimodal trade between landlocked Central Asian Republics (CARs), western China, Gulf markets and the global maritime system.

Under the Central Asia Regional Economic Cooperation (CAREC) framework, Pakistan played a key role in finalizing the CAREC Transport Strategy 2030, a milestone which will accelerate implementation of cross-border transport projects, road upgrades, border facilitation and logistics infrastructure. The strategy's alignment with Pakistan's own connectivity ambitions, particularly with CARs, ensures that new corridors such as CAREC corridors 5 and 6 can be fully leveraged to expand transit trade, support industrial development and enhance supply-chain competitiveness.

The Ministry also strengthened its engagement with the Shanghai Cooperation Organization (SCO), participating actively in the 12th Meeting of Transport Ministers in Tianjin. Pakistan's assertive presence contributed to the signing of the MoU on the Joint Construction of 'Silk Road Stations', a multidimensional initiative for inland logistics hubs, digital transport nodes and integrated freight facilities across SCO states. For Pakistan, closer SCO alignment expands diplomatic space, enhances its comparative advantage as an east–west transit country, and counters geopolitical isolation efforts in multilateral settings.

Similarly, at the 13th ECO Ministerial Meeting on Transport in Tehran, Pakistan endorsed the Tehran Declaration, reaffirming the country's commitment to regional transportation integration



through multimodal corridors and harmonized cross-border procedures. ECO's renewed focus on North–South and East–West overland links, such as the Islamabad–Tehran–Istanbul freight corridor, supports Pakistan's trade diversification strategy and reduces overdependence on a narrow set of markets.

The Ministry made significant progress operationalizing International Road Transport Agreements with major economies:

» **Russian Federation (January 2025):** Exchange of transport permits now enables Pakistani trucks to access Russian markets directly, opening a high-value, high-demand market for Pakistani exporters of textiles, agricultural products, IT equipment and food items.

» **Belarus (December 2025):** The operationalization of transport permits under the Pakistan–Belarus agreement has created another alternative trade route into Eastern Europe, adding resilience against market volatility and offering exporters a strategically located gateway.

Together, these agreements diversify export destinations, reduce logistics dependency on single corridors, and integrate Pakistan more deeply into Eurasian supply chains.

A major operational achievement was the round-the-year opening of Khunjerab–Sost Border via the Karakoram Highway (KKH). Following the Prime Minister's directives and supported by FWO's deployment of machinery for snow clearance, the KKH has remained fully functional since December 2023. This has transformed Pakistan's connectivity with China and created an all-weather alternative route for CARs, bypassing unpredictable Afghan transit routes. The uninterrupted opening of KKH is not only a win for trade continuity but also strengthens Pakistan's reliability as a transit partner in the broader Belt and Road ecosystem.

Collectively, these reforms represent a strategic advance in Pakistan's economic diplomacy, logistics modernization and global transport integration. By improving regional connectivity, expanding bilateral transport access, and participating actively in major multilateral platforms,

the Ministry of Communications has significantly enhanced Pakistan's ability to attract transit traffic, support exporters, and integrate into high-growth Eurasian markets. As planned reforms, such as the digitalization of transport permits, harmonization of vehicle fitness regimes, and the development of new frameworks for connectivity to Tajikistan and Uzbekistan, move forward, Pakistan is poised to secure a more resilient, diversified and competitive transport ecosystem in the coming years.

Reforms Summary Under the Ministry of Communications (2025)

Reform / Initiative	Category	Objective	Outputs Delivered (2025)	Short-Term Impact	Long-Term Impact	Impact on Business & Trade Environment	Human Capital Impact	SDG Alignment
Regional Transport Ministers' Conference (Islamabad, Oct 2025)	Regional Connectivity / Diplomacy	Promote Pakistan's central role in Eurasian connectivity	Participation of Ministers from 10+ regional countries; Islamabad Declaration	Strengthened diplomatic linkages	Greater regional reliance on Pakistan as a transit hub	Enhances Pakistan's visibility and credibility in regional transport diplomacy	Indirect—logistics & services stimulation	SDG 9, 17
CAREC Transport Sector Coordination Committee Meeting (Bishkek)	Regional Connectivity	Strengthen integration with CARs	Finalization of CAREC Transport Strategy 2030	Acceleration of CAREC-funded projects	Enhanced cross-border connectivity & corridor development	Facilitates future trade and logistics flow with CARs	Construction & transport sector jobs	SDG 8, 9, 17
12th SCO Transport Ministers Meeting (Tianjin, China)	Regional Connectivity	Expand Pakistan's role in SCO transport frameworks	Active participation; MoU on Silk Road Stations signed	Improved diplomatic positioning vs India	Development of integrated SCO transport hubs	Improves future freight and passenger transport networks	Indirect—future logistics & trade employment	SDG 9, 11, 17
13th ECO Ministerial Meeting (Tehran)	Regional Integration	Deepen engagement with ECO transport initiatives	Issuance of Tehran Declaration	Improved ECO corridor participation	Strengthened Islamabad–Tehran–Istanbul link & north–south corridors	Boosts regional logistics & supply chain resilience	Regional trade & transport jobs	SDG 8, 9, 17
Road Transport Agreement with Russia (Operationalized)	Trade Facilitation	Provide direct access for Pakistani exporters to Russia	Exchange of transport permits	Immediate access to Russian markets	Diversification of export destinations	Reduces dependency on traditional markets	New transport jobs, logistics growth	SDG 8, 17
Road Transport Agreement with Belarus (Operationalized)	Trade Facilitation	Create alternative export routes to Eastern Europe	Transport permits exchanged	Strengthens bilateral trade opportunities	Opens new EU-adjacent markets	Increases export competitiveness	Logistics sector expansion	SDG 8, 17
Round-the-year Opening of Khunjerab Border / KKH	Trade & Transit Connectivity	Ensure uninterrupted connectivity with China and beyond	Year-round functionality achieved via FWO deployment	Stable and predictable trade routes	Alternative corridor for CARs bypassing Afghanistan	Enhances investor and trader confidence	Transport & logistics jobs	SDG 9, 11

SCO Transport Initiatives (Working Groups & Corridor Discussions)	Regional Connectivity	Advance Pakistan's integration into SCO routes	Participation in working groups and feasibility discussions	Technical groundwork for future corridors	Integration into large Eurasian logistics chains	Improves environment for private logistics investments	Medium-term job creation in infrastructure	SDG 9, 17
Framework Development for Tajikistan–Uzbekistan Connectivity via China (Planned)	Future Connectivity Reform	Develop new northern corridors	Concept under development	Strengthens Pakistan's regional positioning	Potential to unlock new transit revenues	Supports CAR market access diversification	Future logistics sector gains	SDG 9, 17
Digitalization of Permit System (Upcoming)	Governance / Digitalization	Shift toward automated cross-border transport permits	Preparatory work ongoing	Reduced processing time	Transparent, corruption-free access system	Digital trust-building among exporters	Increased efficiency in trucking sector	SDG 16, 9



Climate Change and Resilience Reforms

Pakistan's development story is now inseparable from climate resilience. As one of the countries most vulnerable to climate shocks, the state has begun to move from ad hoc responses toward a more structured, finance-enabled and evidence-based climate governance system. In 2025, the Ministry of Climate Change and Environmental Coordination (MoCC&EC) and its attached organizations, including the Pakistan Climate Change Authority (PCCA), Global Change Impact Studies Centre (GCISC), Zoological Survey of Pakistan (ZSP), Islamabad Wildlife Management Board (IWMB), Pakistan Environmental Protection Agency (Pak-EPA) and others, undertook a wide-ranging reform agenda to strengthen climate governance, unlock climate finance, protect biodiversity, improve air quality, and embed resilience into planning, infrastructure, and local communities.

1. Strengthening Climate Governance and International Commitments

At the core of the governance reforms is Pakistan's move to institutionalize climate transparency and compliance under the Paris Agreement and related multilateral frameworks. The submission of the Biannual Transparency Report (BTR) to the UNFCCC in June 2025 established a nationally coordinated, ETF-aligned system for climate reporting, with improved datasets, harmonized methodologies and inter-agency coordination. The report also confirmed that Pakistan accessed USD 669.3 million in climate finance through the GEF, GCF and Adaptation Fund, anchoring climate policy in tangible financial flows.

Internationally, Pakistan consolidated its position through a series of key decisions and negotiations in 2025. The ratification of the Kigali Amendment to the Montreal Protocol committed the country to phasing down climate-damaging substances and accelerating the shift to greener technologies. At COP 30, Pakistan played an active role in operationalizing the Loss and Damage Fund, advancing the Global Goal on Adaptation (GGA), and securing commitments to triple adaptation finance by 2035. These outcomes collectively strengthen the global architecture that vulnerable countries like Pakistan depend upon for fairer climate finance, adaptation support and disaster recovery.

Regionally, Pakistan advanced cooperation through the Green Compact with the United Kingdom, participation in SCO environmental and climate initiatives, and involvement in platforms such as the Global Shield, which seeks to enhance climate-disaster risk finance and insurance. These engagements not only increase Pakistan's visibility but also embed climate resilience into broader diplomatic, economic and environmental partnerships.

Institutionally, climate governance has been significantly strengthened through the

operationalization of the Pakistan Climate Change Authority (PCCA). With Service Regulations formulated in 2025 and the Pakistan Climate Change Fund Rules drafted, PCCA now has a clearer mandate for coordinating climate actions, developing climate projects, and mobilizing finance. Multiple meetings of the Authority and its working groups have created a structured coordination mechanism between federal and provincial stakeholders, enabling climate policy to transition from commitments to implementation.

2. Unlocking Climate and Nature Finance

The 2025 reform cycle marked a decisive pivot towards climate and nature finance as a core pillar of Pakistan's resilience strategy. Beyond the USD 669.3 million already accessed, the Ministry pursued a broad financing pipeline:

- GCF and GEF approvals and pipelines – including a USD 250 million G2F approval with USD 27 million allocation for Pakistan and efforts to mobilize up to USD 600 million from GCF going forward.
- Preparations for GEF-9 projects (2026–2030), targeting USD 20–30 million for flood resilience and other thematic areas, and USD 2.8 million under the GBFF for biodiversity projects.
- Re-engagement on the Pakistan Snow Leopard and Ecosystem Protection Project (PSLEP) and a dedicated pipeline of adaptation and mitigation projects through PCCA for multiple donors.

A major structural reform is the issuance of Pakistan Policy Guidelines for Trading in Carbon Markets. These guidelines provide the framework for mobilizing carbon finance, ensuring environmental integrity, social safeguards, equitable benefit sharing, and alignment with the Paris Agreement. Initial results are already visible: 4 LOIs and 1 HCA have been issued, and approximately 1 million carbon credits have been generated, with a pipeline targeting around 1 million credits annually and an estimated 2,000 green jobs.

Complementing this is the launch of the Pakistan Green Taxonomy (PGT) – a classification system that allows banks, DFIs and investors to identify genuinely green economic activities. Notified to the financial sector through the State Bank, this taxonomy is designed to combat greenwashing, direct private capital toward climate-friendly projects and integrate climate risk into financial decision-making. Together, the taxonomy and carbon market guidelines form the backbone of Pakistan's future green economy, enabling climate-resilient growth, new markets in mitigation and adaptation, and climate-aligned investment.

Climate finance instruments like the Global Shield, the Loss and Damage Fund, and the forthcoming Pakistan Climate Change Fund under PCCA are being designed to provide predictable, rules-based financing for disaster recovery, adaptation, and low-carbon transformation. The next 12–18 months will focus on operationalizing these funds, expanding GCF-accredited entities, launching a National Climate Finance Dashboard, and establishing a National Carbon Registry for transparent tracking and trading of carbon credits.

3. Digitalization, Data, and Transparency

A strong climate and environmental governance system depends on robust data, digital processes and transparency. In 2025, MoCC&EC advanced multiple digital reforms:

- Digitization of NOC processes, including an online portal for environmental NOCs and GMOs, reduced processing time, minimized discretion, and improved predictability for businesses. This system is being further integrated with the Pakistan Single Window to streamline trade in wild fauna and flora under CITES.
- The development of a GHG Inventory Management System at GCISC created a platform for timely, consistent and transparent emissions reporting, aligning Pakistan with Paris Agreement requirements.
- Work on an NDC Tracking Mechanism and MRV framework is under way to track progress against national climate commitments, inform future NDCs and provide a more accurate

picture of sectoral implementation gaps.

In parallel, the Ministry initiated the preparation of Pakistan's National State of Environment Report (NSOER), in collaboration with UNEP and provincial stakeholders. This report consolidates environmental data across sectors, air, water, land, biodiversity and climate, to provide a baseline against which future policy and regulatory actions can be assessed. Combined with work on circular economy analytics and climate finance dashboards, these initiatives move Pakistan toward a more transparent, evidence-based environmental governance regime.

4. Green and Circular Economy Policy Reforms

Climate resilience is being deliberately linked with a structural shift toward a green and circular economy. The Ministry has drafted a National Green Circular Economy Policy, supported by an analytical alignment framework that uses tools such as Extended Producer Responsibility (EPR) and DPSIR to assess priority waste streams and align actions with national and international commitments (SDGs, NDCs, NCCP, URAAN Pakistan).

Policy work also includes:

» A revamped National Forest Policy, better aligned with provincial roles and emerging climate, land-use and biodiversity challenges.

» Refining Land Degradation Neutrality (LDN) targets, integrating them into agriculture, forestry and land-use planning to address desertification and soil degradation.

» A forthcoming National Integrated Chemical Management and Safety Framework and adoption of the Globally Harmonized System (GHS) for classification and labelling of chemicals to reduce environmental and health risks while enabling cleaner industrial growth.

These reforms provide clear, predictable rules for the private sector, encourage investments in recycling, waste management, nature-based solutions and low-carbon technologies, and build the regulatory foundations of Pakistan's green industrial transition.

5. Adaptation, Disaster Risk Reduction and Urban Resilience

Given Pakistan's exposure to floods, droughts, heatwaves and glacial risks, adaptation and disaster risk reduction sit at the heart of the climate agenda. Building on the National Adaptation Plan (NAP) 2023, the Ministry has moved from planning to "projectization".

The Monsoon 2026 Strategic Plan sets out 14 short-term interventions over 240 days, focusing on early warning systems, institutional coordination and infrastructure readiness. Locally led adaptation is being implemented through initiatives such as the SAFER Pakistan Project, integrated climate risk management efforts in Buner and Shangla, and a series of District Adaptation Plans. These projects combine hard infrastructure, early warning systems and ecosystem-based adaptation to reduce immediate disaster risk and build long-term resilience.

Urban resilience is being addressed via a National Urban Strategy, a Green Building Code, and an Urban Resilience Framework supported by baseline work on waste management (WaCT) and urban heat island assessments. Air quality and smog management are guided by the National Climate Change Policy 2021 and NCCPIC decisions (Euro-V fuels, electric vehicles, NEQS enforcement). Together, these measures seek to reduce the urban climate burden, protect public health and make cities more investable.

In parallel, Pakistan is engaging with regional resilience platforms such as the Riyadh Global Drought Resilience Partnership (RGDRP) and Middle East Green Initiative (MGI) to integrate drought risk reduction, land restoration and nature-based mitigation into its national and regional strategy. Planned reforms include a Glacier Protection and Resilience Strategy, expanded implementation of NAP 2023, and scaled-up access to climate adaptation funding (GCF, GEF9, GBFF).

6. Biodiversity, Ecosystems and Nature-Based Solutions

Recognizing that climate resilience is inseparable from ecosystem health, the Ministry and its attached bodies have advanced a strong biodiversity and nature-based agenda.

The Zoological Survey of Pakistan (ZSP) has conducted multiple national wildlife surveys – including Asian waterbirds, Punjab urial, partridges, desert ungulates, markhor and others – to generate baseline data for conservation, trophy hunting frameworks and eco-tourism. A major institutional reform is the restructuring of ZSP, aimed at modernizing its mandate, strengthening its role as the federal wildlife and biodiversity research body, and creating a national digital biodiversity information system.

Work is under way on the National Botanical Garden at Islamabad, which will provide a biodiversity, recreation and eco-tourism hub while unlocking carbon-credit potential through scientifically designed plantation on a 725-acre site. Simultaneously, Pakistan has successfully supported the inclusion of Guggal (Commiphora wightii) in CITES Appendix II, ensuring that international trade in this vulnerable species becomes traceable and sustainable.

Coastal and forest ecosystems are being strengthened through participation in the International Mangroves Centre (IMC), enhanced mangrove restoration (supported by new geospatial research), and the revision of the National Biodiversity Strategy and Action Plan (NBSAP) in line with the Kunming–Montreal Global Biodiversity Framework. The refinement of LDN targets and engagement in MGI and RGDRP further integrate land, forest and drought resilience into national climate strategy.

Within the Islamabad Capital Territory, the Islamabad Wildlife Management Board (IWMB) has been reconstituted and empowered as the federal authority responsible for wildlife and protected areas. Key achievements include strengthened enforcement in Margalla Hills National Park, community-based ecosystem restoration drives (such as "Aik Beti Aik Shajar"), and the rescue, treatment and rehabilitation of hundreds of mammals, birds and reptiles. Looking forward, IWMB is preparing a Margalla Hills National Park Management Plan, habitat restoration programs, model wildlife governance and rescue centers, and community-based eco-tourism initiatives.

7. Science, Evidence and Capacity Building

The Global Change Impact Studies Centre (GCISC) has played a central role in providing the scientific foundation for resilience policy. In 2025, GCISC advanced a wide-ranging research agenda: from drought patterns in the Thal region, climate impacts on crops in Balochistan, and urban heat islands in Multan, to climate–health linkages (stunting and wasting in children), mangrove restoration suitability in the Indus Delta, and advances in monsoon prediction using deep-learning approaches. These peer-reviewed studies are directly informing adaptation planning, agriculture policy, urban resilience, water management and ecosystem restoration.

GCISC is also developing an NDC Implementation/Tracking Framework, climate risk profiling for Sindh, Balochistan, GB and AJK, and new research on air pollution, water resources, agriculture and health. A parallel emphasis on capacity building, including an online training program with the University of Cambridge for 150 public officers and planned workshops for young researchers, is developing the human capital required to manage climate risks across sectors.

8. Pollution Control, Chemicals and Air Quality

The Pakistan Environmental Protection Agency (Pak-EPA) and the Ministry have undertaken targeted actions to reduce air and water pollution while aligning with emerging international chemicals frameworks.

In Islamabad Capital Territory, all brick kilns have been shifted to zigzag technology, significantly reducing particulate emissions and improving air quality. Enforcement against vehicular emissions and noise, along with the installation of pollution abatement technology in marble factories, is further curbing PM2.5 and PM10 levels. Efforts to ensure clean drinking water through upgraded filtration plants aim to reduce the incidence of water-borne diseases.

On the regulatory side, enforcement of single-use plastics prohibition regulations is under way, encouraging alternatives and supporting a nascent circular economy in plastic products. At the same time, controlled imports of GM canola and soybean are being managed to secure national edible oil requirements while maintaining environmental oversight.

Looking ahead, the National Integrated Chemical Management and Safety Framework and full adoption of GHS will standardize chemical classification, labelling and risk management, reduce health and ecological risks, and enhance Pakistan's ability to trade with markets that demand high environmental and safety standards.

9. Climate Change Authority and Systemic Climate Action

The Pakistan Climate Change Authority (PCCA) serves as the backbone of coordinated climate action. In 2025, it:

» Finalized Service Regulations, creating around 50 new positions and enabling full operationalization.

» Drafted Climate Change Fund Rules and initiated the process for seed funding of PKR 1 billion, paving the way for a national climate fund.

» Developed a climate project pipeline with at least 26 concept notes, two funded projects and additional proposals under preparation for global windows such as the Adaptation Fund and GCF.

» Initiated multiple climate action plans: Climate Resilient Infrastructure Plan, Technology Action Plan, Research Action Plan, and Climate Resilient WASH Finance Action Plan.

PCCA also provided technical support to MoCC&EC on the National Climate Finance Strategy, contributed to country positions on the Baku–Belem Road Map for USD 1.3 trillion in climate finance, and supplied technical inputs for COP negotiations on carbon markets, mitigation, adaptation and finance. Planned reforms for 2026 focus on operationalizing the Pakistan Climate Change Fund, expanding the climate project portfolio, strengthening national and provincial policy implementation, and deepening capacity building and outreach.

10. Overall Perspective and Forward Agenda

Taken together, the reforms of 2025 mark a qualitative shift in Pakistan's approach to climate change and resilience:

» **From fragmented projects to system-wide governance** – through PCCA, BTR, NDC tracking, climate funds, and stronger alignment with international agreements.

» **From reactive disaster response to proactive resilience** – via NAP implementation, district adaptation plans, flood and drought preparedness, and urban resilience planning.

» **From conventional development to green and circular economy pathways** – supported by Pakistan Green Taxonomy, circular economy policy, carbon market guidelines, and forest/LDN reforms.

» **From ad hoc conservation to science-based biodiversity management** – backed by ZSP, IWMB, mangrove and forest initiatives, NBSAP revision, and targeted ecosystem restoration.

» **From weak enforcement to targeted pollution and chemicals control** – with cleaner brick kilns, vehicle and industrial emission controls, plastics regulation, and forthcoming integrated chemical management frameworks.

The forward-looking agenda for the next 12–18 months is equally ambitious: operationalizing climate funds and registries; scaling access to GCF, GEF9 and GBFF; finalizing key strategies (Climate Finance, Glacier Protection, Urban Resilience, Circular Economy, Chemicals); expanding adaptation projects and district plans; and investing in scientific research and human capital.

The reform agenda under the Climate Change and Environmental Coordination framework represents a clear shift from symbolic climate engagement to institutionalized climate governance. The most significant strength lies in the formalization of reporting, finance, and

coordination mechanisms, particularly through the Biannual Transparency Report (BTR), operationalization of the Pakistan Climate Change Authority (PCCA), and alignment with Paris Agreement requirements. These steps have improved Pakistan's credibility in international climate forums and enabled measurable access to climate finance. However, the reforms remain heavily process- and compliance-driven, with outcomes still unevenly translated into on-ground resilience, especially at provincial and local levels where climate impacts are most severe.

A major positive development is the strategic pivot toward climate finance and carbon markets. The introduction of Pakistan's Carbon Market Guidelines and Green Taxonomy is forward-looking and places Pakistan among a small group of developing countries attempting to structurally link climate action with economic transformation. Yet, this framework remains institutionally fragile. The absence of a fully operational National Carbon Registry, limited domestic MRV capacity, and slow accreditation of national entities with GCF and other funds constrain scale and credibility. Without rapid institutional deepening, there is a risk that Pakistan remains a project recipient rather than a market shaper in global climate finance.

On adaptation and resilience, the reform package shows strong conceptual maturity but mixed execution capacity. The National Adaptation Plan (NAP 2023), Monsoon Strategic Plans, District Adaptation Plans, and locally led adaptation pilots indicate policy coherence and alignment with global best practice. However, adaptation financing remains fragmented, donor-dependent, and insufficiently mainstreamed into federal and provincial development planning. Climate resilience is still not systematically embedded in PSDP appraisal, infrastructure costing, or urban planning decisions across sectors such as housing, transport, water, and energy, limiting the long-term effectiveness of these reforms.

Environmental governance and biodiversity reforms demonstrate notable technical progress, particularly in wildlife surveys, forest policy revision, mangrove restoration, and compliance with conventions such as CITES, CBD, CMS, and UNCCD. Institutions like the Zoological Survey of Pakistan and IWMB are moving toward data-driven conservation and community-based models. Nevertheless, these efforts face chronic human resource shortages, limited field enforcement capacity, and weak provincial integration, which undermine sustainability. Biodiversity protection remains vulnerable to land-use pressures, infrastructure expansion, and climate-induced ecosystem stress, especially in coastal, arid, and mountainous regions.

Digitalization and transparency reforms, such as NOC portals, GHG inventory systems, and NDC tracking mechanisms, have improved procedural efficiency and ease of doing business. Yet, these gains are administrative rather than transformational unless paired with regulatory simplification, time-bound service standards, and enforcement consistency across federal and provincial agencies. Businesses continue to face uncertainty due to overlapping mandates, delayed approvals at sub-national levels, and uneven application of environmental regulations.

Finally, while Pakistan has strengthened its international climate diplomacy, particularly at COP processes and through initiatives like the Green Compact with the UK and the Global Shield, domestic political economy constraints remain under-addressed. Climate policy is still insufficiently linked with fiscal reform, energy pricing, agricultural subsidies, and urban land governance. Without aligning climate objectives with macroeconomic decision-making—especially budgeting, taxation, and SOE reform—climate resilience risks remaining an adjunct policy domain rather than a core development driver.

In summary, Pakistan's climate reforms reflect institutional awakening and global alignment, but the next phase must focus on execution depth, fiscal integration, provincial ownership, and measurable resilience outcomes. The credibility of the reform agenda will ultimately depend not on reports submitted or frameworks notified, but on whether climate risk is tangibly reduced for households, cities, farms, and businesses across the country.

Summary Under Climate Change & Resilience Reforms 2025

Reform Cluster	Core Reforms / Instruments	Strategic Objective	Key Outputs (2025)	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	SDG Alignment
Climate Governance & Transparency	Biannual Transparency Report (BTR); GHG Inventory System; NDC Tracking Mechanism; Pakistan Climate Change Authority (PCCA)	Institutionalize Paris Agreement compliance and evidence-based climate governance	BTR submitted to UNFCCC; national datasets validated; PCCA operational meetings held	Improved reporting credibility; stronger inter-agency coordination	Embedded climate accountability; predictable climate governance	Improves investor confidence in green projects; reduces policy uncertainty	Technical skills in MRV, reporting, analytics strengthened	SDG 13, SDG 16
Climate Finance Architecture	Carbon Market Guidelines; Green Taxonomy; Climate Finance Strategy (draft); GCF, GEF, AF access	Mobilize and structure climate finance at scale	~$669m accessed cumulatively; ~1m carbon credits generated; taxonomy notified via SBP	Access to concessional finance; pipeline creation	Shift toward green growth financing ecosystem	Enables private capital flows; lowers cost of green investments	Green finance, MRV, project development skills emerging	SDG 1, 7, 8, 9, 13
Adaptation & Resilience Planning	National Adaptation Plan (NAP 2023); Monsoon Strategic Plan; District Adaptation Plans; Locally Led Adaptation pilots	Reduce climate vulnerability of people, infrastructure, and ecosystems	District-level pilots launched; flood preparedness frameworks finalized	Improved preparedness in high-risk districts	Reduced disaster losses; resilient livelihoods	Protects supply chains; reduces climate shock losses	Local planning, DRM, water and ecosystem management skills	SDG 6, 11, 13
Loss & Damage & Risk Finance	Loss & Damage Fund engagement; Global Shield; Disaster Risk Finance & Insurance frameworks	Address irreversible climate impacts and disaster debt	Global positioning secured; funding requests submitted	Immediate post-disaster financial relief	Predictable recovery financing; reduced fiscal shocks	Stabilizes markets after disasters; improves insurability	Insurance, actuarial, risk-finance capacity building	SDG 1, 11, 13, 17

Environmental Regulation & Compliance	Ban on hazardous chemicals; Kigali Amendment ratification; GMO & NOC digitization; GHS & chemical safety frameworks (planned)	Align industry with global environmental and health standards	Import bans enforced; NOC portals operational	Reduced regulatory delays; cleaner production signals	Healthier ecosystems; globally compliant industry	Reduces compliance risk for exporters; green tech uptake	EHS, regulatory, inspection skills strengthened	SDG 9, 12, 13
Biodiversity & Nature-Based Solutions	Forest Policy revision; Mangrove initiatives; NBSAP revision; Wildlife surveys; IWMB reforms	Protect ecosystems while supporting livelihoods	Updated policies; surveys completed; community models scaled	Improved conservation planning	Biodiversity resilience; eco-tourism and carbon sinks	Supports green tourism, carbon credits, bio-economy	Community rangers, researchers, conservation skills	SDG 14, 15
Urban & Air Quality Resilience	NCCP implementation; Green Building Code; Urban Resilience Framework; smog & AQI actions	Reduce urban climate and health risks	Codes approved; inter-provincial coordination strengthened	Cleaner air; regulatory clarity	Climate-resilient cities; reduced health costs	Productivity gains; reduced disruption	Urban planning, GIS, environmental health skills	SDG 3, 11, 13
Digital Climate Infrastructure	Climate dashboards; NOC–Pakistan Single Window integration; digital wildlife permits	Improve efficiency, transparency, and ease of doing business	Online systems operational or under rollout	Faster approvals; reduced discretion	Data-driven climate governance	Lowers transaction costs for business	Digital governance and IT skills	SDG 8, 9, 16
Research, Science & Capacity Building	GCISC research; Cambridge training; climate-health & agriculture studies	Anchor policy in science and indigenous evidence	Peer-reviewed publications; 150+ officers trained	Better-informed policymaking	Sustained national research capacity	Risk-informed investment planning	Research, modeling, analytics skills	SDG 13, 17
International Climate Diplomacy	COP engagements; Green Compact (UK); SCO & MGI initiatives	Secure finance, technology, and geopolitical legitimacy	Global visibility enhanced; partnerships expanded	Strong negotiating position	Long-term access to finance & tech	De-risks foreign investment	Diplomatic and negotiation capacity	SDG 13, 17



Advancing Diplomatic Governance, Digital Protocol & Strategic State Capacity

In 2025, the Ministry of Foreign Affairs advanced reforms with a clear strategic intent: Pakistan's diplomatic influence is increasingly shaped by the state's capacity to deliver predictable, transparent, and fast services, both to foreign missions inside Pakistan and to Pakistani missions abroad, while simultaneously strengthening compliance regimes that protect trade credibility and sovereign reputation. The reform agenda clustered around three interconnected goals:

I. institutional readiness for high-visibility diplomacy through whole-of-government coordination,

II. digitization and standardization of consular and protocol services to reduce friction and improve transparency, and

III. strengthening strategic compliance frameworks that reduce sanctions, export-control, and proliferation-financing risks and thereby improve Pakistan's international trust environment.

A major governance reform disguised as diplomacy was MoFA's early preparation architecture for Pakistan's upcoming chairmanship of the Shanghai Cooperation Organization (SCO) Council of Heads of State (Autumn 2026–27). Rather than treating chairmanship as a ceremonial exercise, MoFA established two operational coordination mechanisms during 2025: an inter-ministerial SCO Follow-up Committee under the Deputy Prime Minister/Foreign Minister to secure whole-of-government alignment, and an internal MoFA Preparatory Committee supported by sub-committees on financing, human resources, transport, logistics, and security. This approach reduces last-minute fragmentation, strengthens shared ownership across stakeholders, and improves Pakistan's credibility as a host and agenda manager.

The constraint, however, remains execution capacity, MoFA itself notes human resource and financing limitations, meaning that the effectiveness of this governance architecture will ultimately depend on ring-fenced budgets and surge staffing as summit-level delivery approaches.

The strongest institution-wide modernization of MoFA during 2025 came through digitization and workflow transformation enabled by e-Office. Implementation across Headquarters, liaison offices, and a large network of Pakistan missions abroad improved speed, traceability, internal accountability, and institutional memory, especially for mission-facing instructions where delays can create reputational cost. The reform's remaining ceiling is interoperability: when external nodes in government still rely on manual processes, digitization within MoFA produces partial gains while the broader system continues to impose duplication. In practical terms, the next wave of productivity depends on shared standards and integration with other core state platforms.

Alongside diplomatic coordination and internal digitization, MoFA strengthened Pakistan's trade credibility and regulatory predictability through reforms in export controls, licensing modernization, and sanctions compliance integration. Progress on revising National Control Lists, initiating integration of licensing workflows with the Pakistan Single Window, and embedding sanctions compliance checks in customs processes reflect a shift toward risk-based governance. These reforms function as "reputational insurance": they help Pakistan demonstrate modern control systems aligned with international expectations while reducing uncertainty for legitimate exporters. The decisive determinant of success is implementation design, if compliance measures become blanket friction rather than automated risk-based triage, they can slow trade and burden exporters; if implemented with clear guidance, service timelines, and fast-tracking for low-risk actors, they can improve both credibility and growth outcomes.

MoFA also advanced coordination on counter-proliferation financing (CPF) and targeted financial sanctions (TFS), an area where credibility is often invisible until scrutiny increases. The expansion of coordination frameworks, stakeholder tracking mechanisms, and updated guidelines aligned with UN Security Council obligations strengthen national readiness and reduce systemic exposure to sanctions evasion and proliferation risks. The technical direction is strong, but durability depends on practical uptake: compliance regimes only become effective when the private sector and high-exposure intermediaries have usable guidance, predictable enforcement expectations, and clear reporting pathways.

In parallel, economic and Africa diplomacy reforms signaled a shift from presence-based engagement to mechanism-based engagement. Missions and relevant divisions increased structured outreach through political consultations, MoUs, chamber engagements, exhibitions, and tourism promotion support. This direction is important because it reframes missions as economic connectors rather than protocol-only posts. The principal weakness is measurement: activity volume must mature into a results architecture that tracks trade leads converted, investment pipelines advanced, tourism gains generated, and follow-through ownership assigned, otherwise diplomacy risks becoming visible activity without measurable national dividends.

MoFA's multilateral performance remained a prominent pillar of its reform narrative. Pakistan's engagements in international forums, leadership moments, and elections to multilateral bodies strengthened diplomatic visibility and acceptance. The strategic test, however, is translation, multilateral prestige must convert into tangible national gains such as trade access, investment partnerships, technology cooperation, security coordination, and policy influence. Without this conversion, reputation risks becoming symbolic rather than instrumental.

Within this broader reform trajectory, the Protocol Division delivered a significant set of practical, citizen-and-mission-facing reforms that improve Pakistan's "day-to-day diplomatic interface", the operational trust environment foreign missions experience inside Pakistan. These reforms centered on digitization, standardization, security enhancement, and fiscal discipline. The improvement of Prosys-III aimed to make processes more user-friendly, enable direct digital storage, and reduce processing time, raising service reliability for diplomatic communities. A package of reforms modernized exemption certificate governance through QR-coded certificates, digital stamping, and digitized proformas to reduce duplication, strengthen scrutiny, and improve transparency. Complementing these measures, a Vehicle Management System digitized diplomatic vehicle records and processing, while a policy limit on the value of vehicles imported by diplomats introduced a more regulated regime and contributed to protecting the national exchequer. In alignment with international norms, removal of tax refunds for non-diplomats (e.g., IMEI/phone registration tax) strengthened policy consistency and reduced leakages.

Consular and visa-related modernization was advanced through reforms that shift sensitive, high-volume processes from manual discretion to standardized digital service delivery. The transition of visa notes issuance from manual processing to an online Visa Notes Management System, with institutional access across key federal and provincial stakeholders, was designed to improve visibility, verification, and transparency. The addition of QR-based verification

enables swift authentication and reduces fraud risk. To ensure consistent decision-making across the global network, MoFA developed and circulated standardized SOPs for visa issuance among missions abroad, reducing variance and improving predictability. Recognizing that digitization requires dependable user support, the establishment of a Technical Support Center strengthened operational continuity by addressing system queries and resolving technical issues for missions using the Pakistan Online Visa System.

Further protocol modernization focused on digitizing and standardizing services provided to diplomatic missions in Pakistan in line with the Vienna Convention on Diplomatic Relations (1961). Reforms digitized key services such as accreditation cards, movement NOCs, security coordination for diplomatic movements, issuance of airport entry passes, and provision of state lounge facilities. These reforms improved transparency, reduced processing delays, and enhanced inter-agency coordination, areas that often shape diplomatic satisfaction more than political statements. Complementary policies addressed handling of diplomatic bags and couriers at airports, as well as the issuance of airport entry passes on the principle of reciprocity, strengthening compliance, consistency, and service integrity. Positive feedback reported from missions and stakeholders indicates that these reforms are already improving institutional trust and operational predictability.

Overall, MoFA's 2025 reform story is strongest where it built durable institutional machinery, coordination committees for SCO readiness, digitized workflows through e-Office, compliance tracking systems, and digitized protocol/consular service delivery, and weaker where impact measurement frameworks remain underdeveloped. The next step is to convert reform momentum into a 2026 delivery agenda: establish a dedicated SCO delivery unit with surge staffing and ring-fenced financing; expand interoperability between MoFA digitization and trade platforms such as the Pakistan Single Window; embed service standards and timelines into licensing and visa workflows to keep compliance business-friendly; and build structured outreach toolkits so CPF/TFS and sanctions regimes become operational culture rather than only regulatory text. If implemented, these reforms can credibly be framed as a shift from event-driven diplomacy to capability-driven foreign policy, improving Pakistan's standing while strengthening the efficiency, transparency, and reliability of the state's external interface.

Engaging with the World - Foreign Affairs & Protocol Reforms

Reform / Initiative	Category	Core Output / Deliverable	Institutional Impact	Economic Impact	Business & Governance Impact	Human Capital Impact	SDG Alignment
SCO Chairmanship Readiness Framework (2026–27)	Institutional & Inter-Governmental Governance	Inter-ministerial SCO Follow-up Committee and internal MoFA Preparatory Committees with functional sub-committees	Whole-of-government coordination, reduced fragmentation, clearer ownership	Avoidance of reputational and financial risks during high-visibility diplomacy	Improved international credibility and diplomatic reliability	Strategic planning, coordination, and protocol management skills	SDG 16, SDG 17
e-Office Rollout Across MoFA & Missions Abroad	Digital Governance	End-to-end digital file movement across HQ, liaison offices, and missions	Faster decision-making, traceability, and institutional memory	Lower administrative costs, higher operational efficiency	Predictable and timely diplomatic communication	Digital workflow and records-management capacity	SDG 16, SDG 9
Protocol Services Digitization (Prosys-III, Certificates, Vehicle Records)	Digital Service Delivery	Digitized protocol workflows, exemption certificates, QR verification, vehicle management system	Standardized, transparent protocol administration	Protection of national exchequer; reduced leakages	Faster, reliable services for diplomatic missions	IT, data handling, and service-delivery skills	SDG 16, SDG 9

Diplomatic Import & Tax Rationalization	Governance & Fiscal Discipline	Limits on diplomatic vehicle value; removal of tax refunds for non-diplomats	Stronger regulatory discipline and policy alignment	Improved revenue protection	Alignment with international diplomatic norms	Regulatory compliance expertise	SDG 16
Online Visa Notes & Standardized Visa SOPs	Digital Consular Reform	Visa Notes Management System with QR verification and unified SOPs	Reduced discretion; enhanced transparency	Faster processing for official travel	Improved predictability for government-to-government mobility	Consular operations and compliance skills	SDG 16
Technical Support Center for Online Visa Systems	Institutional Support	Dedicated support unit for POVS users at missions	Reduced downtime and operational risk	Continuity of visa operations	Reliable service delivery to foreign partners	IT support and systems trouble-shooting skills	SDG 9
Digitized Diplomatic Facilitation Services	Protocol & Security Governance	Digital accreditation, movement NOCs, airport passes, lounge access	Improved inter-agency coordination and compliance	Reduced delays and transaction friction	Positive diplomatic experience for missions	Security coordination and protocol expertise	SDG 16
Airport Protocol & Reciprocity Policies	Regulatory Governance	Standardized handling of diplomatic baggage and airport access	Uniform application of Vienna Convention principles	Reduced operational disputes	Transparency and fairness in protocol services	Regulatory and operational training	SDG 16
Export Controls & Licensing Modernization	Trade Governance & Compliance	Updated National Control Lists; SECDIV–PSW integration planning	Clearer institutional control architecture	Reduced trade risk and reputational exposure	Predictable, rules-based trade environment	Trade compliance and regulatory expertise	SDG 8, SDG 16
Sanctions & CPF Coordination Framework	Financial & Security Governance	Expanded CRMC coordination, tracking sheets, revised PF/TFS guidelines	Improved national compliance readiness	Reduced exposure to sanctions-related shocks	Enhanced confidence of global partners	Compliance, investigative, and supervisory skills	SDG 16
Economic & Africa Diplomacy Mechanisms	Economic Diplomacy	Structured political consultations, MoUs, trade exhibitions, tourism promotion	Missions repositioned as economic connectors	Trade, tourism, and investment facilitation	Improved state-business interface abroad	Economic diplomacy and commercial negotiation skills	SDG 8, SDG 17
Multilateral Leadership & Elections	Global Governance	UNSC presidency outputs, resolutions, elections to global bodies	Enhanced diplomatic standing and agenda-setting	Indirect support to trade and cooperation	Greater policy influence internationally	Multilateral negotiation and leadership capacity	SDG 16, SDG 17

One-Line Strategic Read

MoFA's 2025 reforms signal a shift from event-driven diplomacy to system-driven statecraft, strengthening Pakistan's external interface through digitization, coordination, and compliance-based credibility.



Economic Affairs Reforms

The Economic Affairs Division (EAD), operating under the Rules of Business 1973, remained the Government of Pakistan's central node for external economic assistance, technical cooperation, debt servicing coordination, and development-partner alignment during 2025. Its mandate spans assessing national financing requirements, programming and negotiating bilateral and multilateral support, managing external debt servicing and reconciliation, and strengthening systems for accountability in foreign-funded development, while also overseeing relending policy and the NGO foreign funding regime.

In a year defined by fiscal pressure, climate-linked reconstruction needs, and shifting donor architectures, EAD's reforms focused on securing large-scale financing, improving debt data integrity, tightening governance and compliance, and converting partner engagement into measurable development pipelines.

During January–November 2025, EAD mobilized US$ 9,070.15 million in external commitments (loans US$ 9,002.41 million, grants US$ 67.74 million) and enabled US$ 8,999.58 million in disbursements for nationwide development projects, supporting infrastructure, social protection, public services, flood recovery, and climate resilience. In parallel, Pakistan serviced US$ 11,627.91 million in external debt (principal US$ 8,656.45 million, interest US$ 2,971.46 million) during January–November, maintaining sovereign credibility and preventing rollover risk from turning into default risk. This combination, high development disbursement alongside heavy debt servicing, underscored EAD's dual challenge: keeping the development engine funded while managing external obligations under constrained fiscal space.

A core governance reform was EAD's move to integrate domestic debt data into DMFAS through a Service Level Agreement involving PSX, DMO, CDNS, and SBP, enabling unified debt visibility and stronger reconciliation. This reform is strategically significant: fragmented debt data weakens forecasting, complicates parliamentary reporting, and undermines credibility with lenders and markets. By moving toward integrated, real-time debt reporting, EAD strengthened the state's institutional capacity to manage fiscal risk, improve transparency, and support evidence-based debt sustainability decisions, an upstream reform that affects the entire macroeconomic system.

On development financing, EAD demonstrated assertive partner management and pipeline conversion. With the World Bank, it signed 15 new financing agreements totaling US$ 2.89 billion and supported major disbursements (US$ 1,928.7 million Jan–Nov), spanning flood reconstruction, education, water and sanitation, microfinance, energy, air quality, agriculture, tourism, and other growth-enabling sectors. Equally important was the launch of the World Bank

Country Partnership Framework (CPF 2026–2035) with a stated US$ 40 billion commitment over a decade, positioning Pakistan for longer-horizon, reform-linked financing that includes both sovereign and private sector pathways.

With the Asian Development Bank (ADB), EAD negotiated 13 loans totaling US$ 2.75 billion, signed 11 loan agreements worth US$ 2.4 billion, and advanced policy-based guarantees, linking financing to structural reforms and strengthening foreign exchange buffers. EAD also expanded diversification through AIIB approvals (three projects, with major loans signed and another in signing pipeline) and scaled Islamic finance channels with IsDB/ITFC, including landmark financing for the M-6 Motorway and energy import facilities that reduce immediate balance-of-payments strain.

Beyond financing volume, EAD's reform story is also about institutional coordination and systems discipline. Under the UNSDCF framework, it coordinated portfolio reviews across UN agencies and operationalized capacity building by nominating 520 government officers for training, building human capital inside the state, not just financing outside it. It also managed donor-architecture disruption: the USAID transition was handled through continuity measures and project restoration, reducing the risk of sudden program collapse in scholarships, health, and food assistance.

At the bilateral level, EAD revitalized economic diplomacy through Joint Economic Commissions and structured dialogues, including first ministerial-level talks with the UK since 2017, first annual consultative meeting with AfD, and high-level engagements with key partners, signals that Pakistan sought not only financing but also strategic repositioning with development partners.

One of the most governance-sensitive reforms in 2025 was EAD's tightening of NGO foreign funding regulation, where it introduced a digital dashboard and processed 1,549 cases, clearing backlog and reducing opacity risk in a domain closely watched through FATF and reputational lenses. This is a high-impact reform for Pakistan's international standing: credible foreign contribution oversight supports compliance credibility, protects development cooperation integrity, and reduces the space for illicit flows disguised as development financing. Parallel administrative reforms, rightsizing measures (abolishing vacant posts, declaring dying cadre posts, terminating CPS) and 100% e-Office implementation, reinforced the modernization narrative and improved internal efficiency, auditability, and institutional memory.

Collectively, EAD's 2025 reforms strengthened Pakistan in four strategic ways. First, they expanded the country's development financing pipeline while sustaining high disbursement momentum, a necessary condition for service delivery and infrastructure continuity. Second, they improved fiscal governance capacity by advancing debt data integration and disciplined servicing, crucial for market confidence. Third, they deepened coordination with development partners through structured frameworks (World Bank CPF, ADB CPS, UNSDCF alignment), converting diplomacy into predictable programming. Fourth, they strengthened integrity systems, through NGO regulation, digitization, and e-governance, which improves both domestic accountability and international credibility. The key challenge ahead, implicit in the 2025 performance, is ensuring that mobilized financing translates into high-quality execution, measurable outcomes, and reduced debt vulnerability, so that development assistance becomes a lever for transformation rather than a mechanism for rolling crises forward.

EAD's 2025 reform narrative is strong on inputs, money mobilized, agreements signed, committees convened, and systems digitized, but thinner on proof of outcomes. Mobilizing roughly US$9.07bn and disbursing nearly US$9.0bn signals donor confidence and administrative throughput, yet it also masks a structural tension: Pakistan serviced US$11.63bn in external debt in the same period, meaning the development push is running alongside a heavy repayment treadmill. Without clearer evidence that these inflows are improving export capacity, productivity, and domestic revenue (the fundamentals that actually reduce debt vulnerability), the reforms risk looking like efficient financial intermediation rather than transformation. Similarly, the World Bank CPF headline figure (US$40bn over a decade) is politically attractive but only becomes a reform success if the pipeline converts into implementable projects with credible governance, procurement integrity, and performance management, areas where Pakistan's development record has historically been mixed.

On governance, the shift to DMFAS domestic debt integration and 100% e-Office implementation are meaningful institutional upgrades, but they are still enablers, not reforms that citizens or markets feel immediately. The NGO foreign funding dashboard and backlog clearance are important for FATF/GSP+ optics, yet they also raise a critical question: is compliance being strengthened in a way that supports legitimate civil society work while deterring illicit flows, or does it become a gatekeeping bureaucracy that slows development delivery and creates discretionary power? The same critique applies to the expansion of commissions, dialogues, and partner engagement: activity density is not impact. To credibly claim "fiscal sustainability" and "inclusive growth," EAD's story needs sharper attribution, what reforms reduced project delays, improved absorption, increased transparency scores, or lowered the cost of financing? Without outcome KPIs (cost savings, processing time reductions, audit findings resolved, disbursement-to-results ratios, and project completion rates), the chapter reads as a high-performing coordination office, impressive, but not yet decisively reformist in the way Pakistan's macro risks require.

Reforms Summary Under the Economic Affairs Division (2025)

Reform Cluster	Core Actions (2025)	Immediate Outputs	Economic Impac	Governance Impact	Human Capital Impact	SDG Alignment
External Financing Mobilization	US$9.07bn commitments; US$8.99bn disbursements	Sustained funding for development & stabilization	Liquidity support; project continuity; limited net relief due to high debt service	Donor confidence; fiscal credibility	Indirect jobs via projects	SDG 8, SDG 17
World Bank CPF (2026–35)	Launch of US$40bn decade-long framework	Predictable long-term financing pipeline	Potentially transformational growth if implemented	Strategic reform anchoring	Education, skills, climate resilience	SDG 1, SDG 4, SDG 7, SDG 8, SDG 13, SDG 17
ADB, IsDB, AIIB Portfolio Expansion	ADB, IsDB & AIIB financing secured	Infrastructure & sectoral projects	Energy security; logistics & connectivity gains	Multi-partner coordination	Construction & sectoral jobs	SDG 7, SDG 9, SDG 11, SDG 17
Debt Management & DMFAS Integration	Domestic debt integration SLA; UNCTAD support	Unified debt visibility architecture	Better fiscal risk management	Transparency; parliamentary oversight	Specialized analytical skills	SDG 16, SDG 17
Debt Servicing Discipline	US$11.63bn serviced on time	Default avoidance	Creditworthiness preserved	Fiscal discipline signal	—	SDG 16, SDG 17
NGO Foreign Funding Regulation	Digital dashboard; 1,549 cases cleared; Act drafted	FATF & GSP+ compliance restored	Protection of EU market access	Regulatory transparency	Compliance & regulatory skills	SDG 16, SDG 17
Revival of Stalled Projects	3 long-delayed projects restarted	Projects reactivated	Localized growth in lagging regions	Execution credibility restored	Local employment & services	SDG 4, SDG 9, SDG 10
IFC Private Sector Mobilization	US$2.3bn IFC commitments (3× growth)	MSME & infrastructure financing	Strong private-sector-led growth	Investor confidence	Direct & indirect private jobs	SDG 8, SDG 9, SDG 10
UN & Multilateral Coordination (UNSDCF)	15 reviews; 520 officers trained	Improved donor alignment	Efficiency gains	Institutional coordination	Significant capacity building	SDG 4, SDG 5, SDG 13, SDG 16, SDG 17

Bilateral Economic Diplomacy (JECs)	13 Joint Commissions; 36-sector MoUs	Cooperation frameworks	Market diversification (potential)	Diplomatic bandwidth	Training & exchanges	SDG 8, SDG 9, SDG 17
USAID Transition Management	Projects restored under State Dept	Continuity of health & education	Avoided disruption losses	Crisis management credibility	Scholarships & health workforce	SDG 3, SDG 4, SDG 17
Rightsizing & E-Office	Vacant posts abolished; 100% e-Office	Leaner administration	Marginal fiscal savings	Faster, auditable processes	Digital skills	SDG 16

Strategic Takeaway

EAD's strongest SDG leverage lies in SDG-17 (Partnerships), SDG-8 (Growth), and SDG-16 (Institutions).

However, SDG-9 (Productivity & Industry) and SDG-1 (Poverty reduction) depend on execution quality beyond financing mobilization.



Public Grievance Redressal and Administrative Justice Reforms

In 2025, the Wafaqi Mohtasib (Federal Ombudsman)'s Secretariat (WMS) consolidated its position as Pakistan's principal institution for citizen-centric administrative justice, delivering both scale and quality in grievance redressal. Operating under the constitutional spirit of Article 37(d), which guarantees inexpensive and expeditious justice, the WMS focused on enhancing accessibility, efficiency, systemic correction, and public trust through targeted digital, institutional, and outreach reforms.

A defining feature of the year was the institution's ability to handle an exceptionally high grievance load while maintaining performance discipline. During 2025 alone, WMS received 256,688 complaints and disposed of 260,330 cases, reflecting a disposal rate of 94% for the year. Cumulatively, since its establishment in 1983, the institution has handled over 2.56 million complaints, with an overall disposal rate of 99.4%. Equally significant is the quality of adjudication: review petitions and representations remained below 1%, and compliance with WMS decisions reached 96.8%, underscoring the credibility, acceptance, and enforceability of its findings.

Digital Transformation and Outreach-Driven Justice

Digital reform remained central to WMS's operational strategy in 2025. The launch of a dedicated mobile application substantially lowered barriers to access, particularly for citizens in remote areas and overseas Pakistanis. The app alone accounted for 29,506 complaints during the year, contributing to the fact that 49% of all complaints were filed through online portals and mobile platforms. Complementing this, the Complaints Management Information System (CMIS) was further strengthened to integrate coordination mechanisms and improve case tracking, transparency, and analytics.

Parallel to digital access, the WMS expanded its public awareness and outreach strategy to deepen citizen understanding of maladministration and available remedies. Through a multi-channel communication effort, comprising 123 million SMS alerts, 1,529 social media video clips, 411 awareness standees, press briefings, newsletters, and webinars, the institution significantly broadened its public interface. Traditional outreach mechanisms such as Khuli Katcheries (open courts) and Outreach Complaint Resolution (OCR) initiatives continued to play a vital role in reaching underserved populations, ensuring that administrative justice was not confined to digital-only access.

From Individual Complaints to Systemic Reform

Beyond individual case resolution, 2025 marked a deliberate shift toward systemic problem-solving. The WMS conducted in-depth sectoral analyses of complaints relating to utilities, government employment, pensions, and key service-delivery agencies. These analyses translated grievance data into actionable policy insights, enabling line ministries and departments to address structural weaknesses rather than merely treating symptoms. Over 86 research and analytical reports, covering issues from pension administration to the rights of marginalized communities, reinforced the Ombudsman's role as a catalyst for governance reform.

A notable innovation was the establishment of a Grievance Redressal Coordination Mechanism with Chambers of Commerce and Industry, integrated within the CMIS. This mechanism institutionalized engagement with the business community, allowing commercial grievances to be resolved more swiftly and predictably. By appointing focal persons and aligning complaint workflows, the WMS directly contributed to improving regulatory responsiveness and ease of doing business, positioning administrative justice as an enabler of economic activity rather than a procedural bottleneck.

Overseas Pakistanis, Global Standing, and SDG Alignments

Special attention continued to be paid to Overseas Pakistanis, with 137,152 complaints received to date, of which 135,503 have already been resolved, a resolution rate that reinforces state responsiveness beyond national borders. Internationally, the Wafaqi Mohtasib strengthened its standing by actively participating in global ombudsman forums and aligning its operational philosophy with UN Sustainable Development Goal 16 (Peace, Justice and Strong Institutions). The institution's leadership roles in international ombudsman networks facilitated the adoption of global best practices and reinforced Pakistan's image as a country committed to administrative justice and rule of law.

Institutional Maturity and Governance Impact

Overall, the 2025 reform cycle demonstrates that the Wafaqi Mohtasib has evolved from a reactive grievance-handling body into a mature governance institution that combines adjudication, digital innovation, research, and policy feedback loops. High disposal and compliance rates, minimal reversals, expanding digital reach, and structured engagement with citizens and businesses collectively position the WMS as a bellwether for accountability in Pakistan's federal governance system.

As administrative complexity grows and citizen expectations rise, the Wafaqi Mohtasib's emphasis on technology-enabled access, systemic diagnosis, and institutional credibility ensures that public grievance redressal remains a cornerstone of equitable governance, trust in the state, and the rule of law.

The reforms undertaken by the Wafaqi Mohtasib (Federal Ombudsman) in 2025 reflect a highly mature and institutionally credible grievance redressal system, particularly when assessed against regional and global standards of administrative justice. The consistently high disposal rate (94% in 2025; 99.4% cumulatively), coupled with an exceptionally low review and reversal rate (below 1%), indicates not only efficiency but quality of adjudication and institutional legitimacy. The successful absorption of over a quarter-million complaints annually without systemic backlog demonstrates strong internal case management, procedural discipline, and judicial coherence. Importantly, the Ombudsman's ability to convert grievance data into sectoral diagnostics and policy feedback marks a shift from transactional redressal to preventive governance, a characteristic typically found in advanced ombudsman systems. The integration of Chambers of Commerce into the grievance ecosystem further strengthens regulatory responsiveness and positively impacts the business environment by reducing uncertainty and administrative friction.

However, despite these strengths, the Wafaqi Mohtasib's effectiveness remains structurally constrained by its recommendatory nature. While compliance rates are high, enforcement

still depends on the cooperation of federal agencies, limiting the institution's ability to compel systemic change in chronically underperforming departments. Moreover, the rapid expansion of digital channels, while improving access, risks deepening exclusion for digitally marginalized populations unless accompanied by sustained investment in physical outreach, assisted filing, and language accessibility. Another emerging challenge lies in inter-agency follow-through: sectoral reports and systemic recommendations, though robust, lack a formalized mechanism for mandatory adoption, time-bound implementation, or parliamentary oversight. Without stronger institutional linkages to executive performance management and legislative review, the Ombudsman's reform insights risk being underutilized.

From a governance perspective, the Wafaqi Mohtasib stands out as one of Pakistan's strongest-performing accountability institutions, particularly in advancing SDG 16 (Peace, Justice and Strong Institutions). Yet its long-term impact will depend on whether grievance redressal can be more tightly integrated into civil service reform, regulatory performance metrics, and digital public infrastructure. Formalizing feedback loops with ministries, embedding maladministration indicators into departmental KPIs, and strengthening coordination with provincial ombudsmen would elevate the institution from an effective corrective mechanism to a systemic driver of administrative reform. In this sense, the Wafaqi Mohtasib has largely solved the problem of access and efficiency; the next reform frontier lies in institutionalizing its findings within the broader governance architecture of the state.

Summary Under the Wafaqi Mohtasib (Federal Ombudsman) Public Grievance Reforms (2025)

Dimension	Reform / Instrument	Quantified Evidence (2025)	Economic Impact	Human Capital Impact	Governance & Institutional Impact	Risks / Gaps	Forward Reform Leverage	SDG Alignment
Case Disposal & Efficiency	High-volume grievance adjudication	256,688 complaints received; 260,330 disposed; ~94% annual disposal rate; <1% reviews	Reduces transaction costs for citizens & firms; prevents service delays translating into economic loss	Improves citizen confidence in administrative justice	Reinforces credibility of non-judicial redressal	Backlog risk if inflow rises without staffing expansion	Predictive caseload analytics & AI-assisted triage	SDG 16
Compliance & Enforcement	Voluntary compliance by federal agencies	96.8% compliance rate	Improves regulatory certainty without litigation	Encourages rule-following culture in civil service	Strengthens soft enforcement model	No statutory penalties for non-compliance	Link compliance scores to ministry performance KPIs	SDG 16
Digital Access to Justice	Mobile App + CMIS	~49% complaints digital; 29,506 via app	Lowers access costs; speeds grievance resolution	Enhances digital literacy & inclusion	Expands reach beyond physical offices	Digital divide in rural/ elderly populations	Assisted digital filing & provincial kiosks	SDG 16, SDG 10
Overseas Pakistanis Redressal	Dedicated overseas complaint handling	137,152 received; 135,503 resolved	Protects remittance earners from administrative abuse	Builds diaspora trust in state institutions	Extends governance beyond borders	Jurisdictional coordination limits	MoUs with missions & host regulators	SDG 10, SDG 16
Systemic Governance Reform	Sectoral complaint analysis & research	Sectoral diagnostics; 86+ research reports	Reduces future fiscal leakage & inefficiency	Builds analytical capacity within government	Moves institution from reactive to preventive	Recommendations not binding	Cabinet-mandated action tracking dashboards	SDG 16, SDG 17

Business Grievance Facilitation	Chambers of Commerce coordination mechanism	CMIS-linked focal points with Chambers	Reduces regulatory friction; improves investor confidence	Improves regulator–business dialogue	Positions Ombudsman as EoDB facilitator	Limited coverage beyond major chambers	Sector-specific grievance cells (tax, utilities)	SDG 8, SDG 16
Public Awareness & Transparency	Digital outreach & mass communication	123M SMS; 1,529 social media clips; webinars	Reduces information asymmetry	Improves citizen legal awareness	Strengthens transparency & legitimacy	Outreach impact not outcome-measured	Behavioral metrics & feedback loops	SDG 16
Institutional Independence	Constitutional & legal mandate	Article 37(d); non-adversarial model	Avoids judicial congestion costs	Enhances trust in alternative justice	Sustains institutional neutrality	Budgetary & staffing constraints	Multi-year budget framework	SDG 16
Structural Limitation (Critical)	Recommendatory nature of decisions	No binding enforcement powers	Limits macro-level economic impact	Frustration among repeat complainants	Bottleneck in systemic reform uptake	Ministry inaction on repeat issues	Parliamentary oversight & "comply or explain" rule	—
Digital Governance Maturity	CMIS integration & analytics	Centralized grievance data	Enables evidence-based reform	Builds data skills in public sector	Institutional learning engine	Data not fully integrated with ministries	Interoperability with e-Office & PMDU	SDG 9, SDG 16
Future Reform Trajectory	From redressal to reform catalyst	Strong operational base	High potential macro-governance dividends	Professionalization of complaint intelligence	Whole-of-government accountability	Political buy-in required	Statutory reform feedback loop	SDG 16, SDG 17

Bottom Line

The Wafaqi Mohtasib has operationally matured faster than most accountability institutions in Pakistan. Its next reform leap is not technological or procedural, but institutional, embedding its grievance intelligence into cabinet decision-making, parliamentary oversight, and civil service performance systems. If this linkage is achieved, the institution can shift from being an efficient resolver of grievances to a core engine of preventive governance reform.



Privatization Reforms - Strengthening Transparency, Credibility, and Institutional Readiness

During 2025, the Ministry of Privatisation focused on institutional strengthening and credibility restoration, recognizing that successful privatization is not merely a transaction exercise but a governance-intensive process requiring robust internal controls, professional capacity, and public trust. Rather than pursuing rapid asset divestment without institutional readiness, reforms were deliberately sequenced to first stabilize internal systems, digitize workflows, professionalize human resources, and enhance transparency, thereby laying the groundwork for future privatization transactions that are defensible, competitive, and internationally credible.

This reform orientation reflects lessons learned from earlier privatization cycles in Pakistan, where procedural weaknesses, documentation gaps, and trust deficits undermined outcomes. The 2025 reform agenda therefore prioritized process legitimacy as a prerequisite for market confidence.

Financial Governance and Internal Controls

A central pillar of reform was the strengthening of internal financial controls, aimed at improving accountability, audit readiness, and fiduciary discipline within the Ministry. Standard Operating Procedures (SOPs) were formalized, segregation of duties reinforced, and reconciliation mechanisms instituted to reduce financial errors and compliance risks. These measures, though internally focused, carry high strategic value as they directly influence the credibility of privatization transactions in the eyes of auditors, investors, and development partners.

The gradual adoption of digital payment mechanisms, including RAAST, further supports transparency and traceability in financial operations. Collectively, these reforms signal a decisive shift from ad-hoc financial handling toward a rules-based, auditable governance framework, aligned with international public financial management standards.

Digital Governance and Institutional Memory

Recognizing that privatization processes are long-horizon and documentation-intensive, the Ministry undertook a major initiative to digitize institutional records and preserve historical data. A dedicated Record Room was established, and legacy documents related to past transactions, valuations, approvals, and legal proceedings were systematically digitized and catalogued.

This reform addresses a chronic institutional weakness: loss of continuity due to staff turnover and fragmented record-keeping. By creating a centralized knowledge and document portal, the Ministry has strengthened its ability to conduct due diligence, defend past decisions, and design future transactions based on institutional memory rather than individual recollection.

Over time, this reform will support better planning, faster retrieval, and more defensible decision-making.

Human Resource Restructuring and Capacity Building

Privatization is a technically demanding domain requiring expertise in finance, law, valuation, transaction structuring, and stakeholder management. In 2025, the Ministry initiated a structured review of its human resource framework and engaged specialized consultants to bridge immediate capacity gaps. This marked a shift from generalist staffing toward a more professionalized, skills-aligned model.

While most job creation under this reform has been contractual, its impact is strategically significant. Improved in-house capacity enhances transaction quality, reduces reliance on external advisors for core decision-making, and improves investor confidence in the Ministry's ability to manage complex processes. Over the longer term, this reform lays the foundation for a sustainable privatization apparatus capable of executing transactions transparently and competitively.

Digital Workflow and Process Transparency

The full implementation of the E-Office system at Level-IV represented a major governance milestone. By transitioning to paperless operations and digital file handling, the Ministry significantly improved processing speed, inter-departmental coordination, and traceability of decisions. Digital workflows have reduced discretionary delays, strengthened accountability, and aligned the Ministry with the Prime Minister's broader digital governance agenda.

Beyond internal efficiency, this reform has symbolic value: it positions the Ministry of Privatisation as a process-driven institution, rather than a discretionary one, an essential perception shift for domestic and international stakeholders.

Public Transparency and Stakeholder Confidence

Perhaps the most visible reform of 2025 was the decision to ensure live public coverage of key privatization milestones, including the bidding process for Pakistan International Airlines (PIA). By broadcasting proceedings live on national electronic media and the Ministry's official digital platforms, the government demonstrated an unprecedented level of openness in a sector historically associated with opacity and controversy.

While this reform does not directly create jobs or fiscal gains in the short term, its confidence-building effect is substantial. Transparent processes reduce speculation, counter misinformation, and reassure investors that privatization outcomes are determined by rules rather than discretion. Over time, such transparency is likely to translate into higher participation, more competitive bids, and improved valuation outcomes.

Implementation Constraints and Forward Outlook

Despite these gains, implementation was not without challenges. Austerity-related restrictions on procurement constrained the Ministry's ability to upgrade equipment and digital infrastructure at the desired pace. Moreover, the absence of clearly articulated next-phase reforms, particularly on transaction pipelines and sector prioritization, remains a gap that needs to be addressed.

Looking ahead, the reforms undertaken in 2025 have prepared the institutional ground for a more credible privatization phase in the next 12–18 months. Sustained political backing, targeted investment in digital tools, and clarity on future privatization assets will be essential to convert this strengthened governance architecture into tangible economic outcomes.

Reform Significance in National Context

In sum, the Ministry of Privatisation's 2025 reform agenda reflects a maturation of approach, from transaction-centric privatization to institution-centric reform. By prioritizing governance, transparency, and capacity before asset divestment, the Ministry has improved the likelihood

that future privatization efforts will be economically efficient, politically defensible, and socially credible. This shift aligns closely with SDG 16 (Strong Institutions) and creates indirect but meaningful linkages with economic growth and private sector confidence under SDG 8.

If followed through with a clear transaction roadmap, these reforms have the potential to reposition privatization as a trusted policy instrument rather than a contested one in Pakistan's economic reform landscape.

Reforms Summary Under Privatization Reforms (Ministry of Privatisation) 2025

Reform Area	Core Initiative	Strategic Objective	Key Outputs (2025)	Governance Impact	Economic Impact	Human Capital Impact	Business & Investor Impact	SDG Alignment
Financial Governance	Strengthening Internal Financial Controls	Improve accountability, audit readiness, and fiduciary discipline	SOPs developed, segregation of duties enforced, reconciliations standardized	Reduced discretion, improved compliance culture	Indirect fiscal credibility; improved transaction defensibility	Enhanced financial management skills within ministry	Signals seriousness and reliability to investors and auditors	SDG 16 (Strong Institutions)
Digital Governance & Records	Digitalization of Institutional Records	Preserve institutional memory and ensure continuity	Record Room established; legacy privatization documents digitized; knowledge portal launched	Improved transparency, traceability, and decision continuity	Faster transaction preparation; reduced legal and procedural risk	Knowledge retention despite staff turnover	Reduces investor uncertainty; strengthens due diligence credibility	SDG 9 (Infrastructure), SDG 16
Human Resource Reform	HR Capacity Building & Restructuring	Professionalize privatization framework	Consultants engaged; HR review completed; new positions created	Improved internal decision quality	Higher-quality transaction structuring; reduced advisory dependence	Contract-based skilled employment; exposure to global best practices	Boosts investor confidence in execution capability	SDG 8 (Decent Work), SDG 16
Digital Workflow Management	E-Office Implementation (Level-IV)	Ensure paperless, efficient, and accountable operations	Digital file handling; end-to-end workflow automation	Reduced delays; audit trail strengthened	Faster approvals reduce transaction time-costs	Upskilling staff in digital governance	Predictable timelines improve investor planning	SDG 16
Public Transparency	Live Coverage of Privatization Processes	Restore public trust and process legitimacy	Live broadcast of PIA bidding on national media & digital platforms	High transparency; reduced speculation and controversy	Long-term valuation gains through competitive participation	—	Strong confidence signal to domestic & foreign investors	SDG 16
Institutional Credibility (Cross-cutting)	Sequenced Reform-first Privatization Approach	Shift from ad-hoc to rules-based privatization	Governance reforms prioritized before transactions	Strengthened institutional legitimacy	Enables sustainable privatization revenues over time	Professional culture development	Improves Pakistan's privatization reputation	SDG 8, SDG 16

Executive Insight (One-Glance Takeaway)

The 2025 privatization reforms deliberately front-loaded governance and transparency over asset divestment. While immediate fiscal gains are limited, the institutional credibility dividend is significant, laying a defensible foundation for future privatization transactions that are competitive, auditable, and politically sustainable.



Science, Technology & Innovation Reforms

During 2025, the Ministry of Science and Technology (MoST) led one of the most system-wide reform agendas in Pakistan's governance landscape, positioning science, technology, and quality infrastructure as core enablers of economic competitiveness, sustainability, and regulatory credibility. Unlike fragmented R&D interventions of the past, MoST's reform trajectory during the year emphasized institution-building: clear rules for emerging technologies, internationally credible standards and testing, deep digitalization of regulators, and structured science diplomacy tied to trade and industrial outcomes.

At the policy level, the drafting of the National Emerging Technology Policy (2025–26) marked a decisive shift in how Pakistan approaches frontier technologies such as artificial intelligence, biotechnology, nanotechnology, quantum computing, and advanced materials. Rather than treating innovation purely as a research agenda, the policy frames emerging technologies as an integrated ecosystem, linking regulation, ethics, commercialization, skills, and international competitiveness. In the short term, this has improved policy coherence and coordination among regulators, academia, and industry; over the longer horizon, it lays the foundation for technology-based exports, digital sovereignty, and a transition toward a knowledge-driven growth model.

A parallel pillar of reform focused on quality infrastructure, standards, and conformity assessment, an area that directly affects exports, investor confidence, and domestic consumer protection. The completion of the PAK–Korea PV Testing Laboratory addressed a long-standing market failure in Pakistan's renewable energy transition by enabling accredited testing of solar modules against international IEC standards. This reform curbs the inflow of sub-standard imports, supports local manufacturing, and improves the durability and credibility of solar deployments, linking climate objectives with industrial self-reliance. Complementing this, the strengthening of legal metrology infrastructure (NMIP) and mutual recognition arrangements on standards and halal certification with Türkiye, Malaysia, Central Asia, and South Asia have reduced technical barriers to trade and positioned Pakistan more competitively in regional and global value chains.

MoST's regulatory reforms in 2025 also moved decisively into sustainability and safety governance. The notification of the Green Building Code of Pakistan and the Rainwater Harvesting Building Code institutionalized resource efficiency in urban development, reducing long-term energy and water stress while creating demand for green skills, auditors, and sustainable construction services. Alongside this, the finalization of Occupational Health and Safety (OHS) regulations for the construction sector and amendments to PEC Bye-laws 1987 updated Pakistan's construction governance to reflect inflation, specialization, and modern engineering practices, strengthening local contractors, improving worker safety, and reducing reliance on foreign expertise.

Digitalization emerged as one of the most transformative reform vectors across MoST and its attached bodies. End-to-end digital licensing and registration at the Pakistan Engineering Council (PEC), automated fines and penalties systems at PSQCA, ERP and halal traceability systems at the Pakistan Halal Authority, and LIMS-based digital transformation at PCSIR laboratories collectively reduced discretion, processing delays, and compliance uncertainty for businesses. These reforms directly improve Pakistan's ease of doing business by making standards enforcement predictable, transparent, and time-bound, while simultaneously strengthening state capacity for revenue protection and regulatory oversight.

On the international front, MoST advanced science diplomacy as an economic tool, not merely an academic exercise. Joint research programs with China, SCO countries, Türkiye, Iran, Uzbekistan, and leading universities enabled large-scale collaboration in AI, climate science, marine research, and applied technologies. The China–Pakistan joint research calls alone attracted hundreds of proposals, reflecting growing confidence in structured, competitive R&D funding. These collaborations are strategically important because they reduce Pakistan's reliance on foreign testing and research infrastructure over time, while embedding local researchers into global innovation networks.

Human capital development ran as a cross-cutting outcome of nearly every reform. Targeted programs, such as PEC's partnership with Shanghai Electric for engineering training at Thar, PSF-funded national and international research grants, science popularization initiatives for youth, and digital academic systems at NUST, strengthened the talent pipeline across engineering, AI, laboratory sciences, and applied research. Rather than short-term employment schemes, these initiatives build durable skills that support industrial upgrading, technology adoption, and long-term productivity growth.

Despite this breadth of reform, MoST's own assessment highlights structural constraints that remain unresolved. Resource limitations, delayed PSDP releases, fragmented inter-ministerial coordination, and capacity gaps in advanced laboratories risk slowing the translation of reforms into measurable economic outcomes. International MoUs, while extensive, require sustained funding and governance mechanisms to move from agreements to operational joint projects. Similarly, digital reforms deliver their full value only when integrated across the broader government ecosystem, including customs, trade platforms, and provincial regulators.

Looking ahead, the next phase of MoST's reform agenda, focused on operationalizing MoUs, expanding coastal and climate monitoring, scaling accredited testing, and deepening digital governance, will determine whether Pakistan's science and technology reforms evolve from institutional modernization into a genuine driver of exports, investment, and resilience. What distinguishes the 2025 reform cycle, however, is its strategic clarity: science and technology are no longer peripheral sectors, but central pillars of Pakistan's economic governance, sustainability strategy, and global competitiveness.

Science, Technology & Innovation Reforms

Reform / Initiative	Category	Core Output / Deliverable	Institutional Impact	Economic Impact	Business & Governance Impact	Human Capital Impact	SDG Alignment
National Emerging Technology Policy (NETP 2025–26)	Policy & Innovation Governance	Draft national framework covering AI, biotech, nanotech, quantum, and advanced materials	Improved policy coherence across regulators, academia, and industry	Foundation for technology-led growth and high-value exports	Clearer regulatory direction for innovators and investors	Development of advanced R&D and policy expertise	SDG 9, SDG 8
Quality Infrastructure & Standards Strengthening	Standards & Regulatory Governance	Upgraded testing, accreditation, and conformity assessment systems	Enhanced credibility of national standards regime	Reduced trade rejections; export facilitation	Predictable, rules-based compliance environment	Skills in testing, certification, and quality assurance	SDG 9, SDG 16

PAK–Korea Solar PV Testing Laboratory	Energy & Industrial Standards	IEC-compliant testing facility for solar modules	Reduced reliance on foreign testing labs	Improved quality of solar imports and local manufacturing	Greater investor confidence in renewable sector	Specialized technical and laboratory skills	SDG 7, SDG 9, SDG 13
Green Building & Rainwater Harvesting Codes	Sustainability & Urban Governance	National codes notified for energy- and water-efficient buildings	Institutionalization of sustainable construction practices	Long-term energy and water cost savings	Clear sustainability standards for developers	Green construction and compliance skills	SDG 11, SDG 12, SDG 13
Occupational Health & Safety (OHS) Regulations	Regulatory Reform	Updated OHS framework for construction sector	Improved safety governance and compliance	Reduced workplace accidents and productivity losses	Safer, more professional construction industry	Safety management and technical supervision skills	SDG 8, SDG 16
Engineering Governance Reforms (PEC)	Professional Regulation	Revised PEC bye-laws; digital licensing and registration	Modernized professional oversight	Strengthened domestic engineering capacity	Reduced reliance on foreign consultants	Continuous professional development of engineers	SDG 8, SDG 9
Digitalization of Regulatory Bodies	Digital Governance	Online licensing, ERP systems, automated penalties, digital traceability	Reduced discretion and processing delays	Lower compliance costs for businesses	Transparent, time-bound regulatory services	Digital regulatory and IT skills	SDG 16, SDG 9
Halal Certification & Traceability Systems	Trade & Standards	Digital halal certification and traceability platforms	Strengthened institutional credibility	Expanded access to halal export markets	Improved trust in certification processes	Specialized halal compliance expertise	SDG 8, SDG 9
Scientific Research & Innovation Funding	R&D & Innovation	Competitive national and international research grants	Strengthened research ecosystem	Commercialization potential of applied research	Predictable funding environment for innovation	Researcher development and global exposure	SDG 9, SDG 4
Science Diplomacy & International Collaboration	International Cooperation	Joint research programs with China, SCO states, Türkiye, and others	Integration into global innovation networks	Technology transfer and research efficiency gains	Enhanced international credibility	Advanced research and collaboration skills	SDG 17, SDG 9
Laboratory Digital Transformation (PCSIR)	Research Infrastructure	LIMS-based lab digitization and automation	Improved data integrity and testing efficiency	Faster product testing and approvals	Reliable testing for industry and exports	Laboratory informatics and analytics skills	SDG 9
Youth & Talent Development Programs	Human Capital Development	Science popularization, engineering training, academic digitization	Expanded national talent pipeline	Long-term productivity and innovation gains	Skilled workforce for emerging industries	STEM, AI, and applied research skills	SDG 4, SDG 8
Legal Metrology & Measurement Infrastructure (NMIP)	Trade Facilitation	Upgraded measurement and calibration systems	Improved regulatory enforcement	Reduced market distortions and fraud	Fair trade and consumer protection	Metrology and inspection expertise	SDG 16, SDG 9

One-Line Strategic Read

Pakistan's 2025 science and technology reforms mark a shift from fragmented R&D to institutionalized innovation, where standards, digital regulation, and international collaboration collectively strengthen competitiveness, sustainability, and export readiness.



Reforms in Kashmir Affairs, Gilgit-Baltistan and SAFRON

During 2024–25, the Ministry of Kashmir Affairs, Gilgit-Baltistan and SAFRON undertook a wide-ranging reform agenda anchored in rightsizing, governance modernization, digital transformation, fiscal discipline, and regional stability. These reforms were implemented against a complex backdrop of refugee management, post-merger institutional restructuring, infrastructure deficits in Gilgit-Baltistan, and long-standing legal and administrative challenges relating to Jammu & Kashmir properties. The reform trajectory reflects a deliberate shift from fragmented legacy structures toward coherent, technology-enabled, and fiscally responsible governance, aligned with Sustainable Development Goal 16 on strong institutions.

Key Structural and Governance Reforms

A defining reform during this period was the merger of SAFRON with the Ministry of KA&GB, undertaken as part of the Federal Government's rightsizing initiative. This integration eliminated functional duplication, unified human resource and administrative frameworks, and reduced staff strength from 191 to 124 posts through the abolition of 67 positions. In the short term, this improved coordination and clarity of mandate; in the long term, it is expected to enhance institutional sustainability, policy coherence, and administrative predictability, particularly in refugee-related governance and inter-provincial coordination.

Complementing this structural reform, the Ministry implemented budget rationalization measures, reducing annual expenditure from Rs. 521 million to Rs. 411 million, resulting in savings of Rs. 111 million. These fiscal adjustments strengthened public financial management while reinforcing confidence in the Ministry's reform discipline.

Migration, Refugee Governance, and Regional Stability

The implementation of the Illegal Foreigners Repatriation Plan (IFRP) remained one of the most consequential administrative undertakings. Between 2023 and 2025, over 1.86 million Afghan nationals were repatriated, with refugee camps closed and responsibilities transitioned to provincial governments. This initiative contributed to improved internal security, clearer migration governance, and a more stable regulatory environment, while maintaining compliance with national policy and international obligations.

Institutional strengthening in this domain was further reinforced through the restructuring of the Chief Commissionerate for Afghan Refugees (CCAR) and the implementation of the World Bank-funded SIRA Project, which achieved Disbursement Linked Indicators and saw its performance rating upgraded to "Satisfactory" by October 2025. These reforms enhanced grievance redress

mechanisms, institutional capacity, and service delivery for refugee populations, while laying the groundwork for more resilient migration governance frameworks.

Digital Governance and Transparency Initiatives

A significant pillar of reform was the Ministry's rapid progress in digital governance. Full implementation of the e-Office system, alongside the Case Assignment & Management System (CAMS) and EPADS, transformed internal workflows by enabling paperless processing, transparent procurement, and real-time case monitoring. These systems reduced pendency, improved accountability, and strengthened administrative responsiveness, contributing indirectly to ease of doing business through predictable and transparent public administration.

In parallel, the Ministry initiated GIS mapping of Jammu & Kashmir State properties, creating a digital inventory to improve record management, reduce disputes, and secure state assets. Once fully published, this initiative is expected to significantly enhance legal clarity, asset governance, and institutional memory in one of the most historically complex administrative domains.

Infrastructure, Energy, and Regional Development in Gilgit-Baltistan

The reform agenda also extended to infrastructure and energy security, particularly in Gilgit-Baltistan. The Ministry advanced planning and oversight for a 100 MW solar power project, along with water supply and sanitation initiatives aimed at improving civic amenities and living standards. These interventions support long-term energy resilience, climate-aligned development, and employment generation during execution, while strengthening the region's infrastructure base.

Additionally, a Rs. 1 billion Grant-in-Aid was released (out of a Rs. 4 billion allocation) to support rehabilitation and development in Gilgit-Baltistan, contributing to regional stability and improved socio-economic conditions.

Legal, Quality, and Institutional Standardization

To reinforce legal certainty, the Ministry prepared and submitted a draft legislative amendment to the Jammu & Kashmir (Administration of Property) Ordinance, 1961, ensuring compliance with judicial directives and reducing litigation risk. Simultaneously, the initiation of ISO 9001:2015 certification marked a strategic move toward institutionalizing standardized processes, quality assurance, and performance discipline across the Ministry.

Conflict Mitigation and Federal Coordination

The Ministry also played a stabilizing role through conflict resolution support to Azad Jammu & Kashmir, engaging with representative bodies to mitigate public unrest and reinforce public confidence. These engagements underscored the Ministry's function not only as an administrative entity, but as a key actor in sustaining social and political stability in sensitive regions.

Gilgit-Baltistan Council Secretariat Reforms

Parallel reforms within the Gilgit-Baltistan Council Secretariat focused on legislative modernization, fiscal autonomy, and digital financial governance. The adaptation and amendment of 67 laws and acts modernized the region's legal framework, while organizational rationalization led to the abolition of 292 posts, improving administrative efficiency and fiscal sustainability.

The promulgation of the GB Council Consolidated Fund Order, 2025, activation of the GBCCF account at the State Bank of Pakistan, and digitization of payments through MPG significantly enhanced financial transparency and control. Notably, dependency on federal grants was reduced by Rs. 1.106 billion, marking a decisive step toward fiscal self-reliance.

Further, the establishment of Rs. 1 billion endowment funds for Karakoram International University and the University of Baltistan strengthened higher education capacity and long-term human capital development in the region.

Overall Reform Assessment

Collectively, the reforms undertaken by the Ministry of Kashmir Affairs, Gilgit-Baltistan and SAFRON reflect a maturing governance model, one that prioritizes institutional clarity, fiscal discipline, digital transformation, and regional stability over ad-hoc interventions. While challenges remain in infrastructure execution, inter-governmental coordination, and capacity-building, the reform trajectory demonstrates clear alignment with SDGs 10 and 16, and positions the Ministry as a key driver of people-centric, rules-based governance in some of Pakistan's most sensitive and strategically significant regions.

Reforms Summary Under the Ministry of Kashmir Affairs, Gilgit-Baltistan & SAFRON (2024–25)

Reform Theme	Key Reforms / Actions	Core Outputs	Economic Impact	Business & Governance Impact	Strategic Significance	Human Capital Impact	SDG Alignment
Structural Rightsizing & Institutional Integration	Merger of SAFRON into KA&GB; abolition of redundant posts	Unified administrative & HR framework; 67 posts abolished	Fiscal savings via reduced overheads; leaner operating costs	Predictable administrative interfaces; reduced policy fragmentation	Long-term institutional sustainability and policy coherence	Clearer roles; reduced duplication; productivity gains	SDG 16
Migration & Refugee Governance	Illegal Foreigners Repatriation Plan (IFRP); CCAR restructuring; SIRA Project	1.86M+ repatriations; camps closed; CCAR rationalized; SIRA rated "Satisfactory"	Reduced fiscal strain on services; improved internal security climate	Stable regulatory environment; reduced social risk	Sustainable migration management aligned with law & policy	Strengthened grievance redress; capacity building in refugee institutions	SDG 10, SDG 16
Fiscal Discipline & Budget Rationalization	Rightsizing-linked budget cuts	Budget reduced Rs. 521m > Rs. 411m (Rs. 111m saved)	Immediate savings; improved PFM credibility	Signals fiscal prudence and accountability	Foundation for medium-term expenditure efficiency	Better allocation toward priority functions	SDG 16
Digital Governance & Transparency	e-Office (100%); CAMS; EPADS; GIS mapping of J&K properties	Paperless workflows; transparent procurement; digital asset inventory	Lower transaction costs; faster processing	Predictable processes; reduced disputes	Institutional memory; anti-corruption gains	Digital skills upgradation	SDG 16, SDG 12
Infrastructure, Energy & Civic Services (GB)	100 MW Solar; water & sanitation initiatives	Project approvals; progress reviews	Energy security; climate-aligned savings; execution-phase jobs	Improved infrastructure base	Resilient development in remote regions	Local skills via project execution	SDG 6, SDG 7
Legal & Quality Standardization	J&K Property Ordinance amendment; ISO 9001:2015 initiation	Draft Bill submitted; certification process launched	Reduced litigation risk	Regulatory certainty	Durable rule-based administration	Process discipline; skills enhancement	SDG 16
Regional Development Financing	Grant-in-Aid to Gilgit-Baltistan	Rs. 1bn released (of Rs. 4bn)	Rehabilitation stimulus; local employment	Improved regional economic climate	Social stability and inclusion	Service delivery capacity	SDG 10
Conflict Mitigation & Federal Coordination	Engagements with AJ&K stakeholders	Negotiated de-escalation	Risk reduction for local economies	Stable operating environment	Political & social stability	Trust-building	SDG 16

GB Council Legislative & Fiscal Reforms	67 laws amended; GBCCF Order; SBP account; MPG payments	Modernized legal framework; digital payments	Reduced federal dependency by Rs. 1.106bn	Financial transparency	Fiscal autonomy & credibility	Administrative efficiency	SDG 16
Higher Education Endowments (GB)	Endowment funds for KIU & UoB	Rs. 1bn transferred	Long-term productivity gains	Skills pipeline for the region	Human capital formation	Education & research capacity	SDG 4, SDG 1

Overall Takeaway

The reform package delivers measurable fiscal savings, stronger institutions, and digital transparency, while addressing migration governance, regional stability, and human capital, positioning the Ministry for durable, rules-based governance in sensitive regions.



Human Rights Reforms - Strengthening Rights, Institutions, and Inclusive Development

During 2024–25, the Ministry of Human Rights (MoHR) and its allied institutions undertook a wide-ranging reform agenda aimed at strengthening Pakistan's human rights architecture, improving compliance with international obligations, and embedding rights-based governance into economic, social, and digital systems. The reform portfolio reflects a deliberate shift from episodic reporting toward systemic institution-building, data-driven policymaking, and rights-informed economic participation, particularly for women, children, minorities, persons with disabilities, and other vulnerable groups.

At its core, the Ministry's work aligns human rights protection with economic resilience, trade continuity (notably GSP+), social stability, and institutional credibility, reinforcing the understanding that rights protection is not only a constitutional duty but also a prerequisite for sustainable development.

1. Legal Harmonization and International Compliance

A landmark reform was the Study on Harmonizing Pakistan's Laws with International Human Rights Standards, launched on 24 December 2025 at the Prime Minister's Office. This comprehensive review assessed the implementation of federal and provincial laws against Pakistan's constitutional guarantees and international treaty obligations. Beyond legal compliance, the study clarified federal–provincial roles and laid the groundwork for coordinated legislative reform, strengthening accountability, reducing legal fragmentation, and improving the overall human rights environment.

Parallel to this, the Ministry ensured timely submission of Pakistan's treaty reports to the United Nations, including ICESCR, UNCRC, UNCAT, and UNCRPD. These submissions reinforced Pakistan's standing as a compliant state party, directly supporting GSP+ continuity, safeguarding export access to the EU, and enhancing investor confidence through predictable rights governance. Complementing state reporting, alternative and independent reports (UPR, CERD, ICCPR) further strengthened transparency and credibility.

2. GSP+, Business & Human Rights, and Trade Continuity

Human rights reforms during the period were tightly linked to economic diplomacy and trade sustainability. The Ministry led GSP+ cluster meetings in November–December 2025, successfully supporting the continuation of Pakistan's preferential trade status with the European Union. These efforts directly protected employment in export-oriented sectors, especially textiles and agriculture, while embedding business and human rights standards into regulatory and corporate practices.

The EU Haqooq-e-Pakistan II Project (2024–27) further institutionalized this approach by strengthening National Human Rights Institutions (NHRIs), sensitizing the judiciary on international conventions, and integrating business and human rights into governance frameworks. The project established a dedicated secretariat with specialized staff and supported the review and implementation of the National Action Plan on Human Rights, advancing SDG 16.

3. Gender Justice, Violence Prevention, and Social Inclusion

A major reform thrust focused on ending gender-based violence (GBV) across physical, social, and digital spaces. The National Policy on Ending Violence against Women (2025) and complementary strategies on tech-facilitated GBV and male involvement in GBV prevention addressed structural causes of violence while promoting safer, harassment-free workplaces and digital markets. These reforms are critical enablers of women's labor force participation, entrepreneurship, and economic empowerment.

Legislative progress included the ICT Domestic Violence Bill, 2025, placed before Parliament to strengthen prosecution mechanisms and deterrence. Advocacy on forced conversion through marriage, particularly affecting minority women, further highlighted the Ministry's role in protecting vulnerable communities and reinforcing social cohesion.

Innovative service delivery models such as Sukh Da Vehra Model Centres introduced culturally rooted, survivor-centric mediation and support frameworks, reducing court burdens while enhancing access to justice.

4. Justice, Custodial, and Prison Reforms

The Ministry advanced rights-based justice reforms through the National Action Framework on Justice Reform and the National Prison Reform Action Plan (2025). These initiatives addressed gaps across the justice chain, from arrest to rehabilitation, while emphasizing torture prevention, improved detention conditions, and professionalized prison administration. The development of a Torture Prevention Manual, regular prison visits, and observance of international days reinforced Pakistan's compliance with UNCAT obligations.

Notably, pro bono legal aid interventions led to the release of 300+ juveniles, underscoring the Ministry's role in correcting unlawful detention and enabling social reintegration—an essential investment in long-term human capital.

5. Child Rights, Data Systems, and Evidence-Based Governance

A transformative element of the reform agenda was the shift toward data-driven child rights governance. The launch of the first national portal on the State of Children in Pakistan created a centralized evidence base for policymakers, researchers, and development partners. Building on this, the National Child Rights Integrated Management Information System (NCR-IMIS) and Oversight, Monitoring & Accountability (OMA) Framework standardized indicators across provinces, strengthening coordination, transparency, and accountability.

Capacity-building initiatives enhanced institutional reporting quality, particularly on international child rights obligations, while improving monitoring of child labor and juvenile justice outcomes, directly contributing to SDG targets on child protection.

6. Human Capital, Skills, and Economic Empowerment

Beyond legal and institutional reforms, the Ministry invested heavily in skills development and economic inclusion, particularly for women and GBV survivors. Programs spanning vocational training, entrepreneurship development, digital marketing, IT skills, and financial inclusion equipped thousands of women with employable and income-generating capabilities. These initiatives expanded participation in SMEs, fintech, and the digital economy, strengthening household resilience and widening the national talent pool.

Health-linked interventions, including tele-health clinics, free medical camps, and medical assistance programs, addressed access barriers for vulnerable populations, reinforcing the link between health, productivity, and economic participation.

7. Digital Governance, Transparency, and Awareness

Full implementation of e-File and e-Procurement systems ensured transparency and efficiency within the Ministry, while nationwide awareness campaigns, such as the 16 Days of Activism digital drive, promoted safe technology use and reporting mechanisms. These efforts cultivated a safer digital environment, reduced exploitation risks, and normalized rights awareness as part of everyday governance.

The performance of the Ministry of Human Rights (MoHR) during 2024–25 reflects a notable maturation from a compliance-centric body to a reform-oriented institutional actor, particularly in areas where human rights intersect with governance, trade, and human capital development. The Ministry demonstrated strong capability in international reporting, GSP+ compliance, gender justice frameworks, and data-driven child rights governance, positioning human rights as an enabling infrastructure for economic stability and social cohesion. Timely submission of treaty reports (ICESCR, UNCRC, UNCAT, UNCRPD) and leadership on GSP+ coordination were especially consequential, directly protecting export access, jobs in textiles and agriculture, and Pakistan's international credibility. In this respect, the Ministry performed effectively as a guardian of reputational and economic risk management, a role often underestimated in human rights institutions.

However, while policy formulation and international alignment were strong, implementation depth across provinces remains uneven. Many flagship initiatives, such as the National Policy on Ending Violence against Women, strategies on tech-facilitated GBV, male engagement frameworks, and justice reform action plans, are well-designed but still heavily dependent on provincial uptake, enforcement capacity, and budgetary prioritization. The Ministry's influence is structurally constrained by Pakistan's federal design, limiting its ability to compel execution beyond advocacy, coordination, and reporting. As a result, there is a risk that some reforms may remain normative achievements rather than fully operationalized systems, particularly in rural areas and weaker administrative jurisdictions.

From an institutional perspective, the Ministry showed commendable progress in moving toward evidence-based governance, especially through child rights portals, NCR-IMIS dashboards, and standardized indicators. This shift toward data infrastructure is a major strength and aligns with global best practices under SDGs 16 and 17. Yet, the sustainability of these systems will depend on long-term financing, skilled data personnel retention, and mandatory inter-provincial data sharing, areas where institutional fragility could undermine gains if not addressed early. Similarly, while custodial and prison reforms, juvenile releases, and torture-prevention initiatives signal genuine intent, systemic reform of policing, prosecution, and prison administration remains only partially within the Ministry's control, requiring stronger binding coordination with interior, law, and provincial home departments.

Economically, the Ministry's reforms had clear positive spillovers, particularly through women's skills development, digital inclusion, entrepreneurship training, and business-and-human-rights alignment. These initiatives contribute directly to labor force participation, SME growth, and investor confidence. That said, the scale of economic impact remains modest relative to national labor market needs, and the absence of a consolidated national framework linking human rights reforms to employment, productivity, and ESG metrics limits their visibility in macroeconomic planning. Greater integration with planning, finance, and commerce institutions could elevate human rights from a "social sector" lens to a cross-cutting economic enabler.

In sum, the Ministry of Human Rights delivered a strong reform year in terms of credibility, policy architecture, and international alignment, successfully anchoring human rights within trade continuity, gender inclusion, and data-driven governance. Its principal weakness lies not in vision or intent, but in execution leverage, provincial dependency, and scale. Going forward, the Ministry's effectiveness will hinge on its ability to:

» convert policies into enforceable standards through binding inter-governmental mechanisms,

» secure sustained resources for digital and data systems, and

» more explicitly link human rights outcomes to national economic, labor, and investment strategies.

If these gaps are addressed, MoHR can evolve from a strong normative institution into a system-shaping driver of inclusive growth and rule-based governance.

The human rights reforms undertaken during 2024–25 mark a qualitative shift from compliance-driven reporting to structural, data-enabled, and economically relevant rights governance. By aligning legal harmonization, gender justice, child protection, justice reform, and digital inclusion with trade continuity and human capital development, the Ministry of Human Rights has positioned human rights as a core pillar of Pakistan's development, competitiveness, and international credibility. Collectively, these reforms advance SDGs 1, 3, 4, 5, 8, 10, 13, 16, and 17—demonstrating that rights-based governance and economic progress are mutually reinforcing, not competing, objectives.

Reforms Summary Under the Ministry of Human Rights

Reform Pillar	Key Reforms / Outputs	Economic Impact	Business & Governance Impact	Human Capital Impact	Key Risks / Gap	SDG Alignment
International Human Rights Compliance	Timely submission of ICESCR, UNCRC, UNCAT, UNCRPD; UPR & treaty reports	Preserved GSP+ credibility; safeguarded export-linked jobs	Strengthened Pakistan's rule-based international standing	Protection of labor, child, disability and custodial rights	Reporting not consistently translated into domestic enforcement	SDG 16, SDG 17
GSP+ & Trade-Linked Rights	Lead cluster meetings; EU engagement; compliance reviews	Continuity of EU market access; investor confidence	Human rights positioned as trade-enabling governance	Job security in textiles, agriculture & allied sectors	Over-reliance on compliance narrative vs. structural reform	SDG 8, SDG 16
Gender Justice & GBV Reforms	National VAW Policy; tech-enabled GBV strategy; male engagement framework	Safer workplaces; improved female labor participation	Policy coherence across justice & digital governance	Women's economic inclusion; harassment-free environments	Weak provincial enforcement; cultural resistance	SDG 5, SDG 8, SDG 16
Justice, Custodial & Prison Reforms	Torture prevention manual; prison reform plan; juvenile legal aid	Reduced long-term social costs of incarceration	Alignment with international detention standards	Youth reintegration; rights-based corrections	Limited operational control over prisons & police	SDG 16
Child Rights & Data Systems	Child Rights Portal; NCR-IMIS dashboard; national indicators	Better-targeted social spending	Institutionalized evidence-based policymaking	Long-term child welfare & education planning	Sustainability & inter-provincial data integration	SDG 16, SDG 17.18
Women's Skills & Economic Inclusion	Skills training, entrepreneurship, digital marketing & IT programs	Expanded SME & fintech participation	Inclusive growth narrative strengthened	Employability & income generation for women	Scale remains limited relative to national needs	SDG 4, SDG 5, SDG 8, SDG 9
Health & Survivor Support	Tele-health clinics; medical camps; survivor assistance	Reduced productivity loss from poor health	Integration of rights with service delivery	Improved access to care for vulnerable groups	Localized coverage; dependency on project funding	SDG 3, SDG 5
Digital Governance & Transparency	E-file, e-procurement, dashboards, portals	Efficiency gains; predictable engagement for partners	Transparency, accountability, faster decision-making	Digital literacy & administrative skills	Cybersecurity & system maintenance	SDG 9, SDG 16

Institutional Capacity & Coordination	Judiciary sensitization; NHRIs strengthening; treaty training	Improved regulatory predictability	Better cross-institutional coordination	Policy literacy within institutions	Limited binding authority over provinces	SDG 16
Overall Reform Trajectory	Shift from compliance-only to reform-oriented HR governance	Human rights framed as enabler of growth & stability	Strong reputational and normative gains	Inclusive development & workforce participation	Execution leverage and scale remain core challenges	SDG 16, SDG 8, SDG 5

Overall Assessment:

The Ministry of Human Rights has delivered strong international compliance, meaningful gender and child rights reforms, and credible digital governance gains, with clear economic spillovers via GSP+ and workforce inclusion. The next reform phase must prioritize provincial execution, scale-up of skills and GBV interventions, and deeper integration of human rights into economic and labor policy.



Planning and Development Reforms (2025)

The Ministry of Planning, Development & Special Initiatives emerged in 2025 as the central reform nerve-centre of Pakistan's development state, steering a decisive shift from input-driven planning to outcome-based, transparent, digitally enabled, and policy-aligned development governance. Through the launch of Uraan Pakistan and the 13th Five-Year Plan, alongside deep institutional, digital, and coordination reforms, the Ministry repositioned planning as a strategic, evidence-driven function rather than a procedural bottleneck.

Strategic Planning & Policy Direction

The launch of Uraan Pakistan and the 13th Five-Year Plan provided Pakistan with a medium-term, integrated development framework aligned with all 17 SDGs. Unlike previous planning cycles, the reform emphasized scenario-based economic forecasting, resilience, and risk mitigation, enabling policymakers to anticipate shocks and guide investors with clearer long-term signals. The reorientation of the Planning Commission's Vision, Mission, and Core Values further anchored institutional identity around emerging national priorities such as sustainability, inclusion, digital transformation, and inter-provincial coherence.

Transparency, Accountability & Citizen Oversight

A defining feature of 2025 reforms was the democratization of development information. The relaunch of the PSDP Portal, combined with a public complaints hotline, opened the development pipeline to citizen scrutiny for the first time at scale. These measures strengthened public trust, reduced opacity in project execution, and introduced bottom-up accountability mechanisms that directly deter misuse of public funds and delays in execution.

Digital Transformation of the Project Cycle

The introduction of the Integrated Project Approval System (iPAS) marked a structural break from paper-based planning. From project conception to CDWP approval, processes became paperless, time-bound, and auditable, supported by virtual participation and real-time tracking. Alongside full operationalization of e-Office, these reforms lowered transaction costs, improved approval timelines, and enhanced predictability for private sector partners and development financiers.

Project Quality, Fiscal Discipline & Performance Management

Reforms in project appraisal, selection, and reporting, backed by reinforced SOPs and expanded CDWP mandates, significantly improved the quality of PSDP submissions and alignment with

national priorities. Monthly development updates strengthened release and expenditure monitoring, and outcome-based M&E frameworks embedded fiscal discipline and results orientation across the portfolio. For the first time, physical progress, financial releases, and outcomes were systematically linked.

Institutional Capacity & Human Capital Development

Human capital reforms complemented structural change. The introduction of KPIs for officers and members, performance awards, and targeted training cultivated a results-based management culture. Youth-focused initiatives, including Young Development Fellows (YDF), engineering fellowships, and overseas internships, created a sustainable pipeline of development professionals for both public and private sectors. Workplace safety upgrades and HR modernization further reinforced institutional resilience.

Urban, Peace & Intergovernmental Development

Recognizing new development realities, the Ministry established dedicated Urban Planning and Peace & Development Units, integrating spatial planning and conflict sensitivity into national development frameworks. A ministerial-level federal–provincial coordination committee ensured that provincial investments and sectoral reforms were aligned with Uraan Pakistan, reducing fragmentation and enhancing policy coherence across federating units.

Knowledge Institutions as Reform Multipliers

Pakistan Institute of Development Economics (PIDE)

PIDE functioned as the Ministry's intellectual backbone, undergoing deep reforms to become a national policy knowledge hub. Through its Institutional Development Strategy (2025–2030), expansion of postgraduate programmes, creation of specialized research centres, and large-scale RASTA research ecosystem (6,700+ researchers; 1,700+ proposals in a single cycle), PIDE institutionalized evidence-based policymaking. Digital transformation (SAP ERP, e-Office), strengthened governance, and a powerful media outreach strategy significantly enhanced policy literacy, investor confidence, and public trust in research-driven governance.

Pakistan Planning and Management Institute (PPMI)

PPMI complemented planning reforms by professionalizing state capacity building. Digital procurement, AI-enabled micro-credentials, performance tracking of trainees, and partnerships with domestic and international institutions shifted training from input-based workshops to measurable service delivery impact, directly improving governance quality and returns on public investment.

The Ministry of Planning, Development & Special Initiatives (MoPD&SI) delivered a credible governance-modernisation package in 2025, but its reform story is also uneven in "execution proof." On the positive side, the Ministry moved beyond routine PSDP processing and signalled a shift toward a strategic centre-of-government role: Uraan Pakistan/13th Plan gives a medium-term policy frame; iPAS and e-Office push the project cycle toward traceability; PSDP Portal + hotline open the development pipeline to public scrutiny; and monthly performance reviews and outcome-based M&E introduce the language of results.

Taken together, these steps strengthen "state capability" in three ways: (1) predictability (clearer project pipeline and policy alignment through CDWP mandate expansion), (2) transparency (public portals and reporting), and (3) process efficiency (paperless approvals). The creation of an Urban Planning Unit and Peace & Development Unit is also strategically mature, urbanisation and conflict sensitivity are exactly the kinds of cross-cutting risks Pakistan's planning system historically ignored. Similarly, youth fellowships and structured HR measures are a sensible attempt to rebuild the Ministry's human capital and future talent pipeline.

Where the chapter still needs sharper scrutiny is in outcome verifiability and reform enforceability. Most reforms described are enablers (platforms, SOPs, mandates, frameworks) rather than demonstrated results (measurable reductions in approval time, cost overruns, leakage, or project delays). The PSDP Portal and hotline are important, but without published

data on complaint volumes, resolution time, escalation pathways, and corrective actions, they risk becoming performative transparency. iPAS and virtual CDWP participation can reduce processing time and discretion, but the real test is whether they changed the political economy of project selection, i.e., did low-impact schemes get deprioritised, were duplicative projects rejected, and did allocations shift toward higher-return, climate-resilient, and human-capital investments? Likewise, "scenario-based planning" is promising, but it must be tied to explicit triggers and policy responses (what happens to PSDP allocations under a high inflation scenario, a low growth scenario, or an external financing shock?). Without that, scenario planning remains a report-writing function, not a decision tool. The Ministry also acknowledges constraints, staffing gaps, delayed releases, limited technical capacity, which implies that reform success will depend less on issuing frameworks and more on enforcing compliance across executing agencies, especially provinces and line ministries, where resistance to performance audits and outcome reporting is predictable.

Strategically, MoPD&SI should be assessed as a ministry attempting to transition from a procedural gatekeeper to a performance-oriented delivery system. The direction is right, but the credibility of the reforms now hinges on a short list of non-negotiables: publish iPAS/CDWP time-to-approval metrics; disclose PSDP Portfolio quality indicators (PC-I completeness, cost escalation, completion rates); operationalise grievance redress with resolution SLAs; and link releases to outcome performance rather than expenditure burn. If the Ministry can convert these reforms into hard, trackable results within one budget cycle, it becomes a genuine reform anchor for the whole government. If not, the chapter will read as a strong reform narrative built on systems, without the harder evidence that those systems changed development outcomes on the ground.

Overall Assessment

The 2025 Planning and Development reforms represent one of the most structurally consequential governance transformations in recent years. By integrating policy coherence, transparency, digital governance, fiscal discipline, and human capital development, the Ministry moved Pakistan decisively toward a modern developmental state model.

The next reform frontier lies in deepening AI-enabled planning tools, enforcing outcome accountability across executing agencies, and institutionalizing third-party monitoring, ensuring that Uraan Pakistan translates from strategy into sustained, on-ground development impact.

Reforms Summary Under the Ministry of Planning, Development & Special Initiatives

Reform Pillar	Key Reforms / Initiatives	Core Outputs	Strategic Impact (Governance, Economy, Human Capital)	Key Risks / Gap	SDG Alignment
Strategic Planning & Vision	Launch of Uraan Pakistan and 13th Five-Year Plan	Medium-term national development framework with sectoral priorities	**Governance:** Shift from ad-hoc planning to strategic coherence **Economy:** Greater policy predictability for investors **Human Capital:** Alignment of development spending with social outcomes	Limited clarity on fiscal realism and binding prioritization across PSDP	SDGs 1–17 (integrated)
Transparency & Citizen Oversight	PSDP Portal relaunch; PSDP Hotline	Public access to project documents; grievance reporting mechanism	**Governance:** Reduced opacity in development spending **Economy:** Improved credibility of public investment **Human Capital:** Citizen participation in oversight	Complaint resolution data, response time, and enforcement actions not yet disclosed	SDG 16, SDG 17

Project Appraisal & Selection	Strengthened DDWP/CDWP/ ECNEC SOPs; expanded CDWP mandate	Improved appraisal standards and policy alignment checks	**Governance:** Better screening of low-impact projects **Economy:** Higher return on public investment **Human Capital:** More resources for priority sectors	Political economy of project approvals remains largely untested	SDG 16, SDG 17
Digital Transformation	iPAS, paperless CDWP, full e-Office operationalization	End-to-end digital project processing and file management	**Governance:** Reduced discretion, audit trails **Economy:** Faster approvals, lower transaction costs **Human Capital:** New ICT and analytical skill demand	Lack of published metrics on time/cost savings	SDG 9, SDG 12, SDG 16
Performance & Accountability	Monthly performance reviews; Monthly Development Updates	Regular monitoring of PSDP execution and sectoral progress	**Governance:** Culture of internal accountability **Economy:** Improved coordination and budget credibility **Human Capital:** Results-oriented management practices	Performance still input-heavy; outcome enforcement weak	SDG 16, SDG 17
Monitoring & Evaluation	Outcome-based M&E framework	Shift from expenditure tracking to results assessment	**Governance:** Evidence-informed policymaking **Economy:** Better donor confidence **Human Capital:** Learning-oriented planning cycle	Limited linkage between M&E findings and funding decisions	SDG 16, SDG 17
Intergovernmental Coordination	Federal–provincial coordination committee; Uraan consultations	Structured dialogue with provinces	**Governance:** Reduced fragmentation **Economy:** Aligned public investments **Human Capital:** Shared ownership of reforms	Coordination effectiveness varies by province	SDG 16, SDG 17
Institutional Innovation	Urban Planning Unit; Peace & Development Unit	Dedicated capacity for urbanization and conflict-sensitive planning	**Governance:** Modernized planning lens **Economy:** More resilient urban investments **Human Capital:** Specialized policy skills	Units still nascent; outcomes yet to materialize	SDG 11, SDG 16
Human Capital & Youth Development	Youth fellowships, internships, HR KPIs	Talent pipeline for development sector	**Governance:** Institutional renewal **Economy:** Skilled workforce for public/private projects **Human Capital:** Youth employability and exposure	Scale remains modest relative to national need	SDG 4, SDG 8
Fiscal & Expenditure Discipline	Strengthened PSDP release and expenditure monitoring	Improved tracking of releases and utilization	**Governance:** Stronger fiscal discipline **Economy:** Reduced slippages and delays **Human Capital:** Stability in development programmes	Delayed releases from Finance still constrain effectiveness	SDG 16

One-Line Strategic Takeaway

MoPD&SI in 2025 laid strong institutional and digital foundations for a modern planning state; the reform dividend now depends on converting transparency tools and digital systems into enforceable, outcome-linked decision-making.



Public–Private Partnership Reforms

1. Institutional Mandate and Strategic Context

The Public Private Partnership Authority (P3A) functions as Pakistan's apex federal institution for the regulation, structuring, and execution of Public–Private Partnership (PPP) projects. Operating under the oversight of the Ministry of Planning, Development & Special Initiatives and the Federal Cabinet, P3A's mandate extends beyond transaction facilitation to encompass fiscal risk management, regulatory discipline, investor signaling, and whole-of-government capability building.

The year 2025 marked a decisive inflection point for Pakistan's PPP regime. After several years focused on legislative frameworks and institutional setup, P3A transitioned toward execution at scale, pipeline maturity, and portfolio governance. This shift was critical in a constrained fiscal environment, where traditional public financing models proved insufficient to meet Pakistan's infrastructure, logistics, and service delivery needs.

By the end of 2025, P3A had positioned itself not merely as a project-by-project facilitator, but as a market-shaping institution, capable of aligning private capital mobilisation with national development priorities while preserving fiscal sustainability.

2. Scale of Operations and Federal PPP Portfolio

As of December 2025, P3A oversaw a federal PPP pipeline comprising 21 projects with an aggregate estimated value of approximately PKR 1 trillion, either under execution or in advanced procurement stages. These projects represent one of the largest structured infrastructure investment pipelines in Pakistan's history outside the public sector development programme (PSDP).

Concurrently, P3A provided structured advisory support to more than twelve federal divisions and multiple attached departments, assisting with project identification, feasibility preparation, transaction structuring, procurement design, and institutional readiness. This advisory role has been instrumental in reducing fragmentation, standardising PPP approaches across ministries, and preventing fiscally imprudent or poorly structured projects from entering procurement.

3. Acceleration of Strategic National Infrastructure PPPs

A central reform focus in 2025 was the acceleration of strategic national infrastructure PPPs, particularly in transport and logistics. P3A supported the restructuring and advancement of large motorway and connectivity projects, introducing transaction structures that balanced investor bankability with public affordability.

Key innovations included the calibrated use of Viability Gap Funding (VGF), both capital and operational, and internationally competitive procurement frameworks aligned with global best practices. In the short term, these reforms restored investor confidence and procurement momentum in sectors previously affected by uncertainty and stalled processes. Over the long term, they are expected to reduce logistics costs, improve national connectivity, and enable infrastructure delivery without unsustainable pressure on public finances.

4. Expansion and Execution of an Addressable Federal PPP Pipeline

Beyond flagship projects, P3A focused on converting a broad universe of proposed schemes into an execution-ready and credible federal PPP pipeline. This involved the systematic categorisation of projects into qualified, conditionally qualified, and non-qualified segments, an approach that strengthened market signaling and reduced speculative or premature project announcements.

By imposing disciplined gatekeeping at early stages, P3A improved the credibility of Pakistan's PPP market, enabling private investors, lenders, and development partners to engage with greater confidence. This shift from aspirational listings to bankable, sequenced pipelines represents a significant maturation of Pakistan's infrastructure planning architecture.

5. Whole-of-Government PPP Advisory Programme

A defining reform of 2025 was the Cabinet-mandated Whole-of-Government PPP Advisory Programme, under which P3A embedded PPP capability across federal ministries and agencies. Rather than centralising expertise within a single authority, this programme aimed to institutionalise PPP literacy across the state.

Through engagements with over a dozen federal divisions, P3A provided hands-on support in feasibility development, transaction structuring, pipeline prioritisation, and even human resource planning. This reform directly addressed one of Pakistan's long-standing governance gaps: uneven institutional capacity leading to inconsistent project quality and delayed execution.

6. Capacity Building and Professionalisation of the PPP Ecosystem

Recognising that sustainable PPP execution requires skilled professionals, P3A prioritised capacity building and professionalisation of the PPP ecosystem. Certification programmes such as CP3P, alongside federal and provincial workshops, contributed to the emergence of a more competent public-sector PPP cadre.

This investment in human capital has long-term implications for governance quality, reducing reliance on ad-hoc external consultants and embedding transaction expertise within government institutions.

7. Strengthening the PPP Regulatory Architecture and Fiscal Discipline

In 2025, P3A operationalised the PPP regulatory framework with a strong emphasis on fiscal risk management and transparency. Core elements included qualified project gatekeeping, affordability assessments, structured treatment of unsolicited proposals, and portfolio-level fiscal oversight.

The ability to directly contract international financial institutions (IFIs) for advisory support further strengthened transaction quality and governance safeguards. Collectively, these measures reduced discretionary decision-making, enhanced predictability, and aligned PPP approvals with macro-fiscal realities.

8. Sectoral Diversification Beyond Motorways

While transport remains a dominant sector, P3A deliberately pursued portfolio diversification. During 2025, structuring work advanced in rail freight and logistics, aviation services concessions, and municipal services PPPs. This diversification is critical for reducing sectoral concentration risks and extending PPP benefits to urban services and productivity-enhancing infrastructure.

9. Transparency, Investor Signalling, and Digital Integration

Transparency emerged as a cornerstone of P3A's reform agenda. Public disclosure of the federal PPP pipeline, integration with the SOURCE platform, and portfolio-level governance practices positioned PPPs as a programmatic investment channel rather than isolated transactions.

These measures enhanced investor confidence, facilitated multilateral engagement, and aligned Pakistan's PPP regime with international disclosure norms.

10. Multilateral Engagement and Global Best-Practice Alignment

Throughout 2025, P3A deepened engagement with key multilateral institutions including ADB, the World Bank Group, IFC, and PPIAF. These partnerships supported knowledge transfer, strengthened transaction standards, and enhanced Pakistan's credibility in global infrastructure finance markets.

11. Forward Outlook (2026–2027)

Looking ahead, P3A's reform trajectory is firmly execution-oriented. Planned initiatives include portfolio-level execution dashboards, decision-making service-level agreements, enhanced fiscal risk monitoring, and upgraded HR regulations to support specialist PPP cadres with performance-linked progression.

If sustained, these reforms position P3A not only as Pakistan's PPP regulator, but as a central pillar of infrastructure governance, capable of mobilising private capital, safeguarding public interest, and delivering development outcomes under fiscal constraints.

Strategic Takeaway:

By shifting decisively from framework-building to execution, P3A in 2025 transformed Pakistan's PPP regime into a disciplined, transparent, and investment-ready system—laying the groundwork for infrastructure delivery at scale without compromising fiscal sustainability.

Summary Under the Public–Private Partnership Authority (P3A) – Reforms & Impact

Reform / Initiative	Reform Category	Core Objective	Key Outputs (2025)	Economic Impact	Governance & Institutional Impact	Impact on Business & Investment Climate	Human Capital Impact	SDG Alignment
Acceleration of Strategic National Infrastructure PPPs	Infrastructure Delivery / Investment Mobilisation	Mobilise private capital for nationally critical infrastructure while maintaining fiscal sustainability	Restructured motorway & logistics PPPs; approved VGF structures; competitive procurement frameworks	Reduced fiscal burden on PSDP; improved logistics efficiency; long-term productivity gains	Strengthened value-for-money discipline; reduced ad-hoc public investment	Restored investor confidence; predictable procurement pipeline	Indirect job creation through construction, O&M, logistics	SDG 9, SDG 8, SDG 17
Expansion & Execution of Federal PPP Pipeline (~PKR 1 trillion)	Portfolio Management / Market Signalling	Create an execution-ready, credible federal PPP portfolio	21 federal PPP projects under execution or advanced procurement	Crowds in private capital; improves infrastructure financing depth	Institutionalised project qualification & sequencing	Clear market signalling; reduced speculative project risk	Employment generation across sectors via private projects	SDG 9, SDG 8

Whole-of-Government PPP Advisory Programme	Institutional Capacity / Governance Reform	Embed PPP capability across federal ministries and agencies	Advisory support to 12+ federal divisions (feasibility, structuring, HR, pipelines)	Improves project bankability and execution efficiency	Reduced fragmentation; standardised PPP practices	Lower transaction risk for investors engaging with line ministries	Capacity building of public officials in PPP structuring	SDG 16, SDG 17
PPP Ecosystem Capacity Building & Professionalisation	Human Capital / Institutional Reform	Develop a sustainable PPP professional cadre	CP3P certifications; federal & provincial PPP workshops	Long-term efficiency gains in project delivery	Reduced reliance on ad-hoc consultants; institutional memory built	Improved transaction quality and credibility	Creation of skilled PPP professionals within government	SDG 4, SDG 8, SDG 16
Strengthening PPP Regulatory Architecture & Fiscal Discipline	Regulatory / Fiscal Governance	Ensure affordability, transparency, and fiscal risk management	Qualified project gatekeeping; affordability checks; IFI advisory contracting	Protects public finances; reduces contingent liabilities	Reduced discretion; predictable regulatory regime	Higher investor confidence due to rule-based approvals	Development of analytical and fiscal risk skills	SDG 16, SDG 17
Portfolio Diversification Beyond Motorways	Sectoral Reform / Market Development	Expand PPPs into rail, logistics, aviation, and municipal services	Rail freight & logistics PPP structuring; aviation concessions; municipal PPP pilots	Broader productivity gains across sectors	Reduced sector concentration risk	Expands private participation beyond roads	Sector-specific job creation	SDG 9, SDG 11, SDG 8
Transparency, Investor Signalling & SOURCE Integration	Digital Governance / Transparency	Institutionalise PPPs as a transparent, programmatic pipeline	Public PPP pipeline disclosure; SOURCE platform integration	Reduced information asymmetry; improved capital mobilisation	Portfolio-level transparency and accountability	Clear visibility for investors and lenders	Digital skills development	SDG 16, SDG 9
Institutional Architecture, VGF & Market-Shaping Instruments	Fiscal & Institutional Reform	Enable disciplined approvals and viable projects	PPP Working Party gatekeeping; VGF & Project Development Fund usage; unsolicited proposal regime	Enables bankable projects without fiscal shocks	Stronger approval discipline; reduced policy volatility	Improved predictability for long-term investors	Limited direct jobs; indirect project-based employment	SDG 16, SDG 17
Multilateral Engagement & Global Best-Practice Alignment	International Cooperation / Standards	Leverage IFI expertise and credibility	Engagement with ADB, World Bank Group, IFC, PPIAF	Lower financing costs; improved structuring quality	Alignment with international PPP standards	Enhanced international investor confidence	Knowledge transfer to public sector professionals	SDG 17, SDG 9

One-Line Strategic Reading

P3A's 2025 reforms collectively transformed Pakistan's PPP regime from a framework-driven setup into an execution-ready, fiscally disciplined, and investor-credible infrastructure delivery system.



Statistical System Reforms & Data Governance

from a traditional data-collection agency into a digitally enabled national data governance institution. The reform agenda focused on improving data timeliness, credibility, interoperability, and policy usability, while strengthening PBS's institutional autonomy, digital infrastructure, and human capital. These reforms directly support evidence-based policymaking, private-sector planning, macroeconomic credibility, and Pakistan's alignment with international statistical standards and SDG reporting requirements.

A defining feature of PBS's reform trajectory was the integration of digital census methodologies, in-house IT systems, decision-support platforms, and data dissemination tools, reducing costs, improving accuracy, and dramatically shortening data production cycles. Simultaneously, PBS invested in institutional modernization, including HR reforms, price governance tools, and preparations for GDP rebasing to better capture emerging sectors of the economy.

Reform Narrative & Strategic Significance

Digital Transformation of Core Statistical Operations

The 7th Integrated Agricultural Census (2025) marked a structural break from legacy practices. By adopting a simultaneous digital count of land use, crops, livestock, and machinery, rather than staggered surveys, PBS achieved unprecedented efficiency, saving approximately PKR 900 million while delivering richer datasets. The census outputs now directly inform agriculture productivity policy, livestock improvement programs, mechanization strategies, and private-sector investment planning across agri-inputs, dairy, and rural logistics.

Complementing this, PBS developed in-house ERP-based survey platforms for the Labour Force Survey (LFS), Household Integrated Economic Survey (HIES), and special SME surveys. This reduced dependence on outsourced software, enabled parallel survey execution, improved quality assurance, and accelerated turnaround times, significantly enhancing the state's capacity to respond to time-critical policy directives.

Data as a Policy Asset: Decision Support, GIS & Price Governance

PBS's reform agenda deliberately repositioned the institution as a policy intelligence hub, not merely a data producer. The launch of GIS-enabled decision support systems, interactive dashboards, and public data portals strengthened transparency and allowed policymakers, researchers, and businesses to access actionable insights on crops, trade, GDP, and inflation.

A notable governance innovation was the introduction of price prediction and early-warning systems for provincial and district administrations. By forecasting inflationary spikes during

Ramadan and Eid, PBS enabled pre-emptive interventions, contributing to price stabilization and easing inflationary pressures on households, demonstrating how statistics can directly support social and economic stability.

Institutional Capacity, Data Infrastructure & Trust

PBS achieved a major milestone by establishing a Tier-3 compliant national statistical data center, eliminating annual rental costs, strengthening data sovereignty, and expanding computing capacity for advanced analytics, AI, and machine learning. This investment not only enhanced data security but also laid the groundwork for future real-time analytics and integrated national data systems.

Institutionally, PBS advanced HR modernization through unified draft service rules that merge legacy statistical cadres into a coherent professional structure aligned with UN and international NSO practices. This reform is critical for long-term institutional resilience, talent retention, and analytical capacity.

Macroeconomic Credibility & GDP Rebasing

Perhaps the most strategically consequential reform is PBS's ongoing rebasing of national accounts (2025–2028) to better capture emerging sectors, digital activity, productivity shifts, and structural economic change. Accurate GDP rebasing strengthens fiscal ratios, improves international credibility, enhances investor confidence, and ensures that Pakistan's macroeconomic indicators align with global standards.

Strengths and Reform Gains

The most notable strength of PBS's 2025 reform trajectory lies in its successful pivot from episodic data production to continuous, digital, and policy-relevant statistics. The integrated digital agricultural census, in-house ERP survey platforms, GIS-enabled dashboards, and the establishment of a Tier-3 data center collectively represent a structural modernization rarely achieved by national statistical offices in developing economies. These reforms have materially improved timeliness, cost efficiency, data security, and analytical depth, while reducing reliance on external vendors, an important gain for institutional sovereignty and sustainability.

Equally significant is PBS's repositioning as a decision-support institution rather than a passive data repository. Inflation early-warning systems, SME survey execution under Prime Ministerial directives, and public-facing data portals demonstrate a growing alignment between statistics and real-time governance needs. This has strengthened PBS's relevance to ministries, provincial administrations, and the private sector, while enhancing public trust through transparency. The ongoing GDP rebasing initiative further reinforces Pakistan's macroeconomic credibility, improving the reliability of fiscal ratios, productivity estimates, and international comparability, critical for investors, lenders, and multilateral partners.

Gaps and Structural Constraints

Despite these advances, several institutional and systemic gaps persist. First, while digital tools and platforms have expanded rapidly, data integration across government remains uneven. PBS datasets are not yet fully interoperable with key administrative data systems (e.g., taxation, social protection, energy, labor registries), limiting the potential for whole-of-government analytics and real-time policy feedback loops.

Second, human capital constraints pose a medium-term challenge. While HR modernization and unified service rules are under preparation, the transition from legacy cadres to a modern statistical workforce, skilled in data science, GIS, AI, and advanced econometrics, remains incomplete. Without accelerated recruitment, upskilling, and retention of specialized talent, the sustainability of high-end analytical reforms may be constrained.

Third, while transparency has improved through portals and dashboards, data literacy outside PBS remains uneven, particularly at sub-national levels. Provincial and district administrations often lack the technical capacity to fully interpret and operationalize advanced statistical outputs, reducing the downstream impact of high-quality data on service delivery and planning.

Reform Risks and Forward-Looking Considerations

The primary reform risk facing PBS is reform asymmetry, where technical modernization outpaces institutional and political absorption. Advanced analytics, predictive systems, and rebased macroeconomic indicators may generate policy signals that challenge entrenched assumptions or legacy narratives. Without strong political and inter-ministerial backing, there is a risk that high-quality data may be underutilized, selectively used, or contested rather than institutionalized in decision-making.

A second risk relates to institutional overstretch. As PBS expands its mandate, from censuses and surveys to decision support, price governance, and macroeconomic rebasing, there is a danger of dilution unless roles are clearly prioritized and resourced. Sustained financing, statutory backing for data-sharing, and formalized coordination mechanisms with planning, finance, and provincial governments will be essential to prevent reform fatigue.

Finally, public trust remains both an asset and a vulnerability. While transparency initiatives have improved PBS's credibility, any perceived delays, inconsistencies, or politicization, particularly around inflation, GDP rebasing, or poverty data, could quickly erode confidence. Maintaining methodological clarity, open documentation, and independent technical credibility will be critical to safeguarding PBS's reform gains.

Overall Assessment

PBS's reforms represent one of the strongest institutional modernization efforts within Pakistan's governance ecosystem in 2025. The challenge ahead is not initiating reforms, but locking them into the state's operating system, through interoperability, human capital investment, legal backing, and routine policy use. If these risks are managed effectively, PBS can evolve into a cornerstone institution for economic governance, private-sector confidence, and evidence-based development planning.

Reforms Summary Under the Pakistan Bureau of Statistics (PBS) – Reforms & Institutional Impact

Reform Cluster	Key Reforms / Initiatives	Strategic Objective	Core Outputs	Economic Impact	Human Capital Impact	Governance & Policy Impact	Key Strengths	Key Gaps	Reform Risks	SDG Alignment
Digital Census & Surveys Modernization	Integrated 7th Agricultural Census (Digital); Tablet-based surveys; In-house ERP for LFS & HIES	Timely, cost-efficient, high-quality national data	Integrated census datasets; dashboards; ~Rs 900m savings	Better agri, livestock & mechanization policy; improved productivity targeting	Skills upgrade of enumerators & analysts	Faster, transparent data availability	End-to-end digital execution; cost savings; reduced vendor dependence	Limited integration with admin datasets (tax, land, energy)	Under-utilization of data in policymaking	SDG 2, 8, 9, 16
Data Infrastructure & Sovereignty	Tier-3 PBS Data Center; enhanced storage & compute	Data security, self-reliance, AI readiness	Fully functional Tier-3 data hub	Enables advanced analytics & AI use	New IT & data operations roles	Stronger data protection & sovereignty	Zero rental cost; future-ready infrastructure	O&M funding sustainability	Cybersecurity capacity gaps	SDG 9, 16
Decision Support & Analytics	GIS-based DSS; inflation & price prediction systems	Proactive governance & early warnings	Price alerts; crop, GDP, trade visualizations	Inflation stabilization during peak events	Data science capability building	Evidence-driven decisions	Shift from "collector" to "decision enabler"	Limited uptake at district level	Political contestation of data signals	SDG 8, 12, 16

Public Transparency & Data Access	Interactive PBS website; public dashboards; Data Fest 2025	Open data & public trust	User-friendly portals; stakeholder engagement	Better business planning & market confidence	Youth & researcher engagement	Transparency & accountability	Strong public-facing reform	Data literacy uneven outside PBS	Misinterpretation of complex data	SDG 16, 17
Macroeconomic Credibility	Re-basing of National Accounts (ongoing)	Accurate GDP & sectoral estimates	Revised value-added & deflators	Improved fiscal ratios & investor confidence	Advanced national accounting skills	International credibility	Alignment with global standards	Transitional uncertainty	Political sensitivity of rebasing outcomes	SDG 8, 9, 17
Policy Support to Govt & SMEs	SME surveys under PM directive; real-time execution	Rapid policy responsiveness	Automated survey systems	Better SME policy & job creation	Institutional learning	Executive trust & relevance	Speed & flexibility	One-off survey institutionalization	Overextension of mandate	SDG 8, 16
HR & Institutional Reform	Unified service rules (draft); cadre harmonization	Modern statistical workforce	Draft HR framework	Long-term productivity gains	Clear career paths & skills	Institutional stability	Structural HR reform initiated	Slow approvals & hiring	Talent attrition risk	SDG 4, 8, 16
Culture of Evidence-Based Policy	Data Fest; youth engagement; academia-industry links	Mainstream data-driven governance	Thematic dialogues & competitions	Better resource allocation	Youth skills & innovation	Stronger policy ecosystem	Multi-stakeholder engagement	Limited provincial absorption	Reform fatigue	SDG 4, 17



Preparing for Resilience - Reforms at NDMA

National Disaster Risk Management Fund (NDRMF) under NDMA

1. Strategic Context and Rationale

Pakistan's exposure to climate-induced disasters, hydrometeorological shocks, and systemic risk has shifted disaster management from a reactive relief-centric model toward a resilience, preparedness, and risk-financing paradigm. Under the broader mandate of the National Disaster Management Authority (NDMA), the National Disaster Risk Management Fund (NDRMF) has emerged as a technical, financial, and knowledge-driven institution anchoring this transition.

During 2024–25, NDRMF's reform agenda focused on risk intelligence, disaster risk financing (DRF), institutional capacity building, and transparency, marking a decisive move from post-disaster expenditure toward ex-ante risk mitigation and fiscal resilience.

2. Core Reform Pillars and Achievements

A defining reform under NDRMF has been the development of advanced disaster and climate risk modelling capacity, most notably through the NATCAT (Natural Catastrophe) Data System. For the first time, Pakistan now possesses a nationally anchored, scientifically robust risk modelling framework covering nine major disaster perils, enabling federal and provincial governments to integrate risk intelligence directly into development planning, climate adaptation strategies, and investment decisions.

Complementing this technical foundation, NDRMF led the formulation of Pakistan's National Disaster Risk Financing Strategy, introducing structured approaches to risk layering, contingent financing, and risk transfer instruments. This reform directly addresses one of Pakistan's chronic vulnerabilities: the fiscal shock imposed by recurrent disasters on public finances and development budgets. By shifting the focus toward financial preparedness, the strategy strengthens macroeconomic stability while opening space for private sector participation in insurance, reinsurance, and parametric risk solutions.

Equally significant has been NDRMF's emphasis on knowledge creation and institutional diffusion. Through nationwide training programmes, seminars, and technical engagements with provincial departments, private sector actors, and development partners, risk modelling has been demystified and operationalized for policymakers. The publication of Pakistan's first-ever NATCAT Risk Atlas represents a landmark step in making complex risk data accessible, actionable, and policy-relevant.

Transparency and public engagement were reinforced through expanded use of digital platforms, including social media, technical publications, and open-access dissemination tools. This has not only enhanced institutional credibility but also fostered a science-led discourse on disaster resilience, a critical prerequisite for sustainable climate governance.

Finally, the Youth Internship Programme introduced a forward-looking human capital dimension, nurturing a new cohort of professionals trained in disaster risk reduction (DRR), climate finance, and resilience analytics, areas where Pakistan faces acute skills shortages.

3. Institutional Significance and Systemic Impact

Collectively, these reforms reposition NDRMF from a project-financing entity into a national resilience architecture enabler. The integration of risk modelling into planning processes improves investment efficiency, reduces future fiscal liabilities, and enhances the credibility of Pakistan's climate action commitments. The disaster risk financing framework, meanwhile, aligns Pakistan with global best practices advocated by institutions such as the World Bank and OECD, strengthening investor confidence and donor alignment.

Importantly, NDRMF's work has begun to influence the business environment, particularly in infrastructure, insurance, construction, and climate services, by reducing uncertainty and enabling risk-informed investment decisions. While the job impact is currently modest and specialized, the long-term employment multiplier, through insurance markets, resilience infrastructure, and data-driven services, is substantial.

4. Key Challenges and Forward Outlook

Despite strong conceptual and technical progress, reform sustainability remains contingent on resource availability and advanced technical skills. Risk modelling, DRF instruments, and climate analytics demand continuous investment, data updating, and specialist talent, areas where market shortages persist. Scaling reforms beyond pilot phases will require stronger inter-ministerial ownership, predictable financing, and deeper provincial integration.

Over the next 12–18 months, the strategic priority for NDRMF lies in scaling existing tools, institutionalizing risk-informed decision-making across government tiers, and embedding disaster risk financing mechanisms into budgetary and fiscal frameworks.

Strengths:

NDRMF's most compelling strength lies in its shift from reactive disaster response to anticipatory, risk-informed governance. The development of the NATCAT risk modelling system and Pakistan's first national Risk Atlas marks a structural upgrade in state capacity, placing Pakistan among a small group of developing countries with domestically anchored catastrophe modelling. This has materially improved the quality of public decision-making, enabling evidence-based prioritization of DRR investments and climate adaptation. Equally significant is the National Disaster Risk Financing Strategy, which addresses a long-standing macro-fiscal vulnerability by introducing risk layering, contingent financing, and risk transfer concepts. Institutionally, NDRMF has demonstrated technical credibility, policy coherence, and transparency, reinforced by open dissemination practices and stakeholder engagement. The focus on youth internships, though modest in scale, signals a long-term orientation toward human capital formation in resilience economics, a domain Pakistan critically lacks.

Gaps and Structural Limitations:

Despite these advances, a clear implementation gap persists between technical capability and system-wide uptake. Risk intelligence remains underutilized by line ministries and provincial governments, often due to weak incentives, limited absorptive capacity, and fragmented planning processes. The DRF strategy, while sound on paper, faces slow operationalization, particularly at the provincial level where fiscal autonomy, political risk aversion, and limited insurance market depth constrain adoption. Moreover, NDRMF's reform model is highly expertise-intensive, yet Pakistan's domestic pool of actuaries, catastrophe modelers, and climate finance specialists remains thin. Knowledge dissemination has been broad but not always deep; many

trainings raise awareness without translating into durable institutional behavior change. Finally, the job impact, while positive, remains specialized and narrow, limiting broader socio-economic spillovers in the short term.

Reform Risks and Forward Vulnerabilities:

The principal reform risk is scaling failure: sophisticated tools without sustained political ownership risk remaining boutique instruments rather than embedded governance mechanisms. Continued reliance on project-based funding and external technical assistance may undermine long-term institutionalization if not transitioned into core budgetary frameworks. There is also a political economy risk surrounding disaster risk financing, risk transfer instruments can face resistance due to perceived upfront costs, despite long-term savings. Data credibility and updating pose another risk; without continuous investment in data refresh and model recalibration, risk systems can quickly lose relevance. Lastly, talent retention represents a silent vulnerability: trained specialists may migrate to international markets or the private sector unless competitive career pathways are institutionalized within the public system.

Bottom Line:

NDRMF has laid a strong technical and policy foundation for resilience governance, but the next phase will determine whether these reforms mature into a whole-of-government capability or plateau as isolated centres of excellence. Success now depends less on innovation and more on institutional embedding, political commitment, and fiscal mainstreaming.

Reforms Summary Under the NDRMF – Preparing for Resilience

Reform Area	Key Initiatives	Strategic Objective	Core Outputs	Economic Impact	Human Capital Impact	Governance & Policy Impact	Key Strengths	Key Gaps	Reform Risks	SDG Alignment
Risk Modelling & Data Systems	NATCAT Data System; Risk Atlas	Build national disaster & climate risk intelligence	9-peril national risk models; Risk Atlas	Better investment targeting; reduced disaster losses	Specialized technical jobs	Risk-informed planning & climate action	First national-scale modelling system	Data integration across sectors still limited	Under-utilization by line ministries	SDG 9, 11, 13
Disaster Risk Financing (DRF)	National DRF Strategy	Reduce fiscal shocks from disasters	National DRF framework; provincial TA	Lower post-disaster budget stress	Long-term financial sector jobs	Shift from reactive to anticipatory financing	Policy innovation aligned with global best practice	Implementation at provincial level uneven	Political resistance to risk transfer	SDG 8, 13
Capacity Building & Knowledge	Trainings, seminars, technical materials	Institutionalize risk-informed policy-making	Trained govt & private stakeholders	Productivity gains via preparedness	Skills development in DRR/DRF	Stronger institutional competence	Nationwide outreach achieved	Limited advanced actuarial skills	Skills drain to private markets	SDG 4, 13
Transparency & Digital Engagement	Social media, website, publications	Public trust & stakeholder engagement	Risk Atlas dissemination; 20k+ followers	Improved investor confidence	Digital communication skills	Transparency in risk governance	Strong public-facing presence	Depth of engagement varies	Information overload risk	SDG 16, 17
Youth & Future Skills	Internship Programme	Build next-gen resilience professionals	12 interns trained	Long-term innovation dividend	Youth skill pipeline created	Sustainability of reform agenda	Low-cost, high-impact initiative	Small scale	Retention of trained youth	SDG 4, 8



Reforms for National Food Security and Research

The reform agenda undertaken by the Ministry of National Food Security and Research represents one of the most structurally wide-ranging transformations in Pakistan's agri-food system in recent years, spanning policy liberalization, livestock health, seed regulation, agricultural research governance, digitalization, and value-chain development. Collectively, these reforms signal a deliberate shift away from fragmented, state-centric controls toward market-responsive, science-driven, and export-oriented food security governance.

At the livestock and animal health level, the introduction of the National Animal Breeding Policy and the rollout of national programs for disease surveillance, FMD and PPR control, and animal track-and-trace systems mark a decisive move toward productivity-led livestock modernization. These reforms directly address Pakistan's long-standing productivity gaps and SPS-related trade constraints by embedding international standards into domestic systems. The launch of official disease control programs and food safety equivalence-based market access (notably for table eggs to Azerbaijan and the USA) strengthens Pakistan's position in regional and global animal product markets, reducing biosecurity risks while unlocking export-led growth and employment across veterinary services, processing, and logistics.

A major paradigm shift is evident in agricultural market governance through the merger of the Agriculture Policy Institute and the removal of state-mandated support price fixation from the Rules of Business. This reform marks Pakistan's transition toward market-based price discovery, reducing fiscal distortions, procurement inefficiencies, and crowding-out of private investment. While politically sensitive, this step lays the groundwork for a more competitive, innovation-driven agricultural economy, provided it is accompanied by risk mitigation tools for smallholders.

The Economic Wing's reforms, particularly the Agriculture Innovation and Growth Action Plan (AIGP) and the Trade Intelligence & Analytics Dashboard (TIAD), embed data-driven governance into agriculture and agri-trade. AIGP provides a national roadmap for productivity enhancement through technology adoption, improved seed systems, and private-sector participation, while TIAD institutionalizes real-time trade intelligence, strengthening policy responsiveness, export diversification, and investor confidence. Together, these initiatives reposition agriculture as a technology-enabled growth sector rather than a subsistence or subsidy-dependent domain.

At the research and institutional backbone, the restructuring of the Pakistan Agricultural Research Council (PARC), rationalization of institutes, research prioritization frameworks, and modernization of core infrastructure represent a long-overdue correction to systemic inefficiencies. By aligning research agendas with climate resilience, precision agriculture, and

agro-ecological realities, MNFS&R is re-anchoring public R&D to national productivity and food security outcomes. Initiatives such as precision agriculture research, protected cultivation, strengthened genetic resource conservation, and technology transfer mechanisms (including commercialization through PATCO) enhance the translation of research into farm-level impact and agribusiness innovation.

The seed and plant breeding ecosystem has undergone particularly consequential reforms. Rightsizing and digitalization of the Plant Breeders' Rights Registry, simplification of plant variety protection processes, extended validity of PVP certificates, categorization of seed companies, truth-in-labelling provisions, restructuring of Variety Evaluation Committees, and seed track-and-trace systems collectively establish a rules-based, transparent, and innovation-friendly seed regime. These measures reduce transaction costs, protect intellectual property, encourage private R&D, and significantly improve the ease of doing business, critical for yield gains and varietal diversification.

Strategic value-chain interventions, such as the edible oil import substitution strategy, directly address macro-level vulnerabilities by targeting domestic oilseed production and processing. This reform not only reduces Pakistan's import bill but also strengthens farmer incomes, agro-processing industries, and food sovereignty, aligning economic resilience with nutrition security.

Institutionally, the establishment of the Project Planning & Development Unit (PPDU) and the standardization and digitalization of project planning, monitoring, and reporting frameworks represent an internal governance upgrade. These reforms enhance execution discipline, transparency, and accountability across MNFS&R's diverse portfolio, improving development outcomes and stakeholder confidence.

Sector-specific reforms, such as the integration of the Pakistan Tobacco Board with the Pakistan Single Window, and the merger of the Pakistan Central Cotton Committee with PARC, demonstrate a consistent reform logic: institutional consolidation, digital facilitation, and research-led productivity revival. In cotton, in particular, these reforms are strategically significant given its centrality to exports, industrial employment, and foreign exchange earnings.

The reform agenda under the Ministry of National Food Security and Research reflects an ambitious and structurally sound attempt to correct decades of policy distortion, institutional fragmentation, and productivity stagnation in Pakistan's agri-food system. The shift from state-led price fixing toward market-based mechanisms, the consolidation of research institutions, and the prioritization of disease control, traceability, and food safety equivalence signal a welcome move toward rules-based, internationally aligned agricultural governance. Strengths lie in the breadth of reform coverage, from livestock health and seed regulation to trade analytics and R&D commercialization, which, taken together, address both supply-side inefficiencies and market-access constraints. However, the reforms remain heavily policy- and framework-driven, with uneven evidence of execution capacity at provincial and farm levels. Without strong extension systems, risk-sharing instruments for smallholders, and sustained fiscal commitment, market liberalization risks disproportionately exposing vulnerable farmers to volatility before productivity gains materialize.

Institutionally, while mergers, rightsizing, and digitalization have improved coherence and reduced duplication, they also introduce transition risks, particularly in human capital absorption, inter-agency coordination, and continuity of specialized expertise. Research reforms under PARC and seed sector liberalization are directionally correct but face the classic challenge of translating laboratory and regulatory improvements into widespread on-farm adoption. Moreover, export-oriented gains in livestock and seed sectors may remain limited if complementary investments in cold chains, rural infrastructure, and compliance enforcement lag behind. In essence, MNFS&R's reforms demonstrate strategic clarity and policy maturity, but their long-term success hinges on closing the implementation gap, ensuring that market reforms are sequenced with social protection, that research outputs reach farmers at scale, and that federal ambitions are matched by provincial delivery and private-sector uptake.

In sum, the MNFS&R reform package reflects a coherent transition toward market-oriented, science-based, digitally enabled, and export-capable food security governance. The success

of this agenda will ultimately depend on sustained implementation capacity, inter-provincial coordination, farmer risk mitigation mechanisms, and continuity of political support. If consolidated effectively, these reforms position Pakistan to move from chronic food system stress toward resilient, competitive, and innovation-driven agri-food growth aligned with SDGs 2, 8, 9, 12, 13, and 17.

Reforms Summary Under the Ministry of National Food Security & Research

Reform Cluster	Key Reforms & Initiatives	Strategic Objective	Current Status (2025–26)	Economic Impact	Business & Market Impact	Risk & Gaps	Human Capital Impact	SDG Alignment
Livestock Health & Productivity	National Animal Breeding Policy; FMD & PPR Control Programs; Disease Surveillance & Traceability	Improve productivity, animal health, and export readiness	Policies approved / programs under roll-out	Higher farm incomes; reduced disease losses; export potential	Improved SPS compliance; export confidence	Provincial capacity gaps; funding continuity risks	Jobs in veterinary services, labs, surveillance	SDG 2, 3, 8, 12
Market Access & Trade Facilitation	Food safety equivalence (Azerbaijan, USA eggs); Trade Intelligence & Analytics Dashboard	Diversify exports; data-driven trade policy	Operational	FX earnings growth; reduced trade risk	Predictable trade decisions; exporter confidence	Limited private sector uptake of analytics	Analyst, IT, trade policy roles	SDG 8, 9, 17
Agriculture Market Liberalization	Merger of Agriculture Policy Institute; removal of support price fixation	Shift to market-based pricing	Implemented	Reduced fiscal burden; efficiency gains	Reduced distortions; private competition	Farmer exposure to volatility without safety nets	Administrative redeployment	SDG 2, 8
Agricultural Innovation & Growth	Agriculture Innovation & Growth Action Plan (AIGP)	Technology-led productivity & value chains	Approved, early execution	Productivity gains; diversification	Investor confidence in agri-value chains	Adoption lag among smallholders	Jobs in agri-tech, seeds, mechanization	SDG 2, 9
Research Governance & Alignment (PARC)	PARC restructuring; research prioritization; institute rationalization	Mission-driven, climate-smart R&D	Frameworks finalized	Higher ROI on public R&D	Stronger public–private R&D linkage	Transition risks; coordination challenges	Researcher upskilling; career pathways	SDG 2, 13, 16
Research Infrastructure & Precision Agriculture	IoT labs; protected cultivation; precision farming	Climate resilience & efficiency	Pilots operational	Reduced water/input losses	Lower production risk for investors	Scaling beyond pilots	Skilled technical employment	SDG 6, 9, 13
Genetic Resources & Crop Improvement	Germplasm conservation; variety development; agro-ecological zoning	Long-term food security	Ongoing / completed	Yield stability; resilience	Reliable seed pipelines	Weak extension linkages	Scientific & technical roles	SDG 2, 15
Technology Transfer & Commercialization	PATCO public–private platform	Monetize research outputs	Operational	Startup & SME growth	Clear commercialization pathways	Limited private risk appetite	Jobs in agribusiness, services	SDG 8, 9

Seed Sector Regulatory Reform	Company categorization; truth-in-labelling; VEC restructuring; seed T&T; IRMs	Liberalize seed markets; improve quality	Implemented	Investment inflows; quality assurance	Ease of doing business in seed sector	Enforcement consistency	Skilled agri-professional jobs	SDG 2, 9
Plant Breeders' Rights Modernization	Rightsizing PBRR; digital PVP; 5-year renewals	IP protection & efficiency	Implemented / amendments underway	Reduced compliance cost	R&D certainty for breeders	Legal amendment delays	IP & registry professionals	SDG 2, 9
Import Substitution (Edible Oils)	National oilseed strategy	Reduce import bill	Strategy finalized	FX savings; farmer income	Stronger domestic value chains	Requires provincial alignment	Jobs in farming & processing	SDG 2, 8, 12
Project Planning & Delivery (PPDU)	Centralized planning; digital monitoring; capacity building	Execution discipline	Operational / systems in progress	Better PSDP utilization	Predictable project pipelines	Digital system delays	Project management skills	SDG 9, 16, 17
Cotton Sector Restructuring	PCCC–PARC merger; APTMA MoU on cess	Revive cotton R&D	Merger in process	Industrial revival potential	Raw material security for textiles	Legislative delays	Research & field jobs	SDG 2, 8

One-Line Strategic Takeaway

MNFS&R reforms represent a decisive shift toward market-oriented, research-driven, and trade-aligned agriculture, but their success depends on execution depth, particularly provincial delivery, farmer risk mitigation, and scaling of innovation beyond pilots.



Strengthening Inter-Provincial Governance and Coordination Reforms

Inter-provincial coordination lies at the heart of Pakistan's federal architecture, particularly in the post-18th Constitutional Amendment landscape where many social, cultural, and economic subjects are devolved to provinces while requiring national coherence. The Inter-Provincial Coordination Division (IPC) performs a pivotal role as the federal steward of coordination, dispute resolution, policy harmonization, and standard-setting across provinces in key sectors such as sports, tourism, youth development, water issues, and regulatory oversight of national institutions.

During 2025, IPC and its attached organizations undertook a set of governance, digitalization, service delivery, and institutional reforms that collectively strengthened horizontal (inter-provincial) and vertical (federal–provincial) coordination. These reforms focused on reducing administrative friction, improving transparency, enabling private sector participation, and reinforcing Pakistan's international credibility in sports and tourism.

Core Governance Reforms at the IPC Ministry Level

At the Ministry level, the most consequential reform was the 100% implementation of E-Office, which established a paperless, traceable, and time-bound decision-making environment. Crucially, IPC did not treat digitalization as an internal reform alone; it mandated and ensured E-Office implementation across all attached departments, creating a unified administrative ecosystem. This reform significantly reduced inter-departmental delays, improved record integrity, and enhanced accountability, key prerequisites for effective inter-provincial governance.

IPC also introduced same-day processing of No Objection Certificates (NOCs) for international sports events through coordinated clearances with the Ministry of Interior and Ministry of Foreign Affairs. This reform directly addressed a long-standing bottleneck affecting athletes, federations, and international engagements, signaling a shift toward service-oriented federal coordination.

Beyond administrative reforms, IPC actively engaged provinces on water-related inter-provincial issues, using coordination mechanisms to address disputes and facilitate dialogue, an area traditionally prone to institutional friction. Additionally, IPC consolidated its strategic role in tourism governance by assuming administrative control of the Pakistan Tourism Development Corporation (PTDC), aligning tourism promotion with inter-provincial coordination rather than fragmented federal oversight.

Institutionally, IPC strengthened governance in sports by enabling the appointment of the CEO

of the Pakistan Anti-Doping Board and supporting the establishment of the Sports Endowment Fund, aimed at welfare and sustainability for former sportspersons, an important social governance reform.

Inter-Provincial Tourism Governance: Repositioning PTDC

The transfer of PTDC to IPC marked a structural reform in tourism governance. Tourism, by its nature, cuts across provincial jurisdictions, requiring national branding, unified standards, and coordinated international outreach. Under IPC's oversight, PTDC functioned as a national coordinating platform, not a competing provincial actor.

In 2025, PTDC advanced federal–provincial coordination frameworks that enabled joint participation in international tourism exhibitions, unified national branding under "Salam Pakistan", and collaborative marketing with provincial tourism departments. This reduced duplication, improved cost-sharing, and strengthened Pakistan's international tourism representation.

Financial sustainability reforms, including the Tourism Endowment Fund with federal and provincial contributions, introduced a shared ownership model, aligning provincial incentives with national tourism promotion. PTDC's increasing reliance on leasing revenues and reduced dependence on federal grants reflects a shift toward financially disciplined inter-provincial institutions.

Digitally, PTDC expanded online platforms and data consolidation efforts, including preparation of the Tourism Data Barometer, which supports evidence-based planning across provinces. Collectively, these reforms repositioned PTDC as a federal integrator and provincial enabler, rather than a centralized operator.

Sports Governance and Inter-Provincial Standardization: Pakistan Sports Board

The Pakistan Sports Board (PSB) undertook one of the most comprehensive governance reform agendas among IPC-attached bodies. Through full E-Office implementation, digital NOC systems, and compliance with the World Anti-Doping Code, PSB restored Pakistan's international credibility by exiting the WADA Watchlist, an outcome with direct reputational and diplomatic implications.

Inter-provincially, PSB introduced uniform regulatory frameworks, including tenure limits for sports federations, standardized funding utilization regulations, and independent adjudication mechanisms. These reforms reduced discretionary practices, curbed elite capture, and created a level playing field across provinces and federations.

The QR-coded NOC system not only enhanced transparency but also addressed cross-border risks such as human trafficking under the guise of sports. Infrastructure investments across regions (e.g., hockey turfs in Muzaffarabad and Wah Cantt) further reflected a commitment to balanced regional development, rather than capital-centric sports governance.

Youth and Human Capital Coordination: National Internship Program

Although the National Internship Program (NIP) has remained dormant operationally since 2019, 2025 marked a policy revival phase. IPC advanced consultations, programme redesign, and submission of a summary to the Prime Minister for revival of NIP under a modernized framework aligned with current labor market needs.

Importantly, governance reforms, particularly E-Office implementation, ensured institutional readiness for relaunch, with improved traceability, transparency, and administrative efficiency. The planned revival positions NIP as a federal–provincial human capital bridge, capable of aligning youth placement with both public and private sector demand across provinces.

Regulatory Coordination in Tourism Services: Department of Tourist Services (DTS)

The Department of Tourist Services (DTS) operates within the constrained jurisdiction of ICT and Gilgit-Baltistan, yet its reforms carry inter-provincial significance due to tourism mobility

and national standards. In 2025, DTS advanced digital licensing (Modules I & II), one-window facilitation, and a toll-free grievance mechanism, significantly reducing compliance costs for tourism businesses.

Despite resource constraints, DTS remained self-sustaining and revenue-positive, demonstrating that regulatory enforcement and ease of doing business are not mutually exclusive. Proposed legislative amendments to replace "Federal Government" with "Appropriate Authority" reflect alignment with the post-18th Amendment governance model and clarify federal-provincial regulatory roles.

Overall Assessment and Governance Significance

Taken together, the reforms under the Inter-Provincial Coordination Division represent a shift from ad-hoc coordination to system-based federalism. Digitalization, standardized rules, inter-provincial consultation mechanisms, and institutional restructuring collectively strengthened policy coherence, reduced transaction costs, and improved service delivery across provinces.

While challenges persist, particularly funding constraints, uneven provincial capacity, and pending policy approvals, the 2025 reform trajectory demonstrates that inter-provincial governance can be modernized without constitutional conflict, provided coordination is rule-based, transparent, and service-oriented. These reforms lay a credible foundation for deeper federal–provincial collaboration in tourism, sports, youth development, and regulatory governance in the years ahead.

The inter-provincial governance reforms under the Inter-Provincial Coordination Division (IPC) demonstrate a clear shift toward system-based federal coordination rather than personality- or ad-hoc-driven management. The full implementation of E-Office across the Ministry and its attached departments is a foundational strength, as it standardizes processes, improves traceability, and reduces inter-departmental friction, an essential condition for effective inter-provincial coordination. In sectors such as sports and tourism, IPC has successfully moved from symbolic oversight to rule-based standardization, evidenced by same-day NOC processing, uniform sports governance regulations, and coordinated international tourism representation. The repositioning of PTDC under IPC and the compliance-driven reforms in the Pakistan Sports Board have also strengthened Pakistan's international credibility, aligning domestic governance with global norms in tourism promotion and anti-doping compliance.

Despite these advances, the reform architecture reveals several structural gaps. First, coordination mechanisms remain largely procedural rather than outcome-driven, there is limited evidence of performance metrics or inter-provincial benchmarking to assess whether coordination is translating into measurable service delivery or economic outcomes. Second, capacity asymmetries across provinces persist, particularly in tourism regulation and youth development, where federal initiatives depend heavily on uneven provincial execution. Entities such as the Department of Tourist Services continue to face chronic IT and human resource constraints, undermining the scalability of digital reforms. Similarly, while the National Internship Program revival is conceptually aligned with human capital goals, it remains policy-in-progress, with no operational rollout, funding certainty, or provincial absorption framework yet in place.

The principal risk to inter-provincial governance reforms lies in institutional fragility and policy discontinuity. Decisions such as the proposed winding up of PTDC by CCOSOEs highlight the vulnerability of coordination-centric institutions to fiscal austerity and shifting political priorities, potentially reversing hard-won gains in national tourism governance. Another risk is over-centralization under the guise of coordination, without clear subsidiarity principles, provinces may perceive federal coordination as encroachment rather than facilitation, weakening cooperative federalism. Finally, digital reforms carry an execution risk: without sustained investment in skills, IT infrastructure, and cyber governance, digitization may plateau at the process level rather than evolving into data-driven inter-provincial policy coordination.

In sum, IPC-led reforms mark a meaningful transition toward modern inter-provincial governance, with strong foundations in transparency, standardization, and international alignment. However, for these reforms to mature into durable federal governance gains, the next

phase must prioritize capacity equalization across provinces, outcome-based coordination frameworks, and protection of coordinating institutions from short-term fiscal and political shocks. Without these safeguards, the reforms risk remaining administratively impressive but strategically under-leveraged.

Reforms Summary for the Inter-Provincial Governance Reforms

Reform Area	Key Interventions (2025)	Governance Objective	Outputs Delivered	Short-Term Impact	Long-Term Impact	Economic / Business Impact	Human Capital Impact	SDG Alignment
Federal–Provincial Coordination (IPC – Main Ministry)	Strengthened IPC's coordinating mandate across tourism, sports, youth and regulatory domains	Improve cooperative federalism and inter-provincial coherence	Structured coordination mechanisms; same-day NOCs for sports events	Faster clearances; reduced bureaucratic friction	Institutionalized inter-provincial coordination	Lower transaction costs for events & businesses	Improved service responsiveness	SDG 9, SDG 16
Digital Governance (IPC & Attachments)	100% E-Office implementation across IPC, PTDC, PSB, NIP, DTS	Transparency, efficiency, paperless governance	End-to-end digital file processing	Faster decision-making	Foundation for data-driven federal governance	Predictable regulatory timelines	Skills upgrade in public sector	SDG 8, SDG 17
Tourism Governance Realignment (PTDC under IPC)	Transfer of PTDC administrative control to IPC	Unified national tourism policy coordination	Federal–provincial alignment in tourism promotion	Improved coordination with provinces	Stronger national tourism governance model	Boost to tourism value chain	Community-based tourism skills	SDG 8, SDG 11
Financial Sustainability – Tourism	Tourism Endowment Fund (Federal + KP + Punjab); revenue-sharing from motels	Reduce fiscal burden; ensure sustainability	Dedicated funding pool; declining federal subsidy	Operational stability	Near self-sufficiency of PTDC	Stable tourism promotion financing	Jobs continuity in tourism promotion	SDG 8, SDG 9
National & International Tourism Promotion	PTM 2025, Silk Route & KohQaf Festivals, global expos	Strengthen Pakistan's tourism brand	B2B platforms; global visibility	Increased inquiries & partnerships	Sustained destination branding	Tourism investment confidence	Cultural & creative economy jobs	SDG 3, SDG 16
Sports Governance Reforms (PSB)	WADA compliance, PADB independence, tenure limits, QR-coded NOCs	Restore credibility & integrity in sports	Exit from WADA watchlist; transparent NOC system	Trust restored internationally	Rule-based sports governance	Sports events & sports tourism	Athlete welfare & fair play	SDG 9, SDG 10
Sports Infrastructure & Regional Equity	Hockey turfs, gymnasiums, HVAC upgrades, security systems	Balanced regional sports development	Modernized facilities nationwide	Increased participation	Sustainable talent pipelines	Local sports-linked economic activity	Youth engagement & fitness	SDG 4, SDG 8
Youth & Human Capital (NIP Revival)	Revival framework, PM summary, E-Office digitization	Rebuild national internship pipeline	Policy groundwork completed	Administrative readiness	National employability platform	Skilled workforce supply	Youth employability & skills	SDG 16

Tourism Regulation & Service Delivery (DTS)	E-Licensing Modules I & II, One-Window, Helpline	Ease of doing business & compliance	Online licensing & grievance redress	Faster approvals	Transparent tourism regulation	Reduced compliance costs	Capacity-building of regulators	SDG 8, SDG 16
Business Environment Facilitation	Simplified procedures, digital portals, coordinated representation	Reduce fragmentation across provinces	Standardized processes	Improved private-sector engagement	Predictable operating environment	Investment confidence	Professionalization of services	SDG 16
Transparency & Accountability	Audit rules, digital records, standardized approvals	Reduce discretion & enhance trust	Better documentation & compliance	Improved oversight	Institutional accountability culture	Reduced governance risk	Ethical public administration	SDG 16, SDG 17
Overall Inter-Provincial Reform Impact	Coordination-centric, institutional reforms	Shift IPC to governance enabler	Structural alignment achieved	Functional efficiency gains	Platform for outcome-based federalism	Cross-sector economic coherence	Inclusive service delivery	

Executive takeaway:

The Inter-Provincial Governance reforms have built a credible institutional and digital backbone for cooperative federalism. Their sustainability now hinges on moving from process-based coordination to outcome-linked metrics, ensuring provincial capacity parity, and safeguarding reform continuity against fiscal and political shocks.



Reforms for Investment Facilitation and Regulatory Transformation

The investment facilitation reforms led by the Board of Investment and the Special Investment Facilitation Council (SIFC) represent a decisive shift in Pakistan's approach to private-sector engagement, regulatory governance, and investor confidence building. Historically, Pakistan's investment climate has been constrained less by lack of opportunity and more by excessive regulatory friction, fragmented approvals, and unpredictable compliance requirements.

The current reform agenda directly addresses these structural constraints by prioritizing regulatory simplification, institutional coordination, and investor-facing service delivery. Unlike earlier ease-of-doing-business efforts that were often compliance-driven or index-focused, this reform package is systemic in nature, anchored in legislation, supported by quantified cost reductions, and coordinated through a centralized reform architecture.

The establishment of the Business Facilitation Center in August 2025 is a tangible manifestation of this new investment governance model. By consolidating 341 registrations, licenses, certifications, and permits into a single physical one-window platform, the BFC has significantly reduced coordination failures across federal departments. The center has improved approval timelines, enhanced transparency, and provided investors with a clear and accessible interface with the state. The rising daily footfall, now exceeding 100 investors, demonstrates both latent investor demand for simplified processes and early confidence in the reform's operational credibility. In the short term, the BFC has improved ease of entry for businesses; in the longer term, it lays the foundation for a rules-based and predictable investment facilitation system.

At the core of the investment reform agenda lies the Regulatory Reforms Initiative, implemented through three reform packages during 2025. This initiative targets the most entrenched structural bottleneck in Pakistan's investment environment: regulatory overreach and duplication. The elimination of 89 redundant regulatory requirements and the simplification and digitalization of 241 others have translated into an estimated annual compliance cost reduction of PKR 356.5 billion, with projected savings of PKR 2.5 trillion over the next decade. Importantly, this reform effort stands out for explicitly quantifying regulatory costs in economic terms, strengthening its credibility with investors and policymakers alike. While implementation remains partial, 52 out of 330 proposed reforms completed, the fiscal and economic logic of the reform trajectory is clear and directionally sound.

The enactment of the Asaan Karobar Act, 2025 marks a structural break from discretionary and ad hoc regulation by institutionalizing regulatory quality management. Through the creation of the Asaan Karobar Technical Unit, the Pakistan Regulatory Registry, and the Pakistan Business Portal, the Act introduces ex-ante scrutiny of regulatory requirements, ensuring that new and

existing regulations are assessed for necessity, proportionality, and economic impact. This aligns Pakistan's regulatory governance more closely with international best practices and shifts the state's role from a gatekeeper to a facilitator of economic activity. However, the full benefits of this reform are contingent upon timely operationalization, adequate staffing, and sustained political backing.

Collectively, these reforms have begun to reshape the investment landscape by lowering entry barriers, reducing compliance uncertainty, and signaling a more predictable regulatory environment. In the short term, they have improved investor sentiment and reduced transaction costs; over the medium to long term, they are expected to encourage business formalization, stimulate startup creation, and support sustained domestic and foreign investment inflows. The explicit linkage between regulatory simplification and job creation is particularly significant, as reduced barriers to entry disproportionately benefit small and medium enterprises, which are the largest generators of employment.

Despite strong reform design, execution risks remain evident. Inter-ministerial inertia continues to slow on-ground implementation, uneven digital capacity across departments threatens the pace of full-scale digitalization, and delays in staffing and funding the Asaan Karobar Technical Unit could weaken regulatory oversight. There is also a sequencing risk: without rapid operational delivery, early gains in investor confidence may plateau. Addressing these risks will require sustained political prioritization, fiscal support, and disciplined inter-agency coordination.

Overall, the BOI–SIFC investment reform agenda constitutes one of the most credible and economically grounded reform efforts in Pakistan's recent history. Its success will ultimately be measured not by the number of laws enacted, but by the volume of regulations retired, the speed of approvals delivered, and the scale of investments mobilized. The institutional architecture is robust and aligned with Sustainable Development Goals 8 and 16; the decisive variable now is execution.

Reforms Summary for Business Investment and Facilitation

Reform Area	Reform Type	Core Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Jobs & Economic Impact	Business & Investment Impact	Implementation Status	SDG Alignment
Business Facilitation Center (BFC)	Ease of Doing Business / Service Delivery	Streamline and centralize federal regulatory approvals	One-window facility offering 341 RLCOs	Faster approvals; reduced procedural friction	Institutionalized investor facilitation framework	Startup creation and SME expansion generating employment	Improved investor confidence and ease of entry	Operational since Aug 2025; avg. 100+ daily footfall	Prosperity – SDG 8 Institutions – SDG 16
Regulatory Reforms Initiative (Packages I–III)	Regulatory Rationalization / Digitalization	Reduce regulatory burden and compliance costs	Elimination of 89 RLCOs; simplification & digitalization of 241 RLCOs	PKR 356.5 bn annual compliance cost reduction	PKR 2.5 trillion savings over 10 years	Job creation through formalization and business growth	Lower cost of doing business; reduced discretion	52 of 330 reforms implemented	Prosperity – SDG 8 Institutions – SDG 16
Asaan Karobar Act, 2025	Legislative / Institutional Reform	Establish centralized regulatory quality management	Asaan Karobar Technical Unit; Regulatory Registry; Business Portal	Structured review of regulatory requirements	Predictable, rule-based regulatory ecosystem	Sustained job creation via improved business entry and scaling	Shift from gatekeeping to facilitation model	Act enacted; institutional setup in progress	Prosperity – SDG 8 Institutions – SDG 16

Pakistan Regulatory Registry	Digital Governance	Map and disclose all federal regulatory requirements	Centralized digital inventory of RLCOs	Transparency and regulatory clarity	Reduced discretion and regulatory uncertainty	Indirect employment via investment growth	Clear, predictable regulatory landscape	Under development	Institutions – SDG 16 Innovation – SDG 9
Pakistan Business Portal	Digital Service Delivery	Provide a digital one-stop shop for approvals	Unified online access to regulatory services	Reduced transaction time and cost	End-to-end digital investment lifecycle	IT-enabled service efficiency and employment	Easier business entry and operations	Planned under Asaan Karobar framework	Innovation – SDG 9 Institutions – SDG 16
Quantified Compliance Cost Reduction Framework	Evidence-Based Governance	Anchor reforms in measurable economic impact	Cost–benefit analysis of regulatory reforms	Credible signaling to investors	Policy discipline based on economic outcomes	Supports private-sector-led growth	Enhances reform credibility domestically & globally	Embedded in reform design	Prosperity – SDG 8
Inter-Ministerial Regulatory Coordination	Whole-of-Government Reform	Accelerate reform implementation across ministries	Coordinated reform packages and shared ownership	Faster translation of approved reforms	Sustainable regulatory coherence	Indirect job creation through investment facilitation	Reduced fragmentation and approval delays	Ongoing	Institutions – SDG 16
Digital Infrastructure Strengthening (Planned)	Capacity Building / Digitalization	Enable full-scale regulatory digitalization	IT platforms, systems integration	Faster and traceable service delivery	Modern, transparent digital governance	Tech-enabled public sector and service jobs	Predictable, transparent digital approvals	Planned	Innovation – SDG 9 Institutions – SDG 16

Collectively, these reforms align Pakistan's investment governance with SDG 8 (Decent Work & Economic Growth), SDG 9 (Industry, Innovation & Infrastructure), and SDG 16 (Peace, Justice & Strong Institutions), signaling a structural shift from discretionary regulation to a rules-based, digital, and investor-centric regulatory regime.



National Health Services Reforms

During 2025, the Ministry of National Health Services, Regulations & Coordination advanced a wide-ranging reform agenda aimed at strengthening Pakistan's health system governance, resilience, and service delivery while aligning national priorities with Universal Health Coverage (UHC), International Health Regulations (IHR), and the Sustainable Development Goals. Central to this effort was the development of the National Health & Population Policy (2026–2035), which established a unified national framework endorsed by provinces and federating areas, bringing long-needed coherence to policy direction across federal and provincial health systems. Complementing this, the Pakistan Multisectoral Health Workforce Strategy (2025–2034) addressed structural workforce gaps through coordinated planning, skills development, and emergency preparedness, thereby reinforcing health security and institutional capacity to respond to future crises.

Significant investments were also made to strengthen service delivery and emergency preparedness through critical health infrastructure. The Regional Blood Centre in Islamabad was constructed and equipped in accordance with WHO standards, with the initiation of a public–private partnership model to ensure sustainable, quality-assured blood transfusion services.

Similarly, the establishment of the 267-bed Isolation Hospital & Infection Treatment Centre marked a major step toward strengthening Pakistan's infectious disease response architecture, enhancing immediate outbreak readiness while building long-term preparedness for public health emergencies. These investments reflect a shift from ad hoc capacity expansion toward purpose-built, resilient health infrastructure.

Regulatory modernization emerged as a core pillar of reform, particularly through the transformation of the Drug Regulatory Authority of Pakistan (DRAP). Extensive digitization, integration with the Pakistan Single Window, and streamlined approval mechanisms significantly reduced regulatory timelines, improved transparency, and enhanced ease of doing business in the pharmaceutical sector. DRAP's initiation of the WHO Maturity Level-3 benchmarking process further positioned Pakistan toward international regulatory recognition as a WHO-Listed Authority. Parallel institutional reforms were implemented in professional regulation, with the Pakistan Nursing & Midwifery Council introducing digital licensing, national examinations, and standardized accreditation systems, while the Pakistan Medical & Dental Council digitized licensing and accreditation, introduced third-party inspections of medical colleges, and achieved WFME accreditation, strengthening the global standing and mobility of Pakistani medical graduates.

On the public health front, the Government launched flagship disease-control initiatives under the Prime Minister's leadership. The nationwide Programme for Elimination of Hepatitis C progressed with PC-I approval and the initiation of large-scale screening and treatment frameworks aimed at eliminating one of Pakistan's most persistent communicable disease burdens. In parallel, the Programme for Prevention and Control of Diabetes Mellitus was rolled out through primary healthcare–based interventions to address the rapidly growing non-communicable disease burden by promoting early diagnosis, prevention, and awareness. These initiatives signal a strategic reorientation toward preventive care and population health management.

A major milestone in tertiary and quaternary healthcare was the launch of the Jinnah Medical Complex and Research Center, envisioned as Pakistan's first quaternary-care hospital in Islamabad with a capacity exceeding 1,260 beds. Designed to improve advanced patient care, reduce pressure on existing hospitals, and serve as a regional hub for medical education and research, the complex represents a long-term investment in clinical excellence, research capacity, and health system load management.

Collectively, these reforms delivered immediate gains in policy coherence, regulatory efficiency, emergency preparedness, and service readiness, while laying the foundation for sustained improvements in population health outcomes, pharmaceutical governance, workforce resilience, and national health security. Although most initiatives contribute indirectly to employment generation, large-scale infrastructure projects and regulatory modernization have begun to create direct and indirect job opportunities across healthcare delivery, pharmaceuticals, education, and research. From a business environment perspective, regulatory digitization, particularly within DRAP and PMDC, has reduced discretionary delays, improved predictability, and strengthened investor confidence in the health and life sciences sector.

Despite notable progress, implementation challenges remain, including constrained financing, human resource shortages, delays in board constitution, and recruitment bottlenecks through FPSC. Addressing these constraints will be critical to sustaining reform momentum. Looking ahead, the Ministry's reform pipeline includes the expansion of telemedicine, implementation of electronic medical records, establishment of integrated complaint management systems, launch of a unified health helpline, strengthening of hospital waste management, expansion of bed capacity, completion of hospital and primary healthcare outsourcing, and further development of the Jinnah Medical Complex through the planned groundbreaking of a 100-bed facility. Overall, the reforms undertaken during this period represent a structural recalibration of Pakistan's health governance framework, firmly anchored in SDG 3 (Good Health and Well-Being) and supported by SDG 4 (Quality Education), positioning the health sector on a more resilient, transparent, and sustainable trajectory.

Reforms Summary for Health Education

Reform Area	Key Reform / Initiative	Reform Type	Core Objective	Key Outputs	Short-Term Impact	Long-Term Impact	Economic Impact	Human Capital Impact	Business & Investment Impact	SDG Alignment
Policy & Governance	National Health & Population Policy (2026–2035)	Policy Framework	Establish unified national health and population framework aligned with UHC & IHR	Draft policy endorsed by provinces & federating areas	Policy coherence across federal–provincial systems	Sustained health system resilience & UHC progress	Indirect fiscal efficiency via coordinated planning	Improved workforce planning & service alignment	Predictable policy environment for health investments	People – SDG 3

Human Resources for Health	Pakistan Multisectoral Health Workforce Strategy (2025–2034)	HR / Policy Reform	Build resilient, skilled health workforce	National workforce strategy finalized	Improved coordination & deployment	Strengthened emergency & health security capacity	Indirect productivity gains	Long-term skills development & retention	Improved availability of trained professionals	People – SDG 3
Health Infrastructure	Regional Blood Centre (Islamabad)	Infrastructure / PPP	Modernize blood transfusion services	WHO-standard facility; PPP outsourcing initiated	Operational readiness	Sustainable, quality blood services	Cost efficiency through PPP	Skilled technical & clinical roles	Improved service reliability for hospitals	People – SDG 3
Emergency Preparedness	Isolation Hospital & Infection Treatment Centre (IHITC)	Infrastructure / Emergency Care	Strengthen infectious disease response	267-bed facility; PPP Phase-I approved	Immediate outbreak readiness	Long-term epidemic preparedness	Reduced emergency response costs	Specialized infectious-disease capacity	Health security stability	People – SDG 3
Regulatory Reform	DRAP Digitization & Process Reforms	Regulation / EoDB	Accelerate access to medicines & improve regulation	70% digitization; PSW integration	Faster approvals & transparency	Stronger pharma governance	Reduced compliance costs	Regulatory & technical skills	Improved ease of doing business	Prosperity – SDG 3
Global Standards Alignment	WHO Maturity Level-3 (ML-3) – DRAP	Regulatory Capacity	Achieve WHO-listed authority status	GBT process initiated	Regulatory benchmarking	Global regulatory recognition	Export competitiveness	Advanced regulatory expertise	Increased investor confidence	Partnerships – SDG 3
Professional Regulation	PN&MC Reforms	HR / Regulation	Modernize nursing & midwifery governance	Digital licensing, national exams	Transparency & QA	Globally recognized nursing workforce	Workforce efficiency	Career pathways & skill standards	International employability	People – SDG 3
Communicable Diseases	PM's Programme for Elimination of Hepatitis-C	Public Health	Eliminate Hepatitis-C burden	PC-I approved; screening & treatment launched	Expanded coverage	Disease elimination	Reduced long-term health costs	Public health workforce engagement	Health system stability	People – SDG 3
Non-Communicable Diseases	PM's Programme for Prevention & Control of Diabetes	NCD Control	Prevent & manage diabetes via PHC	Nationwide PHC rollout	Early diagnosis & awareness	Reduced NCD burden	Productivity preservation	Community-level health skills	Predictable PHC ecosystem	People – SDG 3
Medical Education Governance	PMDC Digitization & Accreditation Reforms	Governance / Education	Improve transparency & global recognition	WFME accreditation; digital licensing	Faster processing	International mobility of graduates	Export of skilled professionals	Education quality assurance	Confidence in medical education	People – SDG 3, 4
Tertiary & Quaternary Care	Jinnah Medical Complex & Research Center	Infrastructure / Health R&D	Establish national center of excellence	1,260+ bed quaternary hospital	Improved patient care	Reduced system load & R&D hub	Direct employment generation	Advanced clinical & research skills	Medical tourism & services growth	People – SDG 3



The Way Forward

The Pakistan Reforms Report 2026 marks an important milestone in how governance change in Pakistan is documented, understood, and interpreted. Rather than offering judgment or political commentary, the report deliberately focuses on institutional reforms undertaken during the calendar year 2025, presenting them as building blocks of a longer and more complex reform journey. In doing so, it responds to a critical gap in Pakistan's policy ecosystem: the absence of a consolidated, evidence-based record of how the state is changing beneath the surface of daily politics.

What the 2025 Reform Landscape Tells Us

The reforms documented in this report reveal a state in transition, uneven, constrained, and at times overstretched, yet increasingly aware that systems matter more than slogans. Across sectors such as power, justice, foreign affairs, science and technology, and digital governance, reforms in 2025 show a noticeable shift away from ad hoc interventions toward structural, process-driven, and digitally enabled change. This is a significant evolution from earlier reform cycles that were often reactive, donor-driven, or limited to isolated programs.

A defining characteristic of the 2025 reform agenda is the centrality of institutional strengthening. The dominance of reforms aligned with SDG 16 (Peace, Justice and Strong Institutions) underscores a recognition within the government that durable economic growth, social stability, and international credibility cannot be achieved without predictable rules, capable institutions, and transparent processes. Whether through digital court systems, alternative dispute resolution frameworks, power sector restructuring, export control regimes, or diplomatic coordination mechanisms, reforms increasingly aim to fix how the state functions rather than merely what it announces.

Another notable trend is the expansion of digital governance as a reform enabler. Digitization in 2025 was not limited to citizen-facing services; it extended deep into the machinery of government, case management systems, regulatory workflows, inter-ministerial coordination platforms, and data repositories. These reforms matter because they quietly reshape incentives, reduce discretion, improve traceability, and preserve institutional memory. While digital systems alone do not guarantee better governance, their growing adoption suggests a state attempting to move from personality-driven administration to rule-based processes.

The report also highlights a maturing understanding of economic governance. Reforms in energy, trade facilitation, export controls, sanctions compliance, and investment frameworks reveal a clearer appreciation of how governance failures translate into economic costs. The shift

toward rationalizing power sector liabilities, improving regulatory predictability, strengthening contract enforcement, and aligning with international compliance regimes reflects a pragmatic acknowledgment that credibility, not rhetoric, underpins economic confidence.

Importantly, the comparison between the Pakistan Reforms Report 2025 and the current edition shows that reforms in 2026 are more coherent, more interconnected, and more institutionally anchored. Where earlier reforms often focused on announcements or isolated initiatives, the 2026 report documents reforms that are increasingly embedded within mandates, laws, systems, and coordination mechanisms. This does not imply completion or success, but it does indicate learning and adaptation within the state apparatus.

At the same time, the report does not obscure persistent weaknesses. Human resource constraints, uneven implementation capacity, fragmented data systems, and limited outcome measurement remain recurring challenges. Many reforms are technically sound but institutionally fragile, dependent on a small number of individuals or external support. Without sustained political backing, budgetary continuity, and administrative ownership, the risk of reform fatigue or reversal remains real.

The Way Forward: From Reform Activity to Reform Outcomes

The next phase of Pakistan's reform journey must focus on deepening, consolidating, and institutionalizing the changes documented in this report. The challenge ahead is not the absence of reform ideas, but the need to convert reform activity into measurable, lived outcomes for citizens and businesses.

First, there is a clear need to move from reform documentation to reform sequencing and prioritization. The sheer number of reforms undertaken in 2025 demonstrates ambition, but also raises questions of absorptive capacity. Future reform cycles should explicitly identify which reforms are foundational, which are complementary, and which require preconditions to succeed. Without sequencing, even well-designed reforms risk competing for limited administrative attention and resources.

Second, the government must strengthen implementation and delivery mechanisms. Many reforms documented in this report are frameworks, systems, or policy instruments whose real impact will only be visible over time. This calls for dedicated delivery units, clearer ownership within institutions, and performance monitoring that goes beyond inputs and activities. Embedding reform delivery within line ministries, rather than relying on temporary task forces or external partners, will be essential for sustainability.

Third, human capital development must be treated as a core reform enabler rather than a supporting activity. Digital systems, regulatory frameworks, and institutional restructuring all depend on skilled, motivated, and stable personnel. The next phase of reforms should therefore prioritize professional training, career pathways, and retention strategies within the civil service, judiciary, regulators, and technical agencies. Without this investment, institutional reforms risk becoming hollow structures.

Fourth, the report points to the urgent need for interoperability across government systems. Many of the most promising reforms, digital justice, power sector data platforms, trade facilitation, sanctions compliance, and diplomatic coordination, will reach their full potential only when systems can communicate across institutional boundaries. A whole-of-government digital architecture, with shared standards and secure data exchange, is no longer optional; it is foundational to modern governance.

Fifth, Pakistan's reform agenda must increasingly integrate outcome measurement and feedback loops. While this report intentionally avoids performance evaluation, future editions can build on this baseline by tracking how reforms affect service delivery timelines, costs, dispute resolution efficiency, investor confidence, and citizen satisfaction. Evidence-based refinement will be key to preventing reforms from stagnating or becoming symbolic.

Aligning Reforms with National and Global Priorities

The SDG mapping presented in this report provides valuable insight into where reform energy has

been concentrated. The prominence of SDGs 16, 8, and 9 reflects a strategic focus on institutions, economic growth, and infrastructure. Going forward, there is scope to strengthen linkages with SDGs related to social protection, inequality reduction, environmental sustainability, and urban resilience, ensuring that institutional reforms translate into inclusive development outcomes.

At the international level, Pakistan's reforms must continue to align with evolving global standards, not as a compliance exercise but as a competitiveness strategy. Whether in energy markets, digital governance, dispute resolution, or trade controls, alignment with credible international frameworks enhances predictability, reduces risk premiums, and expands policy space. The challenge is to ensure that such alignment remains context-sensitive and development-oriented, rather than mechanically imported.

Institutionalizing Reform Documentation

One of the most important contributions of the Pakistan Reforms Report 2026 is the demonstration that reform documentation itself is a governance tool. By systematically recording reforms, removing duplication, standardizing language, and mapping impacts, the report creates a shared factual baseline. This baseline can support academic research, policy analysis, parliamentary oversight, media understanding, and informed public debate.

Looking ahead, reform documentation should become a regular institutional practice, not a one-off exercise. Annual or biennial reform reporting, linked to planning cycles and administrative reviews, can help normalize transparency, reduce narrative fragmentation, and build institutional memory. Over time, this can shift the national conversation from episodic crisis response to long-term governance improvement.

Closing Reflection

Pakistan's governance challenges are deep-rooted and complex. No single report, reform package, or political cycle can resolve them. However, the reforms documented in this report suggest that parts of the state are learning, adapting, and experimenting with new ways of working. These changes may not always be visible to citizens in the short term, but they shape the conditions under which public services are delivered, disputes are resolved, investments are made, and trust is built.

The Pakistan Reforms Report 2026 therefore concludes not with claims of success, but with a clearer picture of movement, movement toward stronger institutions, more predictable governance, and a state that increasingly understands reform as a continuous process rather than a headline event. The way forward lies in sustaining this momentum, deepening implementation, and ensuring that reforms ultimately improve the everyday lives of the people of Pakistan.

Sources

The Pakistan Reforms Report 2026 is grounded in primary, verifiable, and institutional sources to ensure accuracy, credibility, and transparency. Given the report's purpose as a documentation of reforms rather than an evaluative assessment, sources have been selected to reflect official records, statutory instruments, institutional disclosures, and authoritative international frameworks. Wherever possible, primary government sources were prioritized to preserve fidelity to original reform intent and implementation status.

Government of Pakistan – Primary Sources

The principal sources for this report are official submissions, notifications, and records provided by the prime minister's office, federal ministries, divisions, attached departments, autonomous bodies, and public sector institutions. These include reform matrices, progress summaries, official correspondence, and validated responses submitted specifically for inclusion in the Pakistan Reforms Report 2026. Institutional websites and officially maintained digital platforms were also used to verify mandates, systems, and reform outputs.

Legislative and regulatory sources form a core pillar of the report. These include Acts of Parliament, Constitutional Amendments, Ordinances, Statutory Regulatory Orders (SROs), Rules, Regulations, and Notifications published in the Gazette of Pakistan. Parliamentary proceedings, bills, and amendment texts were referenced where relevant to capture the legal foundation of reforms undertaken during 2025.

Digital Governance and Administrative Systems

A significant portion of the reforms documented in this report relate to digitization and system modernization. Accordingly, official government digital platforms were used as key sources, including but not limited to: Pakistan Code (Pakistancode.gov.pk), e-Office systems, Case Flow Management Systems, Pakistan Single Window, WeBOC, sectoral dashboards, and ministry-specific portals. These systems provided evidence of operational status, functional scope, and user adoption of digital reforms.

Financial, Planning, and Development Sources

For reforms involving fiscal restructuring, public investment, or development planning, sources included documents and data from the Ministry of Finance, Planning Commission, Economic Affairs Division, and relevant public sector entities. PC-I and PC-II summaries, PSDP documents, financing agreements, and official budgetary records were referenced to validate reform timelines, scale, and institutional ownership.

Sectoral and Institutional Reports

Annual reports, performance reviews, and internal publications of public sector organizations, such as regulatory authorities, state-owned enterprises, and statutory bodies, were used to supplement reform data and confirm implementation milestones. These sources were

particularly relevant in chapters covering energy, infrastructure, science and technology, justice, and governance reforms.

International Frameworks and Reference Standards

While the report does not rely on international rankings or third-party assessments for evaluation, globally recognized frameworks were referenced for alignment and classification purposes. These include the United Nations Sustainable Development Goals (SDGs), UNCITRAL and ICC frameworks for dispute resolution, FATF recommendations related to sanctions and counter-proliferation financing, and internationally accepted standards for digital governance and regulatory compliance. These references support consistency in terminology and contextual understanding rather than comparative scoring.

Verification and Cross-Referencing

All sources were cross-checked where possible to ensure internal consistency and factual accuracy. In cases where discrepancies arose between institutional submissions and publicly available records, clarification was sought from the relevant institution, or the most authoritative official source was used. Reforms lacking sufficient documentary backing or institutional confirmation were excluded to maintain the report's integrity.

Use and Limitations of Sources

The sources used in this report reflect the availability and quality of institutional documentation during the reporting period. Variations in record-keeping capacity across institutions may affect the level of detail available for certain reforms. The report does not include anonymous sources, media commentary, or unofficial analyses, in keeping with its mandate as a reform documentation exercise rather than a performance critique.

Collectively, these sources provide a robust and transparent foundation for the Pakistan Reforms Report 2026, enabling the report to serve as a credible reference point for governance research, policy analysis, and longitudinal tracking of reform efforts in Pakistan.

The authors would like to express their sincere appreciation to the concerned officers, focal persons, and institutional representatives across federal ministries, divisions, and attached departments who contributed their time, data, and insights to this Report. Their cooperation, responsiveness, and commitment to providing accurate and timely information made it possible to document the breadth and depth of reforms undertaken during 2025.

This collective effort reflects a shared dedication to improving governance, strengthening institutional performance, and enhancing transparency in public administration. The authors are grateful for the valuable support extended by these professionals, whose contributions have been instrumental in shaping a credible, evidence-based account of Pakistan's reform journey.

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Appendix
List of Abbreviations

Abbreviation	Full Form
ADR	Alternative Dispute Resolution
AI	Artificial Intelligence
AML	Anti-Money Laundering
AoA	Articles of Agreement
BESS	Battery Energy Storage System
BI	Business Intelligence
CAMS	Case Assignment Management System
CCoE	Cabinet Committee on Energy
CDNS	Central Directorate of National Savings
CFMS	Case Flow Management System
CPF	Counter-Proliferation Financing
CPI	Corruption Perception Index
CRMC	Counter-Proliferation Risk Management Committee
DISCOs	Distribution Companies
DPM	Deputy Prime Minister
DRS	Document Repository System
ECBC	Energy Conservation Building Code
EIDMC	Energy Infrastructure Development and Management Company
EIS	Energy Information System
ERP	Enterprise Resource Planning
EV	Electric Vehicle
EVCS	Electric Vehicle Charging Station
EVCI	Electric Vehicle Charging Infrastructure
FATF	Financial Action Task Force
FBR	Federal Board of Revenue
FY	Fiscal Year
GDP	Gross Domestic Product
GENCO	Generation Company
GHCL	GENCO Holding Company Limited
GoP	Government of Pakistan

HESCO	Hyderabad Electric Supply Company
HRIS	Human Resource Information System
ICT	Information and Communication Technology
IEP	Integrated Energy Plan
IESCO	Islamabad Electric Supply Company
IFI	International Financial Institution
IGCEP	Indicative Generation Capacity Expansion Plan
IMAC	International Mediation and Arbitration Centre
IMF	International Monetary Fund
IoT	Internet of Things
IPP	Independent Power Producer
ISMO	Independent System & Market Operator
IT	Information Technology
KPI	Key Performance Indicator
LDIP	Load Data Improvement Project
LESCO	Lahore Electric Supply Company
LMIS	Legal Management Information System
LoPC	Law and Justice Commission of Pakistan
MEPCO	Multan Electric Power Company
MoE	Ministry of Energy
MoFA	Ministry of Foreign Affairs
MoU	Memorandum of Understanding
NADRA	National Database and Registration Authority
NCL	National Control List
NCSW	National Commission on the Status of Women
NDC	Nationally Determined Contribution
NEECA	National Energy Efficiency & Conservation Authority
NEP	National Electricity Policy
NEPRA	National Electric Power Regulatory Authority
NETC	National Electric Transport Company
NGC	National Grid Company of Pakistan
NITB	National Information Technology Board
NOC	No Objection Certificate
NPPMCL	National Power Parks Management Company Limited
NTDC	National Transmission and Despatch Company
O&M	Operations and Maintenance
OIC	Organization of Islamic Cooperation
OPCW	Organisation for the Prohibition of Chemical Weapons
PC-I / PC-II	Planning Commission Forms I / II

PESCO	Peshawar Electric Supply Company
PF	Proliferation Financing
PHL	Power Holding Limited
PITC	Power Information Technology Company
PMU	Project Management Unit
POVS	Pakistan Online Visa System
PPMC	Power Planning and Monitoring Company
PMO	Prime Minister's Office
PPIB	Private Power & Infrastructure Board
PPP	Public-Private Partnership
PSDP	Public Sector Development Programme
PSW	Pakistan Single Window
QR	Quick Response
QESCO	Quetta Electric Supply Company
R&D	Research and Development
ROE	Return on Equity
SAP	Systems, Applications and Products (ERP)
SCG	Short Circuit Generator
SCO	Shanghai Cooperation Organisation
SDGs	Sustainable Development Goals
SECP	Securities and Exchange Commission of Pakistan
SEZs	Special Economic Zones
SLAs	Service Level Agreements
SOEs	State-Owned Enterprises
SOPs	Standard Operating Procedures
SRO	Statutory Regulatory Order
STATCOM	Static Synchronous Compensator
TESCO	Tribal Electric Supply Company
TFS	Targeted Financial Sanctions
TSEP	Transmission System Expansion Plan
UNCITRAL	United Nations Commission on International Trade Law
UNGA	United Nations General Assembly
UNIDO	United Nations Industrial Development Organization
VASPs	Virtual Asset Service Providers
WEF	World Economic Forum
WeBOC	Web-Based One Customs
WJP	World Justice Project

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